



PIH.RHIIP.TA Message # 2011-11 Distributed on February 25, 2011

As outlined in paragraph 17 of the attached PIH Notice 2010-19, issued on May 17, 2010, PHAs are authorized to maintain EIV Income Reports in the tenant file for the duration of tenancy and no longer than three years from the end of participation (EOP) date. EIV Income Reports may be retained beyond such retention period if such report is required for litigation which was initiated before the expiration of the initial maximum record retention period.

This policy is consistent with the provisions outlined in the attached computer matching agreement between HUD and the U.S. Department of Health and Human Services (HHS), which became effective on February 4, 2011.

In accordance with revised regulations 24 CFR 908.101, PHAs are required to maintain at a minimum, the last three years of the form HUD-50058, and supporting documentation for all annual and interim reexaminations of family income. All records are to be maintained for a period of at least three years from the effective date of the action.

Example 1: EOP date is 02/25/2011, and there is no pending litigation. EIV Income Reports must be destroyed no later than February 24, 2014.

Example 2: EOP date is 02/25/2011, and litigation began on 02/23/2014. EIV Income Reports must be destroyed after the expiration period of all possible judicial appeals.

Example 3: Active tenant as of 02/25/2011. EIV Income Reports do not have to be destroyed. PHA is required to maintain at a minimum, the last three years of the form HUD-50058, and supporting documentation (including the EIV Income Report) for all annual and interim reexaminations of family income.

Note: HUD does not prohibit retention of the form HUD-50058 and non-EIV Income Reports for longer periods of time.

Please direct all inquiries related to this message to PIH.RHIIP.TA@HUD.GOV.



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention of:

Public Housing and Section 8 Program Administrators,
Public Housing Hub Office Directors; Public Housing
Resident Management Corporations; Resident Councils;
Applicants and Participants of Public Housing, Housing
Choice Voucher, Section 8 Moderate Rehabilitation,
and Project-Based Certificate and Voucher Programs

Notice PIH 2010 - 19 (HA)

Issued: May 17, 2010

Expires: May 31, 2011

Cross References: 24 CFR §5.233,
24 CFR §5.236, 24 CFR §908.101

**SUBJECT: Administrative Guidance for Effective and Mandated Use of the Enterprise
Income Verification (EIV) System**

- Purpose:** This Notice provides Public Housing Agencies (PHAs) with administrative guidance related to the mandated use of HUD's Enterprise Income Verification (EIV) system, as required in accordance with the new HUD regulation, 24 CFR §5.233, as issued in the *Final Rule: Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System-Amendments*, effective January 31, 2010, as published at 74 FR 68924, on December 29, 2009.
- Applicability:** This Notice applies to the following HUD-PIH rental assistance programs: Public Housing, Section 8 Moderate Rehabilitation, Project-Based Voucher, Project-Based Certificate, and Housing Choice Voucher (HCV) Programs.
- Background:** On December 29, 2009, HUD issued the final rule entitled *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification (EIV) System-Amendments*, which requires PHAs to use the EIV system in its entirety to verify tenant employment and income information during mandatory reexaminations of family composition and income; and reduce administrative and subsidy payment errors in accordance with 24 CFR §5.236 and administrative guidance issued by HUD.

Using EIV as an upfront income verification (UIV) technique will be valuable in validating tenant-reported income during interim and annual reexaminations of family income; as well as streamlining the income verification process. This will result in less administrative burden in complying with third party verification requirements. Additionally, EIV will help to identify and cure inaccuracies in housing subsidy determinations, which will benefit PHAs, tenants, and taxpayers by ensuring that the level of benefits provided on behalf of families is proper and will prevent fraud and abuse within Public and Indian Housing (PIH) rental assistance programs.

4. **Effective Date:** This Notice is effective as of issuance date.
5. **The New HUD Regulation: 24 CFR 5.233.** Effective January 31, 2010, all PHAs are required to use the EIV system in its entirety. This means that PHAs must use all features of the EIV system to:
 - a. Verify tenant employment and income information during mandatory reexaminations of family composition and income in accordance with 24 CFR §5.236, and HUD administrative guidance; and
 - b. Reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.
6. **What is the EIV System?** The EIV System is a web-based application, which provides PHAs with employment, wage, unemployment compensation and social security benefit information of tenants who participate in the Public Housing and various Section 8 programs under the jurisdiction of the Office of Public and Indian Housing (PIH). This system is available to all PHAs nationwide. Information in EIV is derived from computer matching programs initiated by HUD with the Social Security Administration (SSA) and the U.S. Department of Health and Human Services (HHS), for all program participants with valid personal identifying information (name, date of birth (DOB), and social security number (SSN)) reported on the form HUD-50058.

All PHAs are required to review the EIV Income Report of each family before or during mandatory annual and interim reexaminations of family income and/or composition to reduce tenant under reporting of income and improper subsidy payments. EIV is classified as an UIV technique (or automated written third party verification), which helps to identify income sources and/or amounts that the tenant may not have disclosed. This UIV technique in many instances will reduce the need to mail or fax third party verification request forms to an income source. EIV also provides various reports to assist PHAs with the following:

- a. Identifying tenants whose reported personal identifiers do not match the SSA database;
 - b. Identifying tenants who need to disclose a SSN;
 - c. Identifying tenants whose alternate identification number (Alt ID) needs to be replaced with a SSN;
 - d. Identifying tenants who may not have reported complete and accurate income information;
 - e. Identifying tenants who have started a new job;
 - f. Identifying tenants who may be receiving duplicate rental assistance;
 - g. Identifying tenants who are deceased and possibly continuing to receive rental assistance;
 - h. Identifying former tenants of PIH rental assistance programs who voluntarily or involuntarily left the program and have a reportable adverse status and/or owe money to a PHA or Section 8 landlord.
7. **How to obtain access to the EIV System.** All PHA staff (including PHA-hired management agents), who have a need to access the EIV system, is required to complete and submit the EIV Access Authorization Form & Rules of Behavior and User Agreement to their designated EIV Coordinator in the local HUD office.

The form is available online at:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uivsystem.cfm>.

The user's access must be approved by the PHA Executive Director or designee in order for the local HUD office to process all EIV access requests. Individuals who will not directly access the EIV system, but will have access to the EIV data in printed or electronic form is also required to complete the EIV Access Authorization Form & Rules of Behavior and User Agreement and maintain on file (do not submit the form to the local HUD office).

8. **The Verification Hierarchy.** PHAs should begin with the highest level of verification techniques.

PHAs are required to access the EIV system and obtain an Income Report for each household. The PHA is required to maintain the Income Report in the tenant file along with the form HUD-50058 and other supporting documentation to support income and rent determinations for all mandatory annual reexaminations of family income and composition.

If the Income Report does not contain any employment and income information for the family, the PHA should attempt the next lower level verification technique, as noted in the below chart.

Level	Verification Technique	Ranking
6	Upfront Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system (not available for income verifications of applicants)	Highest (Mandatory)
5	Upfront Income Verification (UIV) using non-HUD system	Highest (Optional)
4	Written third Party Verification	High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV-reported employment and income information and is unable to provide acceptable documentation to support dispute)
3	Written Third Party Verification Form	Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation)
2	Oral Third Party Verification	Low (Mandatory if written third party verification is not available)
1	Tenant Declaration	Low (Use as a last resort when unable to obtain any type of third party verification)

Note: This verification hierarchy applies to income determinations for applicants and participants. However, EIV is not available for verifying income of applicants.

Verification Technique Definitions

Third Party Verification Techniques

Upfront Income Verification (UIV) (Level 6/5): The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals.

It should be noted that the EIV system is available to all PHAs as a UIV technique. PHAs are encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to validate tenant-reported income.

Written Third Party Verification (Level 4): An original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or PHA request date. Such documentation may be in the possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents. It is the Department's position that such tenant-provided documents are written third party verification since these documents originated from a third party source. The PHA may, at its discretion, reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

Examples of acceptable tenant-provided documentation (generated by a third party source) include, but are not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. Current acceptable tenant-provided documents must be used for income and rent determinations.

The PHA is required to obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the PHA should project income based on the information from a traditional written third party verification form or the best available information.

Note: Documents older than 60 days (from the PHA interview/determination or request date) is acceptable for confirming effective dates of income.

Written Third Party Verification Form (Level 3): Also, known as traditional third party verification. A standardized form to collect information from a third party source. The form is completed by the third party by hand (in writing or typeset). PHAs send the form directly to the third party source by mail, fax, or email.

It is the Department's position that the administrative burden and risk associated with use of the traditional third party verification form may be reduced by PHAs relying on acceptable documents that are generated by a third party, but in the possession of and provided by the tenant (or applicant). Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

The Department recognizes that third party verification request forms sent to third party sources often are not returned. In other instances, the person who completes the verification form may provide incomplete information; or some tenants may collude with the third party source to provide false information; or the tenant intercepts the form and provides false information.

The Department requires PHAs to rely on documents that originate from a third party source's computerized system and/or database, as this process reduces the likelihood of incorrect or falsified information being provided on the third party verification request form. The use of acceptable tenant-provided documents, which originate from a third party source, will improve the integrity of information used to determine a family's income and rent and ultimately reduce improper subsidy payments. This verification process will also streamline the income verification process.

Oral Third Party Verification (Level 2): Independent verification of information by contacting the individual income/expense source(s), as identified through the UIV technique or identified by the family, via telephone or in-person visit. PHA staff should document in the tenant file, the date and time of the telephone call (or visit to the third party), the name of the person contacted and telephone number, along with the confirmed information.

This verification method is commonly used in the event that the independent source does not respond to the PHA's faxed, mailed, or e-mailed request for information in a reasonable time frame, i.e., ten (10) business days.

Non-Third Party Verification Technique

Tenant Declaration (Level 1): The tenant submits an affidavit or notarized statement of reported income and/or expenses to the PHA. This verification method should be used as a last resort when the PHA has not been successful in obtaining information via all other verification techniques. When the PHA relies on tenant declaration, the PHA must document in the tenant file why third party verification was not available.

Exceptions to Third Party Verification Requirements

HUD is aware that in some situations, third party verification is not available for a variety of reasons. Oftentimes, the PHA may have made numerous attempts to obtain the required verifications with no success, or it may not be cost effective to obtain third party verification of income, assets, or expenses, when the impact on total tenant payment is minimal. In these cases, the PHA is **required to document in the family file the reason(s) why third party verification was not available.**

The exception to third party verification can be found at 24 CFR §960.259(c)(1) and §982.516(a)(2), which states, "The PHA must obtain and document in the family file third party verification of the following factors, **or must document in the file why third party verification was not available.**"

9. **Third party verification requirements.** In accordance with 24 CFR §960.259(c)(1) and 24 CFR §982.516(a)(2) for the Public Housing and the HCV programs, respectively, the PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available: (i) reported family annual income; (ii) the value of assets; (iii) expenses related to deductions from annual income; and (iv) other factors that affect the determination of adjusted income.
10. **How to comply with and reduce administrative burden of third party verification requirements of family annual income.** PHAs can comply with and reduce administrative burden of third party verification requirements for employment, wage, unemployment compensation and social security benefits, and any other information that is verifiable using EIV by:
- a. Reviewing the EIV Income Report to confirm/validate tenant-reported income; and
 - b. Printing and maintaining an EIV Income Report (or an EIV Individual Control Number (ICN) page for interim reexaminations as prescribed in Section 12 of this Notice) in the tenant file; and
 - c. Obtaining current acceptable tenant-provided documentation to supplement EIV information; and
 - d. Using current tenant-provided documentation and/or third party verification to calculate annual income.

Note: Social Security benefit information in EIV is updated every three months. If the tenant agrees with the EIV-reported benefit information, PHAs do not need to obtain or request a benefit verification letter from the tenant. See PIH Notice 2010-03 for guidance on verifying Social Security benefit income through the EIV system.

The PHA may also reduce the administrative burden of obtaining third party verification by relying on acceptable documents that are generated by a third party, but provided by the tenant. Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

11. **When the PHA is required to request written third party verification** The PHA must request written third party verification under the following circumstances:
- a. When the tenant disputes the EIV information and is unable to provide acceptable documentation to support his/her dispute (24 CFR §5.236(b));
 - b. When the PHA requires additional information that is not available in EIV and/or the tenant is unable to provide the PHA with current acceptable tenant-provided documentation. Examples of additional information, includes but is not limited to:
 - i. Effective dates of income (i.e. employment, unemployment compensation, or social security benefits)
 - ii. For new employment: pay rate, number of hours worked per week, pay frequency, etc.
 - iii. Confirmation of change in circumstances (i.e. reduced hours, reduced rate of pay, temporary leave of absence, etc.)

Note: 24 CFR §5.236(a), prohibits PHAs from taking adverse action based solely on EIV information.

12. Type of file documentation required to demonstrate PHA compliance with mandated use of EIV as a third party source to verify tenant employment and income information (24 CFR §5.233(a)(2)(i)).

- A.** For each new admission (form HUD-50058 action type 1), the PHA is required to do the following:
- i.** Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
 - ii.** Print and maintain a copy of the EIV Income Report in the tenant file; and
 - iii.** Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
- B.** For each historical adjustment (form HUD-50058 action type 14), the PHA is required to do the following:
- i.** Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
 - ii.** Print and maintain a copy of the EIV Income Report in the tenant file; and
 - iii.** Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
- C.** For each interim reexamination (form HUD-50058 action type 3) of family income and composition, the PHA is required to have the following documentation in the tenant file:
- i.** **ICN Page** when there is **no** household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. (PHAs have the discretion to print the EIV Income report, however, only the ICN page is required.) See sample screen shot below.



Note: The ICN Page is available from the Summary Report tab. See sample screen shot below:

[Print-All](#)

Summary Report		Certification Page	Income Report	Income Discrepancy Report		
Head of Household Identifiers						
Name:	MIKILA					
Social Security Number:	***.**-****					
Date of Birth (mm/dd/yyyy):	XX/XX/1989					
Program Type:	Sec.8 Vouchers					
Project:						
Unit Address:	[REDACTED]					
Participant Code:						
Annual Reexamination Date:	05/01/2010					
Tenant Data from Form 50058 as of:	10/20/2009					
Most Recent Type of Action:	3-Interim Reexamination					
Effective Date:	10/01/2009					
Household Members						
Member SSN	Member First Name	Member Last Name	Date of Birth	Age	Relationship	Identity Verification Status
.**-*	MIKILA		XX/XX/1989	20	Head	Verified
.**-*	MALAYA		XX/XX/2009		Other youth under 18	Verified
The month and day values in the Date of Birth field have been masked for security reasons.						
<input type="button" value="Provide ICN"/>					 <p>Click here to generate printer-friendly ICN page</p>	
Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.						
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- ii. **EIV Income Report** when there is an income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. See sample screen shot below.

Summary Report		Income Report	Income Discrepancy Report
Head of Household Information			
Name:	DEBRA [REDACTED]		
Social Security Number:	[REDACTED]		
Program Type:	Public Housing		
Project:	[REDACTED]		
Effective Date of Action:	03/10/2009		
Annual Reexamination Date:	02/01/2010		
Projected Annual Wages and Benefits from Form HUD-50058:	\$8,328.00		
Period Of Income for Discrepancy Analysis	12/10/2007 - 12/09/2008		
Discrepancy Analysis	Actuals	Annualized Last Quarter	
Reported Annual Wages and Benefits from EIV Data:	\$24,919.06	\$26,131.00	
Amount of Annual Income Discrepancy:	(\$16,591.06)	(\$17,803.00)	
Amount of Monthly Income Discrepancy:	(\$1,382.59)	(\$1,483.58)	
Percentage of Income Discrepancy:	(66.58%)	(68.13%)	
Note: Negative numbers represent potential under reporting of income. Please discuss this income discrepancy with the tenant. Positive numbers represent potential decrease in tenant income.			
Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.			
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- D. For each annual reexamination of family income and composition, the PHA is required to have the following documentation in the tenant file:
- i. **No Dispute of EIV Information:** EIV Income Report, current acceptable tenant-provided documentation, and *if necessary* (as determined by the PHA), traditional third party verification form(s). See examples 1 and 3 below.
 - ii. **Disputed EIV Information:** EIV Income report, current acceptable tenant-provided documentation, and/or traditional third party verification form(s) for disputed information. See example 2 below.
 - iii. **Tenant-reported income not verifiable through EIV system:** Current tenant-provided documents, and *if necessary* (as determined by the PHA), traditional third party verification form(s). See example 3 below.

Example 1: No Disputed EIV Information & Tenant Provided Documents

You are conducting an annual reexam with tenant, Mary Jones. Ms. Jones reports that she is employed at the ABC Box Company. You pull up the EIV income report for the Jones family, which shows quarterly wages from the ABC Box Company for the full year of 2008, and the first two quarters of 2009. Last year's (2009) annual reexam reflects wages from the same employer. There is no other income information on the report.

The PHA may streamline the income verification process by requesting Ms. Jones provide current pay stubs dated within the last 60 days of the interview or PHA request date. The PHA must obtain a minimum of two current and consecutive pay stubs from Ms. Jones. Since there is no disparity between tenant-reported and EIV-reported income, the PHA may obtain original and current tenant-provided pay stubs to calculate annual income.

The PHA may **not** use quarterly EIV wage (or unemployment benefit) information to calculate annual income since this information is at least six months old and more current income information (from pay stubs) is available.

Example 2: Disputed EIV Information & No Tenant-Provided Documents

You are conducting an annual reexam with tenant, Bob Miller. Mr. Miller reports that his only source of income is monetary support from his sister, Betty Miller. You pull up the EIV income report for the Miller family, which shows quarterly wages from the Home Depot for the full year of 2008, and the first two quarters of 2009. There is no other income information on the EIV report. Last year's (2009) annual reexam reflects no wage information and only source of income is other non-wage income (monetary support from family member).

You inform Mr. Miller that the EIV system shows wages from the Home Depot and ask him to provide you with current pay stubs. Mr. Miller states that he does not work there and has no pay stubs.

Because Mr. Miller disputes the EIV-reported income and is unable to provide documents to support his dispute, the PHA **must** request written third party verification from Home Depot. You mail a third party verification request form to the address listed for Home Depot.

A few days later, you receive the third party verification request form back from Home Depot, which indicates that Mr. Miller has been employed there since January 5, 2008, and a payroll summary report, showing Mr. Miller's bi-weekly gross and net pay since January 2008. Since the disputed EIV information has been confirmed to be correct by the independent third party source (Home Depot), the PHA will use the income information from the payroll summary report to calculate annual income. The PHA would also calculate the retroactive rent (using the information provided by Home Depot) since Mr. Miller failed to disclose his employment at the 2008 and 2009, annual reexams. The PHA would also inform Mr. Miller of this retroactive rent and take action according to PHA-established policies.

Example 3: Tenant Unreported Income, Income not Verifiable through EIV & Tenant- Provided Documents

You are conducting an annual reexam with tenant, Sharon Duvet. Ms. Duvet reports that her only source of income is child support and provides you with four current and consecutive child support pay stubs. You pull up the EIV Income Report for the Duvet family, which shows: hire date at the District Police Department effective January 9, 2005; quarterly wages from the District Police Department for the full years of 2005, 2006, 2007, and 2008, and the first two quarters of 2009. There is no other income information on the EIV Income Report. Last year's (2009) annual reexam reflects income from only child support. You inform Ms. Duvet that the EIV system is showing wages from the District Police Department and you ask her to provide you with current pay stubs. Ms. Duvet admits that she has been working at the District Police Department and indicates that she can provide you with current pay stubs. You inform Ms. Duvet that you will also have to calculate her retroactive rent for the previous years in which she did not disclose her employment. You go over the EIV-reported wages with Ms. Duvet and she indicates that she does not dispute the information.

Since Ms. Duvet does not dispute the EIV-reported information, the PHA may use the tenant provided documents to calculate income and rent for the 2010 annual reexam, and use the EIV-reported earnings for years 2005 through 2008, to calculate the retroactive rent Ms. Duvet will owe. The PHA should require Ms. Duvet to provide her last pay stub from 2009, or her 2009 W- 2, to calculate the retroactive rent for 2009. The PHA will use the tenant-provided child support pay stubs (child support income is not available in EIV) to calculate annual income from this source.

13. **What if the tenant does not provide the PHA with requested information?** If the tenant does not provide the requested information, the PHA may mail or fax a third party verification request form to the third party source. The PHA is **required** to request third party verification when the tenant disputes EIV information and the tenant is unable to provide acceptable documentation to support disputed information. However, the PHA should **also** remind the tenant that s/he is required to supply any information requested by the PHA for use in a regularly scheduled annual or interim reexamination of family income and composition.

The PHA may **determine** that the tenant is not in compliance with program requirements and terminate tenancy or assistance, or both, if the tenant fails to provide the requested information in a timely manner (as prescribed by the PHA).

14. **How to use EIV to reduce administrative and subsidy payment errors.** EIV has the ability to identify other potential issues which may impact a family's level of assistance. EIV contains stand-alone reports, which a PHA may generate at any time (i.e. Deceased Tenants Report, New Hires Report, Multiple Subsidy Report, Identity Verification Report, Income Discrepancy Report, Debts Owed to PHAs & Termination Report, and Immigration Report). However, it should be noted that the information from these stand-alone reports are contained in the Income Report for each household. PHAs are required to address any and all potential issues at the time of the annual or interim reexam, as conveyed in the Income Report.

PHAs may use the stand-alone reports to monitor staff's progress in reducing the following administrative and subsidy payment errors by using the listed reports:

- a. Incorrect/invalid SSNs/name/date of birth – Identity Verification Report
- b. Follow-up with families who need to disclose a SSN – Immigration Report
- c. Duplicate rental assistance – Multiple Subsidy Report
- d. Unreported increase in income – Income discrepancy Report
- e. Improper payments on behalf of deceased tenants – Deceased Tenants Report
- f. Unreported new employment (PHAs with interim increase policy) – New Hires Report
- g. Adverse Termination/Outstanding Debt to PHA – Debts Owed to PHAs & Termination Search

In order to ensure PHAs are aware of potential subsidy payment errors, PHAs are **required** to monitor the following EIV reports on a monthly basis:

1. Deceased Tenants Report
2. Identity Verification Report
3. Immigration Report

In order to ensure PHAs are aware of potential subsidy payment errors, PHAs are **required** to monitor the following EIV reports on a quarterly basis:

1. Income Discrepancy Report
2. Multiple Subsidy Report
3. New Hires Report (if your agency has an interim increase policy)

15. **How to use the EIV Income Report as a third party source to verify tenant employment and income information.** The EIV Income Report provides a variety of information about each household member of the family. The report contains the following information for each household member:

- a. Personal identifiers: name, date of birth, and SSN
- b. Identity verification status (pending, verified, deceased, or failed)
- c. Employment information
 1. New Hire Information (W-4)
 - i. Date hired
 - ii. Employer name
 2. Employer name, address, and employer identification number of current and past employers
 3. Quarterly earnings
- d. Quarterly unemployment compensation
- e. Social Security benefit information
 1. Social Security (SS) benefits
 - i. Payment status code
 - ii. Date of current entitlement
 - iii. Current net monthly benefit amount (if payable)
 - iv. Gross monthly benefit history (last 8 changes in benefit amount)
 - v. Lump sum payment amount and date
 - vi. Payee name and address
 2. Dual Entitlement (Social Security benefits under another person's SSN)
 - i. Claim Number (the other person's SSN)
 - ii. Payment status code
 - iii. Date of current entitlement
 - iv. Current net monthly benefit amount (if payable)
 - v. Gross monthly benefit history (last 8 changes in benefit amount)
 - vi. Payee name and address
 3. Supplemental Security Income (SSI)
 - i. Payment status code
 - ii. Alien indicator
 - iii. Current net monthly benefit amount
 - iv. Current monthly state supplement benefit amount (if available)
 - v. Gross monthly benefit history (last 8 changes in benefit amount)
 - vi. Payee name and address
 4. Medicare data
 - i. Payee name and address
 - ii. Monthly hospital insurance premium amount, buy-in status, and buy-in start and end dates
 - iii. Monthly supplemental medical insurance premium amount, buy-in status, and buy-in start and end dates
- f. Disability status and onset date
- g. Identity verification status
- h. Indicator of possible multiple rental subsidy
- i. Indicator of debt and/or termination information from another PHA (effective September 2010)

All EIV Income Reports contain the date the report was generated and by whom; and the date EIV received each type of information.

To minimize tenant underreporting of income, PHAs are required to obtain an EIV Income Report for each family any time the PHA conducts an annual or interim reexamination of family income and composition.

In accordance with 24 CFR §5.236(b)(2)(3), PHAs are required to compare the information on the EIV report with the family-reported information. If the EIV report reveals an income source that was not reported by the tenant or a substantial difference in the reported income information, the PHA is required to take the following actions:

1. Discuss the income discrepancy with the tenant; and
2. Request the tenant to provide any documentation to confirm or dispute the unreported or underreported income and/ or income sources; and
3. In the event the tenant is unable to provide acceptable documentation to resolve the income discrepancy, the PHA is required to request from the third party source, any information necessary to resolve the income discrepancy; and
4. If applicable, determine the tenant's underpayment of rent as a result of unreported or underreported income, retroactively*; and
5. Take any other appropriate action as directed by HUD or the PHA's administrative policies.

*The PHA is required to determine the retroactive rent as far back as the existence of complete file documentation (form HUD-50058 and supporting documentation) to support such retroactive rent determinations.

Note: A substantial difference is defined as an amount equal to or greater than \$2,400, annually.

The tenant must be provided an opportunity to contest the PHA's determination of tenant rent underpayment. HUD regulations require PHAs to promptly notify tenants in writing of any adverse findings made on the basis of the information verified through the aforementioned income discrepancy resolution process. The tenant may contest the findings in accordance with the PHA's established grievance procedures, as required by HUD. The PHA may not terminate, deny, suspend, or reduce the family's assistance until the expiration of any notice or grievance period.

When there is an unsubstantial or no disparity between tenant-reported and EIV-reported income information, the PHA is required to obtain from the tenant, any necessary documentation to complete the income determination process. As noted previously, the PHA may reject any tenant-provided documentation, if the PHA deems the documentation unacceptable. The PHA may reject documentation provided by the tenant for only the following HUD-approved reasons:

1. The document is not an original; or
2. The original document has been altered, mutilated, or is not legible; or

3. The document appears to be a forged document (i.e. does not appear to be authentic).

The PHA should explain to the tenant, the reason(s) the submitted documents are not acceptable and request the tenant to provide additional documentation. If at any time, the tenant is unable to provide acceptable documentation that the PHA deems necessary to complete the income determination process, the PHA is required to submit a traditional third party verification form to the third party source for completion and submission to the PHA.

If the third party source does not respond to the PHA's request for information, the PHA is required to document the tenant file of its attempt to obtain third party verification and that no response to the third party verification request was received.

The PHA should then pursue lower level verifications in accordance with the verification hierarchy listed in section 8 of this notice.

16. **Tenant Repayment Agreement.** Tenants are required to reimburse the PHA if they were charged less rent than required by HUD's rent formula due to the tenant's underreporting or failure to report income. The tenant is required to reimburse the PHA for the difference between the tenant rent that should have been paid and the tenant rent that was charged. This rent underpayment is commonly referred to as retroactive rent. If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the PHA **must** terminate the family's tenancy or assistance, or both. HUD does **not** authorize any PHA-sponsored amnesty or debt forgiveness programs.

All repayment agreements must be in writing, dated, signed by both the tenant and the PHA, include the total retroactive rent amount owed, amount of lump sum payment made at time of execution, if applicable, and the monthly repayment amount. At a minimum, repayment agreements must contain the following provisions:

- a. Reference to the paragraphs in the Public Housing lease or Section 8 information packet whereby the tenant is in non-compliance and may be subject to termination of tenancy or assistance, or both.
- b. The monthly retroactive rent repayment amount is in addition to the family's regular rent contribution and is payable to the PHA.
- c. The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income.
- d. Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy and/or assistance.

PHAs are required to determine retroactive rent amount as far back as the PHA has documentation of family reported income. For example, if the PHA determines that the family has not reported income for a period of five years and only has documentation for the last three years, the PHA is only able determine retroactive rent for the three years for which documentation is available.

The monthly retroactive rent payment plus the amount of rent the tenant pays at the time the repayment agreement is executed should be affordable and not exceed 40 percent of the family's monthly adjusted income. However, PHAs have the discretion to establish thresholds and policies for repayment agreements in addition to HUD required procedures.

Example:

- Family's monthly adjusted income is \$1,230.
- Family's monthly rent payment is \$369 (30% of the family's monthly adjusted income).
- 40% of the family's monthly adjusted income is \$492.
- The monthly payment for the repayment agreement should not exceed \$123 per month (\$369 monthly rent + \$123 repayment = \$492, 40% of the family's monthly adjusted income.)

Repayment Time Period. The period in which the retroactive rent balance will be repaid is based on the monthly payments and original retroactive balance.

Example: The tenant agrees to repay \$1,000, by making a monthly payment of \$25 for 40 months.

Repayment Options. Tenants have the option to repay the retroactive rent balance as follows:

1. In a lump sum payment; or
2. Monthly installment; or
3. A combination of 1 and 2, above
 - a. For example, a tenant may owe \$1,000, make a lump sum payment of \$300 and enter into a repayment agreement for the remaining balance of \$700.

17. How long should the PHA maintain EIV printouts in a tenant file? The PHA's record retention policy will determine the length of time the PHA should maintain EIV printouts in a tenant file. PHAs are authorized to maintain the EIV Income Report in the tenant file for the duration of tenancy and no longer than three years from the end of participation (EOP) date. In accordance with revised regulation, 24 CFR §908.101, PHAs are required to maintain at a minimum, the last three years of the form HUD-50058, and supporting documentation for all annual and interim reexaminations of family income. All records are to be maintained for a period of at least three years from the effective date of the action.

18. Disclosure of an Individual's EIV Information. The Federal Privacy Act (5 USC §552a, as amended) prohibits the disclosure of an individual's information to another person without the written consent of such individual. As such, the EIV data of an adult household member may not be shared (or a copy provided or displayed) with another adult household member, unless the individual has provided written consent to disclose such information.

However, the PHA is not prohibited from discussing with the head of household (HOH) and showing the HOH how the household's income and rent were determined based on the total family income reported and verified.

EIV information and any other information obtained by the PHA for the purpose of determining eligibility and level of assistance for a PIH rental assistance program may not be disclosed to third parties for any reason (even for similar verifications under other programs, such as eligibility for low income housing tax credit units, other federal or state assistance programs), unless the tenant has authorized such disclosure in writing.

19. What to do if the EIV Information is incorrect.

Sometimes the source or originator of EIV information may make an error when submitting or reporting information about tenants. HUD cannot correct data in the EIV system. Only the originator of the data can correct the information. When the originator corrects the data, HUD will obtain the updated information with its next computer matching process. Below are the procedures tenants and PHAs should follow regarding incorrect EIV information.

Employment and wage information reported in EIV originates from the employer. The employer reports this information to the local State Workforce Agency (SWA), who in turn, reports the information to HHS' National Directory of New Hires (NDNH) database.

If the tenant disputes this information, s/he should contact the employer directly, in writing to dispute the employment and/or wage information, and request that the employer correct erroneous information.

The tenant should provide the PHA with this written correspondence so that it may be maintained in the tenant file. If employer resolution is not possible, the tenant should contact the local SWA for assistance.

Unemployment benefit information reported in EIV originates from the local SWA. If the tenant disputes this information, s/he should contact the SWA directly, in writing to dispute the unemployment benefit information, and request that the SWA correct erroneous information. The tenant should provide the PHA with this written correspondence so that it may be maintained in the tenant file.

SS and SSI benefit information reported in EIV originates from the SSA. If the tenant disputes this information, s/he should contact the SSA at (800) 772-1213, or visit the local SSA office. SSA office information is available in the government pages of the local telephone directory or online at <http://www.socialsecurity.gov>.

Note: The tenant may also provide the PHA with third party documents which are in the tenant's possession to support their dispute of EIV information. The PHA, with the tenant's consent, is required to submit a third party verification form to third party sources for completion and submission to the PHA, when the tenant disputes EIV information and is unable to provide documentation to validate the disputed information. The tenant's failure to sign the consent form is grounds for termination of tenancy and/or assistance in accordance with 24 CFR §5.232.

Debts owed to PHAs and termination information reported in EIV originates from the PHA. If a current or former tenant disputes this information, s/he should contact the PHA (who reported the information) directly in writing to dispute this information and provide any documentation that supports the dispute. If the PHA determines that the disputed information is incorrect, the PHA will update or delete the record from EIV. Former tenants may dispute debt and termination information for a period of up to three years from the end of participation date in the PIH program.

Identity Theft. Seemingly incorrect information in EIV may be a sign of identity theft. Sometimes someone else may use an individual's SSN, either on purpose or by accident. SSA does not require an individual to report a lost or stolen SSN card, and reporting a lost or stolen SSN card to SSA will not prevent the misuse of an individual's SSN. However, a person using an individual's SSN can get other personal information about that individual and apply for credit in that individual's name. So, if the tenant suspects someone is using his/her SSN, s/he should check their Social Security records to ensure their records are correct (call SSA at (800) 772-1213); file an identity theft complaint with the local police department and/or Federal Trade Commission (call FTC at (877) 438-4338, or visit their website at: <http://www.ftc.gov/bcp/edu/microsites/idtheft/>); and s/he should also monitor their credit reports with the three national credit reporting agencies (Equifax, TransUnion, and Experian). The tenant should provide the PHA written documentation of filed identity theft complaint. (Refer back to paragraph on Employment and wage information regarding disputed EIV information related to identity theft).

Tenants may request their credit report and place a fraud alert on their credit report with the three national credit reporting agencies at: www.annualcreditreport.com or by contacting the credit reporting agency directly. Each agency's contact information is listed below.

National Credit Reporting Agencies Contact Information

Equifax Credit Information Services, Inc.
P.O. Box 740241
Atlanta, GA 30374
Website: www.equifax.com
Telephone: (800) 685-1111

Experian
P.O. Box 2104
Allen, TX 75013
Website: www.experian.com
Telephone (888) 397-3742

TransUnion
P.O. Box 6790
Fullerton, CA 92834
Website: www.transunion.com
Telephone: (800) 680-7289 or (800) 888-4213

20. **Security of EIV Data.** The data in EIV contains personal information on individual tenants which is protected under the Federal Privacy Act. The information in EIV may only be used for limited official purposes, as noted below.

A. Official Purposes Include :

1. PHAs, in connection with the administration of PIH programs, for verifying the employment and income at the time of interim and annual reexaminations.
2. HUD staff for monitoring and oversight of PHA compliance with HUD program requirements.
3. Independent Auditors hired by the PHA or HUD to perform a financial audit for use in determining the PHA's compliance with HUD program requirements, including verifying income and determining the accuracy of the rent and subsidy calculations.

Restrictions on disclosure requirements for Independent Auditors:

- (a) May only access EIV income information within family files and only within the offices of the PHA or PHA-hired management agent;
- (b) May not transmit or transport EIV income information in any form;
- (c) May not enter EIV income information on any portable media;
- (d) Must sign non-disclosure oaths that the EIV income information will be used only for the purpose of the audit; and
- (e) May not duplicate EIV income information or re-disclose EIV income information to any user not authorized by Section 435(j)(7) of the Social Security Act to have access to the EIV income data.

B. Official Purposes Does NOT Include :

1. Sharing the information with governmental or private entities not involved in the reexamination process specifically used for PIH rental assistance programs.

Disclosing the EIV information to other private or public entities for purposes other than determining eligibility and level of assistance for PIH rental assistance programs is prohibited since these entities are not a party to the computer matching agreements with the HHS and SSA. The fact that these entities may find the EIV beneficial for similar eligibility and determination purposes for other low-income housing programs or public benefits, does not permit these entities to use or view information in the EIV system that is covered by the computer matching agreements.

The computer matching agreements are governed by the Privacy Act and the Social Security Act. Specifically, sections 453(j)(7)(E)(ii) and (iv) of the Social Security Act (42 USC §653j) limit disclosure of the data matched between HUD and HHS' National Directory of New Hires (NDNH) database to PHAs, Independent Auditors, the Inspector General (IG) and Attorney General, private owners, management agents, and contract administrators of Multifamily Housing programs.

C. Penalties for Willful Disclosure or Inspection of EIV Data.

1. **Unauthorized Disclosure** – felony conviction and fine up to \$5,000 or imprisonment up to five (5) years, as well as civil damages.
2. **Unauthorized Inspection** – misdemeanor penalty of up to \$1,000 and/or one (1) year imprisonment, as well as civil damages.

21. **Penalties for Noncompliance with Mandated EIV System Use.** PHAs may be subject to sanctions and/or the assessment of disallowed costs associated with any resulting incorrect subsidy or tenant rent calculation or both. It should be noted that HUD may impose a sanction on any PHA who does not have access to the EIV system or the PHA has access to the system, however, has not used the system within the last six months. To avoid sanctions or disallowed costs, PHAs should follow all formal and informal guidance provided to PHAs via webcast trainings, PIH Rental Housing Integrity Improvement Project (RHIIP) periodic electronic mailings, and any other HUD Headquarters'-generated guidance.

EIV System Tip Sheets (ETS). PHAs are required to comply with guidance provided via ETS and HUD Headquarters-sponsored EIV training, via webcast and satellite. PIH will also post ETS to the PIH RHIIP technical assistance web pages at:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/training.cfm>, and send via email to all subscribers of the PIH RHIIP mailing list. ETS is designed to explain effective use of the EIV system to ensure PHAs' compliance with the third party verification requirements and reduce administrative and subsidy payment errors, so that PHAs may avoid penalties for failure to use the EIV system in its entirety.

22. **EIV System Training Information.** As a condition of initial and continued access to the EIV System, HUD and PHA staff are required to complete Annual Security Awareness training and EIV system training (initial (complete system training) and update (interim system changes) training) when offered by HUD Headquarters (HHQ). This training requirement also applies to those individuals who will not access EIV, but will view or handle printed and/or electronic EIV data. Individuals who will view and/or handle printed EIV information are required to complete only annual Security Awareness training (EIV system training is optional for these individuals). EIV training provided by third parties (other than HUD Headquarters) does not fulfill the mandatory EIV training requirement.

HHQ offers training in Washington, DC and via webcast at least once a year. EIV system users who need to complete EIV training may view EIV training webcasts at: <http://www.hud.gov/webcasts/archives/iv.cfm>. HUD offers a *Certificate of Completion* for a period of six months following the broadcast date, for those who desire confirmation of completed training.

However, it should be noted that a certificate is not required in order for an individual to be granted access to the EIV system or be certified for continued EIV system access. The most recent PIH RHIIP/EIV training was held on January 28, 2010. EIV system users may request a *Certificate of Completion* for this training through October 30, 2010.

Training information is posted at the following websites:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/training.cfm> and is emailed to all subscribers of the PIH RHIIP mailing list. To subscribe to this mailing list, paste the following URL into your browser, enter your email address, and click OK:

<http://www.hud.gov/subscribe/signup.cfm?listname=Public%20and%20Indian%20Housing%20Rental%20Housing%20Integrity%20Improvement%20Project&list=PIH-RHIIP-L>

Instructions for requesting a *Certificate of Completion* is posted at

<http://www.hud.gov/webcasts/archives/iv.cfm> or

<http://www.hud.gov/offices/pih/programs/ph/rhiip/training.cfm>, and is automatically emailed to all subscribers of the PIH RHIIP mailing list.

EIV system users must complete HHQ-offered training as follows:

Training Offered	Training Must be Completed By
October 1 st – March 31 st	April 29 th
April 1 st – September 30 th	October 30 th

New employees, who begin employment after March 31st, are required to complete the training by October 30th.

New employees, who begin employment after September 30th, are required to complete the training by April 29th, of the following year.

Note: Employees must complete the training **prior** to accessing the EIV system and/or printed EIV reports.

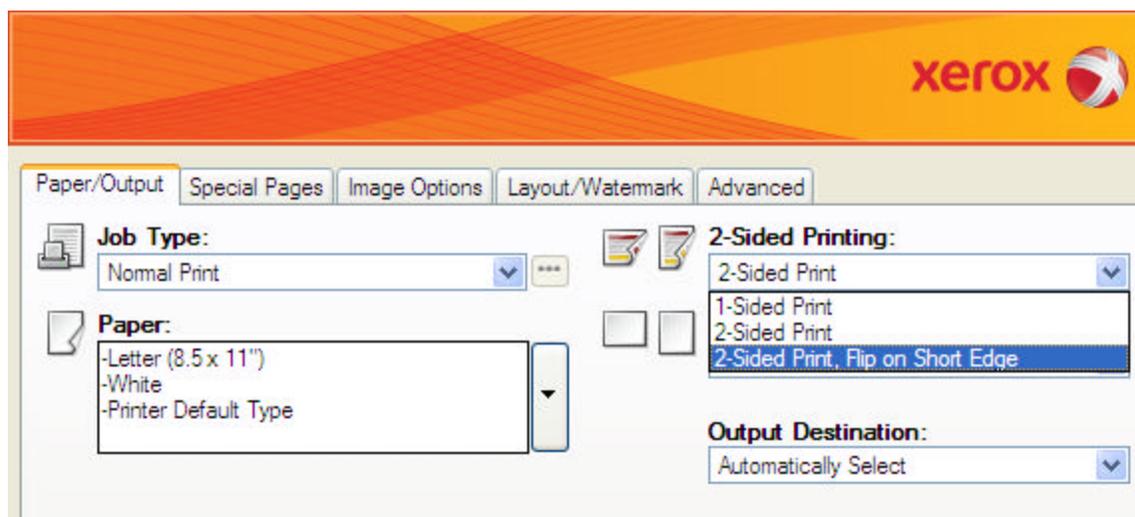
23. **Updating of PHA Policies and Procedures.** PHAs are required to immediately implement all new and modified regulatory requirements of the *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System-Amendments*.

The Department recognizes that many PHAs have already begun to modify existing policies and procedures to reflect use of EIV during all mandatory annual and interim reexams. PHAs should immediately update their policies and procedures to reflect these new regulatory provisions.

24. **Notice to Applicants and Tenants.** PIH is providing PHAs with the attached EIV system information guide that PHAs may provide to applicants and tenants of PIH rental assistance programs. PHAs are **not** required to distribute this document. However, PHAs are strongly encouraged to provide applicants and tenants with the *What You Should Know About EIV Guide* to educate families about EIV and inform them of how it affects their family.

There are two versions of the document: 1) with a signature block; and 2) without a signature block. HUD does not require applicants or tenants to acknowledge receipt of the document; however, PHAs may, at their discretion, require the family to acknowledge receipt of the guide. If your PHA will require families to acknowledge receipt of the guide, provide the family with a copy of the guide to take with them, and maintain a signed copy in the family file folder.

The guide is a two page document or one double-side printed document. To print the file on one page (if your printer has two-sided printing capability), select **Print Properties** when printing the document, select **2-Sided Print, Flip on Short Edge**, and then print. This document is not available for ordering from HUD. Simply click and print the guide.



Currently, the guide is only available in English, however, in the future; HUD may make this document available in other languages. As a subscriber to the PIH RHIIP mailing list, you will automatically receive the guide in other languages, when they become available.

Tip: Print on color paper to add a little flare!

25. Rental Housing Integrity Improvement Project (RHIIP)/EIV Resources. For your convenience, PIH EIV information is available on the web at the below listed URLs. Many of your questions can be answered by viewing information that is posted on the HUD web pages. Bookmark these pages:

Overview of Upfront Income Verification (UIV) Technique:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uiv.cfm>

Training and Technical Assistance (including webcast training materials):

<http://www.hud.gov/offices/pih/programs/ph/rhiip/training.cfm>

EIV System, Access Authorization Form, and User Manuals:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uivsystem.cfm>

Subscribe to PIH RHIIP Mailing list:

<http://www.hud.gov/subscribe/signup.cfm?listname=Public%20and%20Indian%20Housing%20Rental%20Housing%20Integrity%20Improvement%20Project&list=PIH-RHIIP-L>

PIH EIV Webcasts Archives:

<http://portal.hud.gov/portal/page/portal/HUD/webcasts/archives/iv>

Latest EIV News: <http://www.hud.gov/offices/pih/programs/ph/rhiip/uivnewsflash.cfm>

Income Discrepancy Resolution:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/indisres.cfm>

Public Notices: <http://www.hud.gov/offices/pih/programs/ph/rhiip/pubnotices.cfm>

Report Fraud, Waste & Abuse to HUD OIG:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uivreporting.cfm>

PIH Notices: <http://www.hud.gov/offices/pih/publications/notices/>

26. **Paperwork Reduction:** The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB under the Paperwork Reduction Act of 1995 (44 USC §3520) and assigned OMB control number(s) 2577-0083 and 2577-0266. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.
27. **For inquiries about this Notice contact:** the designated EIV Coordinator in the local HUD field office or Nicole Faison of HUD Headquarters' Office of Public and Indian Housing at (202) 475-7949, or via email at PIH.RHIIP.TA@HUD.GOV.

/s/

Sandra B. Henriquez, Assistant Secretary for
Public and Indian Housing

Attachments:

1. *What You Should Know About EIV Guide* (with signature block)
2. *What You Should Know About EIV Guide* (without signature block)

Dated: December 29, 2010.

Clifford Taffet,

*General Deputy Assistant Secretary for
Community Planning and Development
(Acting).*

[FR Doc. 2010-33299 Filed 1-4-11; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5386-N-16]

Privacy Act of 1974; Computer Matching Program Between the Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS): Matching Tenant Data in Assisted Housing Programs

AGENCY: Office of the Chief Information Officer, HUD.

ACTION: Notice of a New Computer Matching Agreement between HUD and HHS.

SUMMARY: Pursuant to the Computer Matching and Privacy Protection Act of 1988, as amended, HUD is providing notice of its intent to execute a new computer matching agreement with HHS for a recurring matching program with HUD's Office of Public and Indian Housing (PIH) and Office of Housing, involving comparisons of information provided by participants in any authorized HUD rental housing assistance program with the independent sources of income information available through the National Directory of New Hires (NDNH) maintained by HHS. Specifically, the HUD-HHS computer matching program will now include program participants of HUD's new Disaster Housing Assistance Program (DHAP), in addition to participants of previously authorized HUD rental housing assistance programs and conditions requiring HUD's annual Quality Control for Rental Assistance Subsidy Determinations ("QC") study to provide a statistical measurement of subsidy error within HUD rental housing assistance programs. The most recent renewal of the current matching agreement expires on January 5, 2011.

DATES: HUD will file a report of the subject matching program with the Committee on Oversight and Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and Office of Management and Budget's (OMB), Office of Information and Regulatory Affairs. The matching program will

become effective as cited in Section V of this notice.

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: For Privacy Act Inquires: Office of the Chief Information Officer, contact the Chief Privacy Officer, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 2256, Washington, DC 20410, telephone number (202) 402-8073. For program information: Office of Public and Indian Housing, contact Nicole Faison, Program Advisor for the Real Estate Assessment Center, Department of Housing and Urban Development, 451 Seventh Street, SW., Room PCFL1, Washington, DC 20410, telephone number (202) 475-7963; and for the Office of Housing, contact Catherine M. Brennan, Director of the Housing Assistance Policy Division, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 6160, Washington, DC 20410, telephone number (202) 402-6732. (These are not toll-free numbers.) A telecommunications device for hearing- and speech-impaired individuals (TTY) is available at (800) 877-8339 (Federal Information Relay Service).

SUPPLEMENTARY INFORMATION: On March 11, 2009, Section 239 of HUD's 2009 Appropriations Act modified Section 904 of the Stewart B. McKinney Act of 1988, as amended, to include the Disaster Housing Assistance Program (DHAP) as a "program" of HUD for the purpose of income verifications and computer matching. Computer matching for participants of the Disaster Housing Assistance Program is expected to begin no sooner than January 2, 2011. As such, pursuant to the Computer Matching and Privacy Protection Act (CMPPA) of 1988, as amended, OMB's guidance on this statute entitled "Final Guidance Interpreting the Provisions of Public Law 100-503", and OMB Circular No. A-130, Appendix 1 to OMB's Revisions of Circular No. A-130, "Transmittal Memorandum No. 4, Management of Federal Information Resources," prescribes agencies responsibilities for maintaining records

about individuals, HUD is providing the public with notice of a new computer matching agreement with HHS (previous notice of a computer matching program between HUD and HHS was previously published at 73 FR 10046 on February 25, 2008). The first HUD-HHS computer matching program was conducted in September 2005, with HUD's Office of Public and Indian Housing. The scope of the HUD-HHS computer matching program was extended to include HUD's Office of Housing in December 2007. This notice supersedes the previous notice and changes the scope of the existing computer matching program to now include participants of HUD's DHAP.

The matching program will be carried out only to the extent necessary to: (1) Verify the employment and income of individuals participating in programs identified in Section I below, to correctly determine the amount of their rent and assistance, (2) identify, prevent, and recover improper payments made on behalf of tenants, and (3) after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals participating in any HUD authorized rental housing assistance program.

HUD will make the results of the computer matching program available to public housing agencies (PHAs), private housing owners and management agents (O/As) administering HUD rental assistance programs to enable them to verify employment and income and correctly determine the rent and assistance levels for individuals participating in those programs, and contract administrators (CAs) overseeing and monitoring O/A operations. This information also may be disclosed to the HUD Inspector General (HUD/IG) and the Attorney General in detecting and investigating potential cases of fraud, waste, and abuse of the above named programs.

In addition to the above noted information disclosures, limited redisclosure of reports containing NDNH information may be redisclosed to the following persons and/or entities: (1) independent auditors for the sole purpose of performing an audit of whether these HUD authorized entities verified tenants' employment and/or income and calculated the subsidy and rent correctly; and (2) entities and/or individuals associated with grievance procedures and judicial proceedings (*i.e.* lawyers, court personnel, agency personnel, grievance hearing officers, etc.) relating to independently verified unreported income identified through this matching program.

HUD and its third party administrators (PHAs, O/As, and CAs) will use this matching authority to identify, reduce or eliminate improper payments in HUD's rental housing assistance programs, while continuing to ensure that HUD rental housing assistance programs serve and are accessible by its intended program beneficiaries.

I. Authority

This matching program is being conducted pursuant to Section 217 of the Consolidated Appropriation Act of 2004 (Pub. L. 108-199, Approved January 23, 2004), which amended Section 453(j) of the Social Security Act (42 U.S.C. 653(j)), Sections 3003 and 13403 of the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103-66, approved August 10, 1993); Section 542(b) of the 1998 Appropriations Act (Pub. L. 105-65); Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by Section 239 of HUD's 2009 Appropriations, effective March 11, 2009 (42 U.S.C. 3544); Section 165 of the Housing and Community Development Act of 1987 (42 U.S.C. 3543); the National Housing Act (12 U.S.C. 1701-1750g); the United States Housing Act of 1937 (42 U.S.C. 1437-1437z); Section 101 of the Housing and Community Development Act of 1965 (12 U.S.C. 1701s); the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 *et seq.*); and the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 1437a(f)).

The Housing and Community Development Act of 1987 authorizes HUD to require applicants and participants (as well as members of their household six years of age and older) in HUD-administered programs involving rental housing assistance to disclose to HUD their social security numbers (SSNs) as a condition of initial or continuing eligibility for participation in the programs. Effective January 31, 2010, all applicants and participants under the age of six, are required to disclose their SSN to HUD, in accordance with regulatory revisions made to 24 CFR 5.216, as published at 74 FR 68924, on December 29, 2009.

Section 217 of the Consolidated Appropriations Act of 2004 (Pub. L. 108-199, approved January 23, 2004) authorizes HUD to provide to HHS information on persons participating in any programs authorized by:

- (i) The United States Housing Act of 1937 (42 U.S.C. 1437 *et seq.*);
- (ii) Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

(iii) Section 221(d)(3), 221(d)(5) or 236 of the National Housing Act (12 U.S.C. 17151(d) and 1715z-1);

(iv) Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013); or

(v) Section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

The Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification (EIV) System—Amendments; Final rule published at 74 FR 68924 on December 29, 2009, requires program administrators to use HUD's EIV system to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income and reduce administrative and subsidy payment errors in accordance with HUD administrative guidance (new HUD regulation at 24 CFR 5.233).

This matching program also assists HUD in complying with the following federal laws, requirements, and guidance related to identifying and reducing improper payments:

1. Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Pub. L. 111-204);
2. Presidential Memorandum on Enhancing Payment Accuracy Through a "Do Not Pay List" (June 18, 2010);
3. Office of Management and Budget M-10-13, Issuance of Part III to OMB Circular A-123, appendix C;
4. Presidential Memorandum on Finding and Recapturing Improper Payments (March 10, 2010);
5. Reducing Improper Payments and Eliminating Waste in Federal Programs (Executive Order 13520, November 2009);
6. Improper Payments Information Act of 2002 (Pub. L. 107-300); and
7. Office of Management and Budget M-03-13, Improper Payments Information Act of 2002 Implementation Guide.

HHS shall then compare this information provided by HUD with data contained in the National Directory of New Hires and report the results of the data match to HUD. The Act gives HUD the authority to disclose this information to CAs, O/As, and PHAs for the purpose of verifying the employment and income of individuals receiving benefits in the above programs. HUD shall not seek, use or disclose information relating to an individual without the prior written consent of that individual, and HUD has the authority to require consent as a

condition of participating in HUD rental housing assistance programs.

HHS' disclosure of data from the National Directory of New Hires is authorized by Section 217 of the Consolidated Appropriations Act of 2004 (Pub. L. 108-199). The disclosures from the HHS system of records, "Location and Collection System of Records," No. 09-90-0074, will be made pursuant to "Routine Use" (17), identified in the **Federal Register** last published at 72 FR 51446 on September 7, 2007. This routine use authorizes HHS to "disclose to the Department of Housing and Urban Development information in the NDNH portion of this system for purposes of verifying employment and income of individuals participating in specified programs and, after removal of personal identifiers, to conduct analyses of the employment and income reporting of these individuals."

II. Objectives To Be Met by the Matching Program

HUD's primary objective of the computer matching program is to verify the employment and income of individuals participating in the housing programs identified in Section I above, to determine the appropriate level of rental assistance, and to detect, deter and correct fraud, waste, and abuse in rental housing assistance programs. In meeting these objectives HUD also is carrying out a responsibility under 42 U.S.C. 1437f(K) to ensure that income data provided to PHAs, and O/As, by household members is complete and accurate. HUD's various rental housing assistance programs require that participants meet certain income and other criteria to be eligible for rental assistance. In addition, tenants generally are required to report and recertify the amounts and sources of their income at least annually. However, under the QHWRA of 1998, PHAs operating Public Housing programs may now offer tenants the option to pay a flat rent, or an income-based rent. Those tenants who select a flat rent will be required to recertify income at least every three years. In addition, the changes to the Admissions and Occupancy final rule (March 29, 2000 (65 FR 16692)) specified that household composition must be recertified annually for tenants who select a flat rent or income-based rent.

An additional objective of this computer matching program is to facilitate the statistical measurement of subsidy error by completing an annual QC study. The QC study provides national estimates of the extent, severity, costs, and sources of rent errors

for rental assistance programs, administered by the Offices of Housing and Public and Indian Housing. This study is designed to measure the extent of administrative error by housing providers and tenant income reporting errors. The errors evaluated in this study affect the rent contributions tenants should have been charged. HUD will use NDNH information resulting from this data comparison and disclosure solely for the purpose of conducting aggregate analyses of employment and income reporting of individuals participating in the rental housing assistance programs. The study will not contain personally identifiable information of individuals.

III. Program Description

In this computer matching program, tenant-provided information included in HUD's automated systems of records known as Tenant Rental Assistance Certification System (TRACS) (HUD/H-11), Inventory Management System (HUD/PIH-4, formerly the Public and Indian Housing Information Center (PIC) (HUD/PIH-4), and Enterprise Income Verification (EIV) System (HUD/PIH-5) will be compared to data from the NDNH database. The notices for these systems were published at 65 FR 52777, 67 FR 20986, and 70 FR 41780, which was subsequently amended and published at 72 FR 17589, respectively. The notice for the EIV system was subsequently updated and published in the **Federal Register** on September 1, 2009, at 74 FR 45235. HUD will disclose to HHS only tenant personal identifiers, i.e., full name, Social Security Number, and date of birth. HHS will match the HUD-provided personal identifiers to personal identifiers included in the National Directory of New Hires (NDNH) contained within their systems of records known as "Location and Collection System of Records," No. 09-90-0074. HHS will provide income data to HUD only for individuals with matching personal identifiers.

A. Income Verification

Any disparity between tenant-reported income and/or sources and the income and sources derived from the match (i.e., a "hit") will be further reviewed by HUD, the program administrator, or the HUD Office of Inspector General (OIG) to determine whether the income reported by tenants to the program administrator is correct and complies with HUD and program administrator requirements. Specifically, current or prior wage information and other data will be sought directly from employers and/or tenants.

B. Administrative or Legal Actions

With respect to the "hits" that will occur as a result of this matching program, HUD requires program administrators to take appropriate action in consultation with tenants to: (1) resolve income disparities between tenant-reported and independent income source data, and (2) use correct income amounts in determining housing rental assistance.

Program administrators must compute the rent in full compliance with all applicable occupancy regulations. Program administrator must ensure that they use the correct income and correctly compute the rent. The program administrator may not suspend, terminate, reduce, or make a final denial of any housing assistance to any tenant as the result of information produced by this matching program until: (a) The tenant has received notice from the program administrator of its findings, and tenants are informed of the opportunity to contest such findings and (b) either the expiration of any notice period provided in applicable HUD requirements of the program or the 30-day period beginning on the date on which notice of adverse findings was mailed or otherwise provided to the tenant. In all cases, program administrators will resolve income discrepancies in consultation with tenants. Additionally, serious violations, which program administrators, HUD program staff, or HUD OIG verify, should be referred for full investigation and appropriate civil and/or criminal proceedings.

IV. Records To Be Matched

HHS will conduct the matching of tenant SSNs, full names, and dates of births (DOBs) to tenant data HUD supplies from its Tenant Rental Assistance Certification System (TRACS) (HUD/H-11) and Public and Indian Housing Information Center (PIC) system (HUD/PIH-4). Program administrators utilize the form HUD-50058 module within the PIC system and the form HUD-50059 module within the TRACS to provide HUD with the tenant data.

HHS will match the tenant records included in HUD/H-11 and HUD/PIH-4 to NDNH records contained in HHS' "Location and Collection System of Records," No. 09-90-0074. HUD will place the resulting matched data into its Enterprise Income Verification (EIV) system (HUD/PIH-5). The notice for this system was published at 72 FR 17589, and subsequently updated and published in the **Federal Register** on September 1, 2009, at 74 FR 45235.

Routine uses of records maintained in the system, including categories of users and purposes of such uses was published in that Notice.

V. Period of the Match

The matching program will become effective and the matching may commence after the respective Data Integrity Boards (DIBs) of both agencies approve and sign the computer matching agreement, and after, the later of the following: (1) 40 days after report of the matching program is sent to Congress and OMB; (2) at least 30 days after publication of this notice in the **Federal Register**, unless comments are received, which would result in a contrary determination. The computer matching program will be conducted according to agreement between HUD and HHS. The computer matching agreement for the planned match will terminate either when the purpose of the computer matching program is accomplished, or 18 months from the effective date. The agreement may be renewed for one 12-month period, with the mutual agreement of all involved parties, if the following conditions are met:

(1) Within three months of the expiration date, all Data Integrity Boards (DIBs) review the agreement, find that the program will be conducted without change, and find a continued favorable examination of benefit/cost results; and (2) All parties certify that the program has been conducted in compliance with the agreement.

The agreement may be terminated, prior to accomplishment of the computer matching purpose or 18 months from the date the agreement is signed (whichever comes first), by the mutual agreement of all involved parties within 30 days of written notice.

Authority: 5 U.S.C. 552a; 88 Stat. 1896; 42 U.S.C. 3535(d).

Dated: December 16, 2010.

Jerry E. Williams,

Chief Information Officer.

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COMPUTER MATCHING AGREEMENT

BETWEEN

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES
OFFICE OF CHILD SUPPORT ENFORCEMENT**

AND

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Verification of Employment and Income and Analysis – HHS #_1008

I. PURPOSE AND LEGAL AUTHORITY FOR CONDUCTING THE MATCHING PROGRAM AND DEFINITIONS

A. Background

1. Introduction

This computer matching agreement, hereinafter referred to as “agreement”, governs a matching program between the Office of Child Support Enforcement (OCSE) and the Department of Housing and Urban Development (HUD).

Pursuant to section 453(j)(7) of the Social Security Act, HUD requests a computerized comparison of records maintained within the HUD system of records, Enterprise Income Verification (EIV), and records from the National Directory of New Hires (NDNH) maintained within the OCSE system of records, “Location and Collection System” (LCS). 42 U.S.C. § 653(j)(7). NDNH records sought by HUD pertain to individuals who are participating in certain HUD rental assistance programs. HUD seeks this information comparison, and the disclosure of the results of such comparison, for the purpose of assisting HUD in verifying the employment and income of individuals who are participating in certain rental assistance programs. A computerized comparison of “two or more automated systems of records or a system of records with non-federal records for the purpose of -- (I) establishing or verifying the eligibility of, or continuing compliance with statutory and regulatory requirements by, applicants for, recipients or beneficiaries of, participants in, or providers of services with respect to, cash or in-kind assistance or payments under Federal benefit programs, or (II) recouping payments or delinquent debts under such Federal benefit programs,” constitutes a “matching program” as defined by the Privacy Act, as amended by the Computer Matching Privacy and Protection Act. 5 U.S.C. § 552a(a)(8)(i).

The Privacy Act provides that no record contained in a system of records may be disclosed to a recipient agency for use in a computer matching program except pursuant to a written matching agreement containing certain provisions specified in subsection (o). 5 U.S.C. § 552a(o). This computer matching agreement contains the provisions required by subsection (o).

The agreement also contains, or incorporates by reference, requirements from the Social Security Act, pursuant to which the matching program is authorized, and other federal privacy and security guidance and requirements governing the disclosure of personally identifiable information.

As defined by the Privacy Act, OCSE is the “recipient agency” inasmuch as OCSE receives records from HUD and conducts the comparison of records and HUD is the “source agency” inasmuch as HUD is the agency which discloses records maintained in its system of records to be used in the matching program. 5 U.S.C. §§ 552a(a)(9) and (11).

The Office of Public and Indian Housing (PIH) and the Office of Housing are the components within HUD responsible for the agreement. The Office of Automation and Program Operations, Division of Federal Systems is the component within OCSE responsible for the agreement.

This agreement includes a Security Addendum, as if fully incorporated herein; Appendix A, Previous Computer Matching Agreements, Evaluation, and Other Agreements Between OCSE and HUD; Appendix B, Authorized Users for Analyses of Employment and Income Reporting; Appendix C, HUD Data Flow Diagrams (DFD); Appendix D, Cost Benefit Analysis (CBA); Appendix E, Overview and Use of NDNH Information for the Purpose of Analyses of Employment and Income Reporting; Appendix F, HUD Consent forms; and, reimbursement agreements (not attached or appended) executed each fiscal year of the agreement in accordance with Section XI.

2. Previous Computer Matching Programs

OCSE and HUD have been parties to matching agreements since 2004. (See Appendix A). The existing computer matching agreement expires on January 5, 2011. Execution of this agreement terminates and supersedes the Renewal and Amendment.

B. Purpose and Legal Authority for Conducting the Matching Program

The Privacy Act requires that matching agreements specify the purpose and legal authority for conducting the matching program. 5 U.S.C. § 552a(o)(1)(A). The Social Security Act, section 453(j)(7) provides such purpose and legal authority. 42 U.S.C. § 653(j)(7).

1. Purpose for Conducting the Matching Program

The primary purpose for the matching program is to assist HUD in verifying the employment and income of individuals who are participating in certain rental assistance programs. A secondary purpose is to allow HUD, after the removal of personal identifiers, to conduct analyses of the employment and income reporting of those individuals.

2. Legal Authority for Conducting the Matching Program

Section 453(j)(7)(A) and (C)(i) of the Social Security Act provide the authority for conducting the matching program as follows:

(7) Information comparisons for housing assistance programs --

(A) Furnishing of information by HUD -- Subject to subparagraph (G), the Secretary of Housing and Urban Development shall furnish to the Secretary, on such periodic basis as determined by the Secretary of Housing and Urban Development in consultation with the Secretary, information in the custody of the Secretary of Housing and Urban Development for comparison with information in the National Directory of New Hires, in order to obtain information in such Directory with respect to individuals who are participating in any program under - (i) the United States Housing Act of 1937 (42 U.S.C. § 1437 et seq.); (ii) section 1701q of title 12; (iii) section 1715l(d)(3), 1715l(d)(5), or 1715z-1 of title 12; (iv) section 8013 of this title; or (v) section 1701s of title 12.

(C) Duties of the Secretary -- (i) Information disclosure -- The Secretary, in cooperation with the Secretary of Housing and Urban Development, shall compare information in the National Directory of New Hires with information provided by the Secretary of Housing and Urban Development with respect to individuals described in subparagraph (A), and shall disclose information in such Directory regarding such individuals to the Secretary of Housing and Urban Development, in accordance with this paragraph, for the purposes specified in this paragraph.

42 U.S.C. § 653(j)(7)(A) and (C)(i).

3. Requirement to Seek Minimum Information

Subsection 453(j)(7)(B) requires HUD to seek information pursuant to this section only to the extent necessary to verify the employment and income of individuals described in subparagraph (A). 42 U.S.C. § 653(j)(7)(B).

HUD will comply with such requirement by ensuring that each individual pertaining to whom information is requested is currently participating in the programs described in section 453(j)(7)(A) of the Social Security Act, and each data element requested (specified in Section III.C), the frequency of transmission (specified in Section III.D), and the retention and disposition periods of NDNH information (specified in Section VI) is necessary to accomplish the authorized purpose -- to verify the employment and income of individuals described in subparagraph (A).

4. Legal Authority for the Use of the Results of the Information Comparison for the Analyses of Employment and Income Reporting

Section 453(j)(7)(D)(ii) of the Social Security Act provides the legal authority for HUD to “use information resulting from a data match . . . after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals described in subparagraph (A). 42 U.S.C. § 653(j)(7)(D).

Such analyses must pertain solely to individuals currently participating in the programs specified in section (A) during the period of the matching program.

The authority to use NDNH information resulting from a match for analyses extends only to HUD. Entities to which HUD may redisclose NDNH information are authorized to use the information only for the purpose of the verification of employment and income.

HUD users authorized to use the results of the information comparisons for the purpose of analyses of employment and income reporting are identified in Appendix B.

5. Prohibition against Disclosure if Interference with Child Support Program

Section 453(j)(7)(C)(ii) of the Social Security Act permits disclosure only to the extent that such disclosures do not interfere with the effective operation of the IV-D child support program. 42 U.S.C. § 653(j)(7)(C)(ii).

OCSE may not commence, or may discontinue, disclosing NDNH information upon a determination by OCSE that such disclosure interferes with the effective operation of the IV-D child support program. OCSE will provide HUD with 10-days advance notice prior to any discontinuation of the disclosure of NDNH information.

6. **Redislosures**

a. **Legal Authority**

1) **Legal Authority for the Redislosure to Public Housing Agencies, the HUD Inspector General, and the Attorney General**

Subsections 453(j)(7)(E)(i), (ii), and (iii) of the Social Security Act authorize the redislosure of NDNH information to persons or entities specified in section 453(j)(7)(E)(ii) for the purpose of verifying the employment and income of individuals described in subparagraph (A). Subsections 453(j)(7)(E)(i), (ii), and (iii) provide as follows:

(E) Disclosure of information by HUD.—

(i) Purpose of disclosure.—The Secretary of Housing and Urban Development may make a disclosure under this subparagraph only for the purpose of verifying the employment and income of individuals described in subparagraph (A). (ii) Disclosures permitted.—Subject to clause (iii), the Secretary of Housing and Urban Development may disclose information resulting from a data match pursuant to this paragraph only to a public housing agency, the Inspector General of the Department of Housing and Urban Development, and the Attorney General in connection with the administration of a program described in subparagraph (A). Information obtained by the Secretary of Housing and Urban Development pursuant to this paragraph shall not be made available under section 552 of title 5, United States Code. (iii) Conditions on disclosure. -- Disclosures under this paragraph shall be - (I) made in accordance with data security and control policies established by the Secretary of Housing and Urban Development and approved by the Secretary; (II) subject to audit in a manner satisfactory to the Secretary; and (III) subject to the sanctions under subsection (l)(2) of this section. 42 U.S.C. § 653(j)(7)(E).

2) **Legal Authority for the Redislosure to Multifamily Business Partners and Evaluation**

Subsections 453(j)(7)(E)(iv)(I) and (II) of the Social Security Act authorize the redislosures of NDNH information to persons or entities specified in section 453(j)(7)(E)(iv)(II) based on an evaluation, the requirements for which are set forth in section 453(j)(7)(E)(iv)(I). Subsections 453(j)(7)(E)(iv)(I) and (II)

provide as follows:

(iv) ADDITIONAL DISCLOSURES. –

(I) DETERMINATION BY SECRETARIES.—The Secretary of Housing and Urban Development and the Secretary shall determine whether to permit disclosure of information under this paragraph to persons or entities described in subclause (II), based on an evaluation made by the Secretary of Housing and Urban Development (in consultation with and approved by the Secretary), of the costs and benefits of disclosures made under clause (ii) and the adequacy of measures used to safeguard the security and confidentiality of information so disclosed.

(II) PERMITTED PERSONS OR ENTITIES.—If the Secretary of Housing and Urban Development and the Secretary determine pursuant to subclause (I) that disclosures to additional persons or entities shall be permitted, information under this paragraph may be disclosed by the Secretary of Housing and Urban Development to a private owner, a management agent, and a contract administrator in connection with the administration of a program described in subparagraph (A), subject to the conditions in clause (iii) and such additional conditions as agreed to by the Secretaries.

42 U.S.C. § 653(j)(7)(E)(iv)(I) and (II).

The evaluation required pursuant to section 453(j)(7)(E)(iv)(I) was conducted by HUD and signed by HUD and OCSE authorized officials on May 11, 2007.

b. Requested Entities for Redislosure

1) Primary Redislosures

HUD may redisclose NDNH information to an entity only if redislosure to such entity is specifically requested by HUD; authorized under section 453(j)(7) and identified within this section of the agreement; in Appendix B; and, Appendix C.

HUD requests redislosure of NDNH information to the Public Housing Agencies (PHA), the PHA management agents, the HUD Inspector General, the Attorney General, and private owners, management agents and contract administrators (Multifamily (MF) business partners).

Further redislosures by HUD or those specified entities are prohibited under this agreement unless specifically requested by

HUD and governed by a written modification to this agreement and supported by agreements or other documentation agreed upon by OCSE and HUD for ensuring compliance with the privacy and security safeguards in this agreement.

2) Limited Redisclosure to Independent Auditors

HUD also requests redisclosure of written reports containing NDNH information to certain approved Independent Auditors, as defined herein, hired by the management agents, owners or PHAs pursuant to HUD Inspector General audit requirements for the sole purpose of performing an audit of whether these HUD authorized entities verified tenants' employment and/or income and calculated the subsidy and rent correctly. Prior to redisclosure to Independent Auditors for the stated purpose, HUD must implement procedures to: 1) permit access only to NDNH information within hard copy files, 2) prohibit transmitting or transporting NDNH information in any form, 3) prohibit entering NDNH information on any portable media, 4) require Independent Auditors to sign non-disclosure oaths (or similar documentation) which permit the use of NDNH information only for the purpose of the audit, and 5) prohibit the Independent Auditors from redisclosing NDNH information to any user not authorized by section 453(j)(7) and identified within this agreement.

3) Limited Redisclosure to Entities Associated with Grievance Procedures and Judicial Proceedings.

HUD requests limited redisclosure of NDNH information to 1) lawyers and court personnel associated with judicial proceedings relating to independently verified unreported income identified through this matching program and 2) lawyers and certain agency personnel associated with grievance procedures relating to independently verified unreported income identified through this matching program. Prior to redisclosure to these entities for the stated purpose, HUD must implement procedures to: 1) permit access only to NDNH information within hard copy files, 2) prohibit transmitting or transporting NDNH information in any form, 3) prohibit entering NDNH information on any portable media, 4) require these entities to sign non-disclosure oaths (or similar documentation) which permit the use of NDNH information only for the purpose of the dispute, and 5) prohibit these entities from redisclosing NDNH information to any user not authorized by section 453(j)(7) and identified within this agreement.

c. HUD Responsibilities to Ensure Compliance by Authorized Entities with Privacy and Security Safeguards Within the Agreement

HUD must ensure that authorized entities comply with all privacy and security safeguards within this agreement, including its Security Addendum, and must provide equivalent security and privacy safeguards to NDNH information, even NDNH information that is not labeled as such.

Prior to any redisclosure of NDNH information by HUD, HUD will provide documentation to OCSE which demonstrates that the entities are required to comply with the privacy and security safeguards in this agreement. The documentation provided by HUD to OCSE may include at least one of the following:

- (1) the agreement herein executed by the authorized official for the authorized entity to whom HUD rediscloses the information;
- (2) a redisclosure agreement between HUD and the authorized entity containing the privacy and security safeguards set forth in this agreement;
- (3) a certification signed by an authorized official of the entity that the entity will comply with the privacy and security safeguards;
- (4) a Statement of Work or contract between HUD and the entity which includes the privacy and security safeguards; or
- (5) other documentation agreed upon by HUD and OCSE.

C. Definitions

The terms contained in this agreement shall have the meaning given such terms in subsection (a) of the Privacy Act. 5 U.S.C. § 552a(a). Additionally, other terms are defined as follows:

1. *New hire information* is information pertaining to newly hired employees reported to the NDNH by state and federal agencies pursuant to sections 453A(g)(2)(A) and 453(i)(1) of the Social Security Act, respectively. 42 U.S.C. § 653a(g)(2)(A) and § 653(i)(1).
2. *Unemployment insurance information (UI)* is information pertaining to benefits paid under state unemployment insurance compensation programs and reported to the NDNH pursuant to section 453A(g)(2)(B) and 453(i)(1) of the Social Security Act. 42 U.S.C. § 653a(g)(2)(B) and § 653 (i)(1).
3. *Quarterly wage information (QW)* is employee wage information reported to the NDNH by state and federal agencies pursuant to sections 453A(g)(2)(B), 453(i)(1), and 453(n) of the Social Security Act, respectively. 42 U.S.C. § 653a(g)(2)(B), § 653(i)(1), and § 653(n).

4. *Contract administrator (CA)* means the agency that has entered into an Annual Contributions Contract with HUD. Such agency is a “public housing agency” as defined as any state, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of public housing. 42 U.S.C. § 1437a(b)(6). The agency monitors the housing assistance payments contract entered into by owners.
5. *Independent auditor* means a Certified Public Accountant or a licensed or registered public accountant, having no business relationship with the private owner except for the performance of audit, systems work and tax preparation. If not certified, the Independent Public Accountant must have been licensed or registered by a regulatory authority of a state or other political subdivision of the United States on or before December 31, 1970. In states that do not regulate the use of the title “public accountant,” only Certified Public Accountants may be used.
6. *Low-income housing* means decent, safe, and sanitary dwellings assisted under the United States Housing Act of 1937.
7. *Management agent (A)* means the entity that enters into an agreement with the owner of a housing project to manage the project in accordance with the housing assistance payments contract and HUD’s requirements and regulations.
8. *Multifamily (MF) business partners* means “private owners”, “management agents”, and “contract administrators” as these terms are defined herein.
9. *Multifamily (MF) Housing Programs* means the programs which are administered by MF business partners under the following statutes:
- i. The United States Housing Act of 1937 (42 U.S.C. § 1437 et seq.);
 - ii. Section 202 of the Housing Act of 1959 (12 U.S.C. § 1701q);
 - iii. Section 221(d)(3), 221(d)(5), or 236 of the National Housing Act (12 U.S.C. § 1715l(d) and 1715z-1);
 - iv. Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. § 8013); or
 - v. Section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. § 1701s).
10. *Personnel* means HUD employees, HUD contractors, PHAs, and MF business partners.
11. *Private owner (O)* means the person or entity who owns the housing project containing the assisted dwelling unit and who enters into a contract with HUD to operate the project in accordance with HUD’s requirements and regulations.

12. *Public Housing* means low-income housing, and all necessary appurtenances thereto, assisted under the United States Housing Act of 1937, other than under section 8, and includes dwelling units in a mixed finance project that are assisted by a public housing agency with capital or operating assistance.

13. *Public Housing Agency (PHA)* means any state, county, municipality, or other governmental entity or public body or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the United States Housing Act of 1937.

14. *Public and Indian Housing (PIH) Programs* means the Disaster Housing Assistance, Public Housing and section 8 tenant-based programs administered by PHAs under the United States Housing Act of 1937.

15. *Rental Assistance* (also known as housing assistance or subsidy) means the amount HUD pays the PHA or private owner for a unit occupied by a tenant assisted under one of PIH's or MF Housing's assistance programs. It includes HUD's share of the contract rent and any utility reimbursement due to the tenant.

16. *Subsidy* (also known as housing assistance or rental assistance) means the amount HUD pays the PHA or private owner for a unit occupied by a tenant assisted under one of PIH's or MF Housing's assistance programs. It includes HUD's share of the contract rent and any utility reimbursement due to the tenant.

17. *Tenant* means an individual or family renting or occupying an assisted dwelling unit.

II. JUSTIFICATION FOR THE MATCHING PROGRAM AND ANTICIPATED RESULTS

The Privacy Act requires that matching agreements specify the justification for the program and anticipated results, including a specific estimate of any savings. 5 U.S.C. § 552a(o)(1)(B).

A. Justification for the Matching Program

1. Necessity for the Matching Program

Disclosures of NDNH information pertaining to individuals participating in certain HUD programs are required, subject to privacy and security safeguards, by section 453(j)(7) of the Social Security Act. Additionally, such disclosures are justified for several reasons. HUD provides various rental housing assistance programs to eligible tenants who generally pay 30 percent of their income toward rent. HUD, through authorized program administrators, provides the balance of the rental payment. If tenants do not report their income accurately, or program administrators do not process the information correctly, HUD may either overpay

or underpay the rental subsidy.

Based on data from FY 2008, the most recent year for which data are available, the total subsidy error associated with income reporting errors was approximately \$364 million. HUD estimates that approximately 401,520 (20%) and 47,422 (5%) households participating in PIH and MF Housing programs, respectively, may not have disclosed all wage, employment, unemployment compensation benefits, and/or social security benefits.

Prior to the implementation of matching programs between HUD and OCSE, HUD obtained income and employment information from State Wage Information Collection Agencies (SWICAs). HUD estimates a total cost of obtaining income and employment data from the SWICAs over a 10-year period at \$62.575 million compared to a cost of \$21.208 million for NDNH information for a total savings of \$41.367 million. (See Appendix D).

HUD and OCSE believe the matching program is an effective and efficient method for HUD to obtain information needed to verify the employment and income of individuals participating in the specified programs.

2. Federal Law and Guidance Supporting the Matching Program

In addition to the legal authority for conducting the matching program (See Section I.B), which specifically requires the matching program, other federal law and requirements also support a determination that the matching program, and the analyses of employment and income reporting, is justified. The matching program that is the subject of this agreement assists HUD in complying with the following federal law, requirements, and guidance.

a. Reducing Improper Payments and Eliminating Waste in Federal Programs (Executive Order 13520, November 2009)

The order is intended to reduce improper payments by intensifying efforts to eliminate waste, fraud, and abuse in federal programs. It adopts a comprehensive set of policies, including transparency and public scrutiny of significant payment errors throughout the federal government; a focus on identifying and eliminating the highest improper payments; accountability for reducing improper payments among executive branch agencies and officials; and coordinated federal, state, and local government action in identifying and eliminating improper payments.

b. Improper Payments Information Act of 2002 (P.L. 107-300)

The Improper Payments Information Act of 2002 (IPIA) enhances the accuracy and integrity of federal payments. The IPIA requires federal agencies to 1) annually review all programs and activities they

administer, 2) identify those susceptible to significant improper payments, 3) estimate and report annually on the amount of improper payments, and 4) report annually to Congress on efforts to reduce erroneous payments for programs where improper payments exceed \$10 million.

c. Office of Management and Budget M-03-13, Improper Payments Information Act of 2002 Implementation Guidance

The Office of Management and Budget (OMB) issued guidance on May 21, 2003 requiring federal agencies to use a systematic method to annually review and identify those programs and activities that are susceptible to significant improper payments. Agencies must also address the reporting requirements of that guidance in their Performance and Accountability Reports for fiscal years ending on or after September 30, 2004.

d. 42 U.S.C. § 1437f(k)

HUD is required to establish procedures, which are appropriate and necessary to assure that income data provided to PHAs and MF business partners by families is complete and accurate. Under this section, HUD must randomly, regularly, and periodically select a sample of families and obtain information from external agency data sources pertaining to the individuals within the families only for the purpose of verifying incomes in order to determine eligibility of families for benefits (and the amount of such benefits, if any). 42 U.S.C. § 1437f(k).

e. Verification Requirement for Subsidized Multifamily Housing Programs

HUD program administrators are required to use accurate income amounts in determining housing rental assistance, in accordance with 24 CFR 5.659 and Chapter 5, Section 3 of the Occupancy Requirements of Subsidized Multifamily Housing Programs, 4350.3 REV-1.

f. Verification Requirement for Public and Indian Housing Programs

In accordance with 24 CFR 960.259 and 24 CFR 982.516 for the public housing and tenant-based section 8 programs, respectively, PHAs are required to use accurate income amounts in determining housing rental assistance and verifying a family's annual income and other factors that affect the determination of adjusted income or income-based rent.

B. Anticipated Results

HUD conducted an analysis of the cost and benefit of the matching program, including a specific estimate of savings, as required by the Privacy Act. (See 5 U.S.C. § 552a(o)(1)(B)). The cost benefit analysis (CBA) analyzes the financial and non-financial benefits to HUD derived from the use of NDNH information by HUD and other authorized entities and the costs associated with the matching program. In some cases, the data used in the cost benefit analysis is actual data; however, estimated figures were used when actual data was not available. The CBA measures the performance of the previous matching program and anticipates results for the matching program which is the subject of this agreement.

HUD estimates that use of the EIV information, which includes NDNH information, is projected to result in a total annual potential impact of \$364 million per year. HUD achieved, and will continue to achieve, a positive cost/benefit ratio and produce additional benefits to HUD. HUD anticipates a substantial return on investment of 90:1 for the use of the information. HUD conducted a CBA based on information from FY2008. The analysis, dated June 11, 2010, was submitted to OCSE on June 14, 2010. (See Appendix D)

III. DESCRIPTION OF RECORDS, FREQUENCY, STARTING AND COMPLETION DATES, TRANSMISSION, AND ACCESS AND USE

The Privacy Act requires that each agreement specify a description of the records that will be matched, including each data element that will be used, the approximate number of records that will be matched, and the projected starting and completion dates of the matching program. 5 U.S.C. § 552a(o)(1)(C).

A. Systems of Records

1. OCSE System of Records

The NDNH contains new hire, QW, and UI information provided by state and federal agencies and is maintained by OCSE in its system of records, "Location and Collection System" (LCS), No. 09-90-0074, last published at 72 FR 51446 on September 7, 2007. "Routine Use" (17) of the system of records permits disclosure of NDNH information to HUD.

2. HUD System of Records

The HUD records used in the information comparison are retrieved from, and the results of the information comparison are maintained within, the HUD system of records, "Enterprise Income Verification" (EIV), No. HUD/PIH-5, last published at 71 FR 45066 on August 8, 2006, and updated on September 1, 2009, at 74 FR 45235. "Routine use" (1) of the system of records permits the disclosure of records to OCSE.

B. Number of Records Involved

1. HUD Input File

The HUD input files contain approximately 5.7 million records, which represent approximately 5.7 million individuals participating in the authorized HUD housing programs. Of this total, approximately 4.2 million records pertain to individuals who participate in HUD's PIH programs and approximately 1.5 million records pertain to individuals who participate in HUD's MF Housing programs.

2. HUD Input File for the Analyses of Employment and Income Reporting

The HUD input file submitted annually for the purpose of conducting analyses of employment and income reporting for the HUD QC Study, after the removal of personal identifiers, will contain the records pertaining to approximately 5,000 individuals from 2,700 households.

3. OCSE Output File

The OCSE output files will contain the NDNH information, if any, pertaining to the individuals whose records are contained in the HUD input file. The total number of records in the output file depends upon the number of individuals pertaining to whom there is available NDNH information and the amount of NDNH information associated with those individuals.

C. Specified Data Elements Used in the Matching Program

1. HUD Data Elements Contained in the Input File Provided to OCSE

Input files contain records pertaining to individuals participating in programs administered by HUD PHAs and HUD MF business partners, as specified in section 453(j)(7)(A)(i) through (v) of the Social Security Act.

Each individual's records within the HUD input files will contain the following data elements:

- First Name;
- Last Name;
- Date of Birth; and
- Social Security number (SSN).

Prior to transmitting records to OCSE, HUD verifies the accuracy of the name/SSN combinations against Social Security Administration databases.

2. HUD and OCSE Data Elements Used to Conduct the Information Comparison

OCSE will conduct the information comparison by using the SSNs provided by HUD to the SSNs in the NDNH.

3. NDNH Data Elements Requested by HUD

In order to accomplish the purpose of this agreement, HUD requests the following NDNH data elements:

a. New Hire File

- Employee SSN;
- Employee Last Name;
- Employee First Name;
- Employee Address;
- Employer Name;
- Employer Address;
- Employee Date of Hire (optional for an employer to report);
- Employee State of Hire (optional for an employer to report);
- Employer Federal Employer Identification Number (EIN);
- Employer State EIN (optional for an employer to report);
- Employer's Second Address, if any (optional for an employer to report);
- Department of Defense indicator, if any; and
- Date New Hire Record processed by NDNH.

b. Quarterly Wage File

- Employee SSN;
- Employee Name;
- Employer Name;
- Employer Address;
- Quarterly Employee Wage Amount;
- Date QW Record processed by NDNH;
- Federal Employer Identification Number (EIN) (optional for an employer to report);
- State EIN (optional for an employer to report); and
- Department of Defense indicator, if any.

c. Unemployment Insurance File

- Claimant SSN;

- Claimant Last Name;
- Claimant First Name;
- Claimant's Address;
- Benefit Amount; and
- UI Reporting Period.

4. OCSE Output File Data Elements Provided to HUD

The output file will consist of the available information from the NDNH, if any, associated with the individuals whose records are contained in the HUD input file.

D. Frequency of Information Comparisons

Section 453(j)(7)(A) of the Social Security Act authorizes HUD to furnish input files to OCSE, "on such periodic basis as determined by the Secretary of Housing and Urban Development in consultation with the Secretary [of HHS]" 42 U.S.C. § 653(j)(7)(A). HUD has determined it will furnish input files to OCSE, in the following frequencies and approximate numbers of records:

- 5.7 million records each month against the new hire file
- 5.7 million records, quarterly against the QW file
- 5.7 million records, quarterly against the UI file
- 64,352 records submitted monthly in non-quarterly months (8 times per year) against the wage and UI files, pertaining to new program participants, participants who have turned 18, or participants who have had a major change of status.
- 5,000 annually against the new hire, QW and UI files for the purpose of conducting analyses of the employment and income reporting.

E. Projected Starting and Completion Dates

The projected starting and completion dates for the matching program are as set forth in Section XII.

F. Method of Transmission of the Input and Output Files and Download to EIV

Input files from HUD to OCSE and output files from OCSE to HUD will be transmitted via encrypted transmission link or another mutually-approved and secure method of data transfer.

G. Access to and Use of NDNH Information by Authorized Entities

HUD transmits NDNH information to its EIV database to provide access to authorized entities. HUD has documented the process by which NDNH information is accessed and used within a Data Flow Diagram (DFD). (See Appendix C). The DFD characterizes the physical system of records showing the processes and interactions by authorized entities'

systems, where applicable. The DFD will: 1) specify where and how the information comparison results are maintained by HUD at each step in the process; 2) identify the categories of users within HUD, PHAs, MF business partners, and other authorized users at each step in the process; and 3) specify the purpose for such access.

Explanation of the use of NDNH information for the HUD QC Study is included in Appendix E, Overview of the Use of NDNH Information for the Purpose of Analysis of Employment and Income Reporting.

IV. NOTICE PROCEDURES

A. Individualized Notice that Information May Be Subject to Verification through Matching Programs

The Privacy Act requires that matching agreements must specify procedures for providing individualized notice at the time of application and, notice periodically thereafter, as directed by the Data Integrity Board of the agency, to applicants for and recipients of financial assistance or payments under federal benefit programs, that any information provided by such applicants and recipients may be subject to verification through matching programs. 5 U.S.C. § 552a(o)(1)(D).

Section 453(j)(7)(G) of the Social Security Act also provides that HUD “shall not seek, use, or disclose NDNH information relating to an individual without the prior written consent of such individual (or of a person legally authorized to consent on behalf of such individual).” 42 U.S.C. § 653(j)(7)(G).

HUD notifies individuals at the time of application, and periodically thereafter upon annual recertification or reexamination that their records may be compared against those of other agencies to assist HUD in verifying information provided by those individuals. Such notice appears in the federal form, HUD-9886, *Authorization for the Release of Information/Privacy Act Notice* and HUD-9887, *Notice and Consent for the Release of Information*, contained in the “Document Package for Applicant’s/Tenant’s Consent to the Release of Information.” (See Appendix F).

B. General Notice, Publishing Notice of Matching Program in the *Federal Register*

The Privacy Act also provides that agencies must, “with respect to any establishment or revision of a matching program, at least 30 days prior to conducting such program, publish in the *Federal Register* notice of such establishment or revision.” 5 U.S.C. § 552a(e)(12).

At least 30 days prior to the commencement of the matching program, HUD must forward the Notice of Matching Program for publication in the *Federal Register*. The matching notice will clearly identify the systems of records and categories of records

being used, and state that the program is subject to the review period afforded OMB and Congress. HUD shall also provide a copy of the Notice of Matching Program to OCSE.

C. Furnishing Report of Matching Program and Agreement to Congress and OMB

The Privacy Act requires that a copy of the matching agreement must be transmitted to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives and be available upon request to the public, in order to permit an evaluation of the probable or potential effect of such proposal on the privacy or other rights of individuals. 5 U.S.C. § 552a(r) and 5 U.S.C. § 552a(o)(2)(A). The Office of Management and Budget Circular No. A-130, Appendix I, 4(d) requires agencies to provide a Report of Matching Program, including the agreement, to the Congressional committees and to OMB.

HUD shall furnish a copy of this agreement and Report of Matching Program to the Congressional committees and OMB, and make the agreement available upon request to the public. HUD shall also provide a copy of the Report of Matching Program to OCSE.

V. PROCEDURES FOR VERIFYING INFORMATION AND OPPORTUNITY TO CONTEST FINDINGS

A. Authority

The Privacy Act requires that each matching agreement specify procedures for verifying information produced in the matching program and an opportunity to contest findings, as required by subsection (p). 5 U.S.C. §§ 552a(o)(1)(E). Section (p) of the Privacy Act provides as follows:

(1) In order to protect any individual whose records are used in a matching program, no recipient agency, non-Federal agency, or source agency may suspend, terminate, reduce, or make a final denial of any financial assistance or payment under a Federal benefit program to such individual, or take other adverse action against such individual, as a result of information produced by such matching program, until –

(A)(i) the agency has independently verified the information;

...

(B) the individual receives a notice from the agency containing a statement of its findings and informing the individual of the opportunity to contest such findings; and

(C)(i) the expiration of any time period established for the program by statute or regulation for the individual to respond to that notice; or (ii) in the case of a program for which no such period is

established, the end of the 30-day period beginning on the date on which notice under subparagraph (B) is mailed or otherwise provided to the individual.

(2) Independent verification referred to in paragraph (1) requires investigation and confirmation of specific information relating to an individual that is used as a basis for an adverse action against the individual, including where applicable investigation and confirmation of—

- (A) the amount of any asset or income involved;
- (B) whether such individual actually has or had access to such asset or income for such individual's own use; and
- (C) the period or periods when the individual actually had such asset or income.

(3) Notwithstanding paragraph (1), an agency may take any appropriate action otherwise prohibited by such paragraph if the agency determines that the public health or public safety may be adversely affected or significantly threatened during any notice period required by such paragraph.

5 U.S.C. §§ 552a(p)(1),(2), and (3).

Further, subsection (q)(1) of the Privacy Act provides that no agency may disclose any record which is contained in a system of records for a matching program if such agency has reason to believe that the verification and opportunity to contest requirements of subsection (p), or any matching agreement entered into pursuant to subsection (o), or both, are not being met. 5 U.S.C. § 552a(q)(1). Also see OMB “Final Guidance Interpreting the Provisions of Public Law 100-503, the Computer Matching and Privacy Protection Act”, Sec. 6.g. Providing Due Process to Matching Subjects.

B. Procedures

HUD recognizes that information obtained from the NDNH is not conclusive evidence of the address and employment information of an identified individual. If adverse action is to be taken against any such individual based on NDNH information, further verification is required. HUD recognizes that the information is subject to the individual's right to dispute the information prior to HUD taking adverse action against the individual.

HUD established procedures for HUD and authorized entities to which information is redisclosed for the independent verification of information. These procedures are set forth in 24 CFR §5.236, 24 CFR §966.4(l)(3), 24 CFR §982.555 and related HUD directives. HUD will ensure compliance with such procedures by all entities authorized to receive NDNH information.

VI. RETENTION AND DISPOSITION OF RECORDS

The Privacy Act requires that matching agreements specify procedures for the retention and timely destruction of identifiable records created by a recipient agency or non-federal agency in such matching program. 5 U.S.C. § 552a(o)(1)(F). The Privacy Act also requires that matching agreements specify procedures governing the use by the recipient agency or non-federal agency of records provided in a matching program by a source agency, including procedures governing return of the records to the source agency or destruction of records used in such programs. 5 U.S.C. § 552a(o)(1)(I).

The following sections specify disposition schedules for HUD and OCSE records provided in the matching program. NDNH information retains its character, even NDNH information that is not labeled as such.

A. Records Contained in Input Files in the Custody of OCSE

OCSE may retain the input files provided by HUD only for the period of time required for processing related to the matching program, but no later than 60 days after the transmission of the file to OCSE.

B. Records Contained in Output File or in the Custody of HUD or Authorized Entities

1. OCSE Copy of Output Files

OCSE may retain copies of the output files provided to HUD only for the period of time required for any processing related to the matching program, but no later than 60 days after the transmission of the output files to HUD.

2. Output Files Provided to HUD and Transmitted to the EIV

HUD may retain output files, until such time as the records are transferred onto the EIV, but no later than 60 days after the transmission of the files to HUD.

3. NDNH Information within EIV

HUD may retain NDNH information, until the authorized purpose of the matching program has been achieved, but no later than two years from the date of the disclosure of the information to HUD.

4. Printed NDNH Information

HUD and all authorized entities may retain printed NDNH information until the authorized purpose of the matching program has been achieved, but no later than the term of the tenancy plus three years from the end of participation or move out

date. Records may be retained beyond such retention period if such record is required for litigation which was started before the expiration of the initial maximum record retention period. (For MF Housing, see HUD Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, Paragraph 5-23; for PIH, see 24 CFR 908.101).

5. NDNH Information for QC Study

HUD may retain NDNH information – electronic and printed – used for the purposes of analyses of income and employment reporting until the authorized purpose has been achieved, but no later than two years from the date of the disclosure of the information to HUD.

After the retention periods specified for HUD and OCSE records, HUD must destroy the records.

VII. SECURITY PROCEDURES

The Privacy Act requires that each agreement specify procedures for ensuring the administrative, technical, and physical security of the records matched and the results of such programs. 5 U.S.C. § 552a(o)(1)(G). Procedures to ensure the security of such records are specified in the Security Addendum.

VIII. RESTRICTIONS ON DUPLICATION, REDISCLOSURE, AND USAGE OF RECORDS

A. Privacy Act Restrictions

The Privacy Act requires that matching agreements specify prohibitions on duplication and redisclosure of records provided by the source agency within or outside the recipient agency or non-federal agency, except where provided by law or essential to the conduct of the matching program. 5 U.S.C. § 552a(o)(1)(H). The Privacy Act also requires that agreements specify procedures governing the use by a recipient agency or non-federal agency of records provided in a matching program by a source agency, including procedures governing return of the records to the source agency or destruction of records used in such program. 5 U.S.C. § 552a(o)(1)(I).

The Privacy Act requires that matching agreements specify procedures for the retention and timely destruction of identifiable records created by a recipient agency or non-federal agency in such matching program. 5 U.S.C. § 552a(o)(1)(F). The Privacy Act also requires that matching agreements specify procedures governing the use by the recipient agency or non-federal agency of records provided in a matching program by a source agency, including procedures governing return of the records to the source agency or destruction of records used in such programs. 5 U.S.C. § 552a(o)(1)(I).

B. Social Security Act Restrictions

The Social Security Act requires that NDNH information and the results of comparisons using NDNH information shall not be used or disclosed except as expressly provided in section 453, subject to section 6103 of the Internal Revenue Code of 1986. The Social Security Act also provides that an administrative penalty (up to and including dismissal from employment), and a fine of \$1,000 must be imposed for each act of unauthorized access to, disclosure of, or use of, information in the NDNH by any officer or employee of the United States or any other person who knowingly and willfully violates the requirement. 42 U.S.C. § 653(l)(1) and (2).

The Social Security Act also requires the Secretary of the Department of Health and Human Services to establish and implement safeguards with respect to the entities established under section 453 designed to restrict access to confidential NDNH information to authorized persons, and restrict use of such information to authorized purposes. 42 U.S.C. § 653(m)(2).

The Social Security Act, subparagraph 453(j)(7)(D) authorizes HUD to use NDNH information “only (i) for the purpose of verifying the employment and income of individuals described in subparagraph (A); and (ii) after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals described in subparagraph (A)”. 42 U.S.C. § 653(j)(7)(D).

Subparagraph (E) permits entities to which HUD is authorized to redisclose NDNH information to use such information only for the purpose of verifying the employment and income of individuals described in subparagraph (A). 42 U.S.C. § 653(j)(7)(E).

PHA and MFH authorized entities are permitted to access and use NDNH information pertaining solely to applicants or tenants of the housing programs administered by those entities.

All duplicates, copies, extracts, redisclosures, access and uses of NDNH information, requested by HUD and approved by OCSE, are identified in this agreement and in the DFD. (See Appendix C).

In accordance with the Privacy Act and the Social Security Act, any further duplicates, copies, extracts, redisclosures, access, or uses are prohibited.

IX. ASSESSMENT OF ACCURACY OF RECORDS

The Privacy Act requires that each agreement specify information on assessments that have been made on the accuracy of records that will be used in the matching program. 5 U.S.C. § 552a(o)(1)(J).

A. OCSE Records

The information maintained within the NDNH is reported to OCSE by state and federal agencies. The Social Security Administration (SSA) verifies the accuracy of name and SSN combinations maintained by OCSE. 42 U.S.C. § 653(j)(1)(A) and (B).

A record from the NDNH is “verified by SSA” if the NDNH name and SSN combination has a corresponding name and SSN combination within SSA databases. Ninety-four percent of the employee name and SSN combinations reported to the new hire file and ninety-nine percent of the claimant name and SSN combinations reported to the UI file have been verified by SSA. Sixty-six percent of the employee name and SSN combinations in the QW file have been verified by SSA. Twenty-seven percent of QW records reported to the NDNH have SSNs but no name associated with the SSN, which is in part attributable to the fact that some State Workforce Agencies do not collect name information. Because SSA verification processes require a name and SSN combination, these records are considered valid but non-verifiable. Even though the records are not verified by SSA, OCSE uses them to conduct information comparisons and obtains reliable results.

B. HUD Records

HUD verifies tenant personal identifiers, including full name, SSN, and date of birth, with SSA and includes within the input file to be compared to the NDNH only those name/SSN combinations that have been verified by the SSA. Thus, HUD deems one hundred percent of the name/SSN combinations that HUD transmits to OCSE to be accurate.

X. ACCESS TO RECORDS BY COMPTROLLER GENERAL

The Privacy Act requires that each agreement specify that the Comptroller General of the United States may have access to all records of a recipient agency or a non-federal agency that the Comptroller General deems necessary in order to monitor or verify compliance with this agreement. 5 U.S.C. § 552a(o)(1)(K).

OCSE and HUD agree that the Comptroller General may have access to all records described above for the authorized purposes.

XI. REIMBURSEMENT

Section 453(k)(3) of the Social Security Act provides that a state or federal agency that receives information from the Secretary of Health and Human Services shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable, which shall include the costs of obtaining, verifying, maintaining, and comparing the information. 42 U.S.C. § 653(k)(3). Section 453(j)(7)(F) of the Social Security Act requires HUD to reimburse OCSE, in accordance with subsection (k)(3), for the costs incurred by OCSE in furnishing the information. 42 U.S.C. § 653(j)(7)(F). OCSE has established a full-cost reimbursement methodology for calculating user fees for each state or federal agency receiving data from the NDNH.

Reimbursement Agreements shall be executed each fiscal year of the matching program and HUD must timely reimburse OCSE in accordance with the terms of such agreement.

XII. DURATION OF AGREEMENT

A. Effective Date of the Agreement

The effective date of the agreement, after which the comparison and disclosure of information under this agreement may commence, is based upon compliance with Privacy Act notice and reporting requirements. 5 U.S.C § 552a(o)(2)(A) and (B); 5 U.S.C. § 552a(e)(12); 5 U.S.C § 552a(r) and OMB Circular No.A-130, Appendix I, 4(d).

Unless OMB or Congress disapprove the agreement within the 40-day review period, OMB grants a waiver of 10 days of the 40-day review period, or public comments are received that result in cancellation or persuade the parties to defer implementation of the program, this agreement shall be effective the later of the following dates:

- 30 days from the date the Notice of Matching Program is published in the *Federal Register*; or
- 40 days from the date the Report of Matching Program is transmitted to the Committee on Homeland Security and Government Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives, and the OMB Office of Information and Regulatory Affairs.

The parties to this agreement may assume OMB and Congressional concurrence if no comments are received within 40 days of the date of the transmittal letter of the Report of Matching Program.

B. Duration of the Matching Agreement

The Privacy Act requires that matching agreements shall remain in effect only for such period, not to exceed 18 months, as the Data Integrity Board of the agency determines is

appropriate in light of the purposes, and length of time necessary for the conduct of the matching program. 5 U.S.C. § 552a(o)(2)(C).

C. Renewal of the Agreement

The Privacy Act provides that within three months prior to the expiration of a matching agreement, the Data Integrity Boards may, without additional review, renew the matching agreement for a current, ongoing matching program for not more than one additional year if such program will be conducted without any change and each party to the agreement certifies to the Boards in writing that the program has been conducted in compliance with the agreement. 5 U.S.C. § 552a(o)(2)(D).

Sanctions in subsection (q) of the Privacy Act provide that no source agency may review a matching agreement unless the recipient agency or non-federal agency has certified that it has complied with the provisions of that agreement and the source agency has no reason to believe the certification is inaccurate. 5 U.S.C. § 552a(q)(2)(A) and (B).

D. Modification of the Agreement

This agreement may be modified at any time by a written amendment to the agreement, which is approved by the parties and the Data Integrity Boards of each agency.

E. Termination of the Agreement

This agreement may be terminated at any time with the consent of both parties.

Either party may unilaterally terminate this agreement upon written notice to the other party, in which case the termination date shall be effective 90 days after the date of the notice, or at a later date specified in the notice, provided this date does not exceed the approved duration for the agreement.

If OCSE determines that the privacy or security of NDNH information is at risk, OCSE may terminate the agreement and any further disclosures without prior notice to HUD.

If HUD determines that the privacy or security of its input files provided to OCSE are at risk, HUD may terminate the agreement and any further disclosures without prior notice to OCSE.

If OCSE has reason to believe that the verification and opportunity to contest requirements of subsection (p), or any matching agreement entered into pursuant to subsection (o), or both, are not being met, OCSE may terminate the agreement pursuant to 5 U.S.C. § 552a(q)(1). If OCSE determines that any authorized entity to which NDNH information is redisclosed is not complying with any of the terms and provisions in this agreement, OCSE may terminate this agreement.

A copy of any notification of termination will be submitted to the HHS and HUD Data Integrity Boards.

XIII. WAIVER OF COST BENEFIT ANALYSIS

The Privacy Act provides that matching agreements specify “the justification for the program and the anticipated results, including a specific estimate of any savings”.

5 U.S.C. § 552a(o)(1)(B). The Privacy Act also provides that a “Data Integrity Board shall not approve any written agreement for a matching program unless the agency has completed and submitted to such Board a cost-benefit analysis of the proposed program and such analysis demonstrates that the program is likely to be cost-effective.” 5 U.S.C. § 552a(u)(4)(A). Data Integrity Boards must “review all matching programs . . . [to] assess the costs and benefits of such programs”. 5 U.S.C. § 552a(t)(3)(B).

HUD has not requested a waiver of the CBA requirement. HUD provided a CBA to OCSE in accordance with the Privacy Act. (See Appendix D).

XIV. PERIODIC REPORTING OF PERFORMANCE OUTCOMES

OMB requires OCSE to periodically report measures of the performance of the Federal Parent Locator Service, including the NDNH, through various federal management devices, such as the OMB IT Dashboard, the Annual Report to Congress, and the Exhibit 300. OCSE is required to provide performance measures demonstrating how the system supports OCSE’s strategic mission, goals and objectives, and cross-agency collaboration.

OCSE also requests such performance reporting to ensure matching partners use NDNH information for authorized purposes. The reports can also be used to assist HUD in the development of the CBA of the matching program required for any subsequent agreements in accordance with 5 U.S.C. § 552a(o)(1)(B). (See Section II.B).

To assist OCSE in its compliance with federal reporting requirements, and to provide assurances that HUD uses NDNH information for the authorized purposes, HUD must provide OCSE with a written description of the performance outputs and outcomes attributable to its use of NDNH information for the purposes set forth in this agreement.

HUD must provide such reports in a format determined by HUD and approved by OCSE.

HUD must provide a report to OCSE on an annual basis, no later than three months after the end of the fiscal year.

Upon completion of any analyses conducted by HUD pursuant to this agreement, HUD must provide OCSE with a written summary of the results of the analyses, including the achievement of the intended purposes underlying this agreement. The written summary will identify the estimate of the erroneous rental housing assistance payments attributable to tenant reporting of income that was determined through the comparison using NDNH information.

XV. RESPONSIBILITY IN THE EVENT OF A BREACH

Upon disclosure of NDNH information from OCSE to HUD, HUD is the responsible party in the event of a breach or suspected breach of information in the custody of HUD, HUD contractors, or any of the entities authorized under this agreement. HUD must ensure that entities authorized to access NDNH information pursuant to the agreement provide equivalent security and privacy safeguards to the NDNH information, even NDNH information that is not labeled as such.

HUD is responsible for reporting the breach or suspected breach to OCSE security officials in accordance with the Security Addendum and OCSE will conduct a risk analysis to determine the appropriate measures required by OMB M-07016, "*Safeguarding Against and Responding to the Breach of Personally Identifiable Information*" (May 22, 2007), and other federal law, guidance, and policy. These measures include, but are not limited to: investigating the incident, communicating with US-CERT, notifying individuals whose information is breached, notifying any third parties including the media, notifying any other public and private sector agencies involved, responding to inquiries about the breach, responding to Congressional inquiries, resolving all issues surrounding the information breach, performing any follow-up activities, and correcting the vulnerability that allowed the breach.

Whether NDNH information is in the custody of HUD or an authorized entity, HUD is responsible for all requirements pertaining to the breach or suspected breach and HUD will implement and assume financial responsibility for such measures.

XVI. DISPUTE RESOLUTION

OCSE and HUD agree that any dispute between the agencies over financial or accounting treatment shall be resolved by dispute resolution procedures required by and in accordance with Treasury Manual Bulletin, No 2007-03, Attachment I, Section VII or a superseding directive.

XIII. CONTACT PERSONS

The HHS/ACF/OCSE contact is:

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The HUD Program Office contacts are:

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E-mail: david.sandler@hud.gov

XVIII. SIGNATORIES

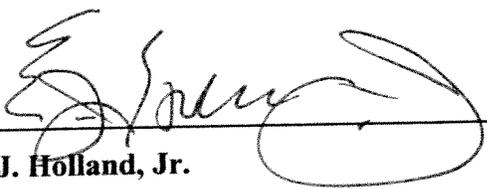
A. HHS Program Official

The authorized program official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits the organization to the terms of this agreement.

	
Vicki Turetsky Commissioner	Date 9/12/10

B. HHS Data Integrity Board

The HHS Data Integrity Board, having reviewed this agreement and finding that it complies with applicable statutory and regulatory guidelines, signifies its approval thereof by the signature of the official appearing below.

	
E. J. Holland, Jr. Chairperson	Date 11/24/10

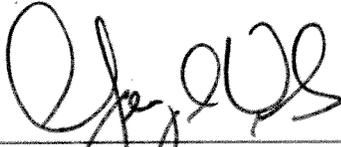
C. HUD Program Officials

The authorized program officials, whose signatures appear below, accept and expressly agree to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commit their respective organizations to the terms of this agreement.

	
David H. Stevens Assistant Secretary for Housing	Date OCT 27 2010
<i>for Deborah Hernandez</i>	
Sandra B. Henriquez Assistant Secretary for Public and Indian Housing	Date 10/27/10

D. HUD Data Integrity Board

The HUD Data Integrity Board having reviewed this agreement and finding that it complies with applicable statutory and regulatory guidelines signifies its approval thereof by the signature of the official appearing below.

	
Jerry E. Williams Chairperson, HUD Data Integrity Board	Date 12/16/2010

SECURITY ADDENDUM

**U.S. Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement**

and

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Housing**

I. PURPOSE AND EFFECT OF THIS SECURITY ADDENDUM

The purpose of this addendum is to specify the safeguarding requirements that the Department of Housing and Urban Development (HUD) will have in place to ensure the administrative, technical, and physical security of the records compared and the results of the matching program.

By signing this addendum, HUD agrees to comply with the provisions of this security addendum, the Social Security Act, the federal Privacy Act of 1974, Department of Health and Human Services (HHS) security policies, and other federal laws and requirements governing the protection of information. HUD also agrees to use the information for the authorized purpose in accordance with the terms of the agreement between HUD and the Office of Child Support Enforcement (OCSE).

As federal requirements change or new requirements are established, HUD shall comply with such requirements.

II APPLICABILITY OF THIS SECURITY ADDENDUM

This security addendum is applicable to employees and contractors of HUD and employees and contractors of entities to which HUD is authorized by law to redisclose information and are specified in the computer matching agreement (See Section I.B.6.(b)), hereinafter "personnel".

This security addendum is applicable to facilities and information systems of HUD and facilities and information systems of entities to which HUD is authorized by law to redisclose information and are specified in the computer matching agreement (See Section I.B.6.(b)), hereinafter "HUD".

HUD must ensure that employees and contractors of such entities comply with the requirements in the security addendum.

III. SECURITY AND PRIVACY SAFEGUARDING REQUIREMENTS

This section outlines the safeguarding requirements for receiving NDNH information comparison results. The requirements are drawn from Secure One's HHS security and privacy policies and the OCSE Division of Federal Systems (DFS) *Security Requirements for Federal Agencies Receiving Federal Parent Locator Service (FPLS) Data*, dated November 2007. HUD was provided a copy of the *HHS Information Security Policy* and the *Security Requirements for Receiving FPLS Data* on October 29, 2009. Additional copies are available upon request.

The security requirements are presented in three categories: administrative; technical; and physical.

A. ADMINISTRATIVE SECURITY REQUIREMENTS

1. HUD must ensure that access to and disclosure of the NDNH information comparison results will be restricted to authorized personnel who need it to perform their official duties as authorized in the matching agreement.
2. HUD must establish and/or maintain ongoing management oversight and quality assurance capabilities to ensure that only authorized personnel have access to NDNH information comparison results.
3. HUD must ensure that all personnel who will access NDNH information comparison results are advised of the confidentiality of the results, the safeguards required protecting the results, and the civil and criminal sanctions for non-compliance contained in the applicable federal laws.
4. HUD must establish security awareness training for personnel that includes information about their responsibility for proper use and protection of NDNH information comparison results, and the possible sanctions for misuse. All personnel shall receive security awareness training prior to accessing NDNH information and at least annually thereafter. Such training shall include instruction covering the other federal laws governing use and misuse of protected information.
5. HUD must ensure that non-disclosure agreements, rules of behavior, or equivalent documents are signed by all personnel with authorized access to the NDNH information comparison results. The non-disclosure agreements, rules of behavior, or equivalent documents will outline the authorized purposes for the NDNH information and the civil and criminal penalties for unauthorized use. HUD will maintain a record of users with access to the NDNH information comparison results. The records will contain a copy of each individual's signed non-disclosure agreement, rules of behavior, or equivalent document and proof of participation in security awareness training.

6. HUD must ensure that personnel accessing NDNH information comparison results remotely (e.g., telecommuting) abide by security safeguards as if working on HUD premises.
7. HUD must have appropriate procedures in place to report security or privacy incidents, or suspected incidents involving NDNH information. Confirmed and suspected incidents in either electronic or physical form must be reported to the FPLS Information Systems Security Officer designated on this security addendum immediately upon discovery but in no case later than one hour after discovery. The requirement for HUD to report suspected incidents of NDNH information to OCSE exists in addition to, not in lieu of, any HUD requirements to report to US-CERT or other reporting agency.

B. TECHNICAL SECURITY REQUIREMENTS

1. HUD must utilize and maintain technological (logical) access controls that limit access to NDNH information to only those users authorized for such access based on their official duties.
2. HUD must ensure that NDNH information comparison results will not be subject to browsing.
3. HUD must ensure the transmission and storage of all NDNH information comparison results provided, pursuant to this addendum, and in a manner that safeguards the data and prohibits unauthorized access. All files transmitted between HUD and OCSE shall be via encrypted transmission link.
4. HUD must ensure that all NDNH information comparison results copied to and stored on mobile media (e.g., laptops, CD-ROMS, USB connected devices) is encrypted.
5. HUD must ensure that remote access to NDNH information comparison results shall not be permitted.
6. HUD must implement and maintain a fully automated audit trail system, in accordance with the *OCSE Security Requirements for Receiving FPLS Data, Section V(B)*.
7. HUD must log all computer-readable data extracts from databases holding NDNH information and verify that it has been erased within 90 days after completing required use or its use is still required according to the guidelines of the agreement.

C. PHYSICAL SECURITY REQUIREMENTS

1. HUD must ensure that all NDNH information comparison results provided pursuant to this agreement will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.
2. HUD must ensure that lists are maintained of persons authorized to access facilities and systems processing sensitive information. Access to facilities and systems is controlled wherever sensitive information is processed.
3. HUD must ensure that printed reports containing NDNH information comparison results will include a label that denotes the sensitivity of the information and that civil and criminal penalties apply to misuse of the information. These printed reports are to be kept in a locked container when not in use and never transported off HUD and permitted entities premises. When no longer needed, these printed reports are to be destroyed by burning or shredding.
4. HUD must ensure that locks and other protective measures are used at access points to prevent unauthorized access to computer and support areas.

IV. SECURITY CERTIFICATION

NIST SP 800-37 states that security certification directly supports security accreditation providing authorizing officials with important information necessary to make credible, risk-based decisions on whether to place information systems into operation or continue their current operation. This information is produced by assessing the security controls of the agency to determine the extent to which the controls are implemented correctly, operating as intended, and produced the desired outcome with respect to meeting the security requirements for the system. Security certification can include a variety of assessment methods (interviewing, inspecting, studying, testing, demonstrating, and analyzing) and associated procedures depending on the depth and breadth of assessment required by the agency. OCSE utilizes a similar approach to review and evaluate agency security documentation to determine if security controls are effective prior to allowing receipt of NDNH information.

By signing the security addendum, the signatories confirm that HUD has reviewed the permitted entities security controls in place to safeguard information and information systems and has determined that the risk to federal data is at an acceptable level. The security controls in place at all permitted entities are commensurate with those of a federal system categorized as 'moderate' according to the Federal Information Security Standards (FIPS) Pub 199 (OMB M-08-21).

V. AUDIT REQUIREMENTS

The Social Security Act, section 453(m)(2), requires that the Secretary establish and implement safeguards with respect to the NDNH designed to restrict access to confidential information in the FPLS to authorized persons, and restrict use of such information to authorized purposes. 42 U.S.C. 653(m)(2). Additionally, OMB requires that since information security remains the responsibility of the originating agency, procedures should be agreed to in advance that provide for the monitoring over time of the effectiveness of the security controls of the recipient organization, M-01-05 "Guidance on Inter-Agency Sharing of Personal Data – Protecting Personal Privacy", December 20, 2000. Also see the Social Security Act, section 453(l)(1). 42 U.S.C. § 653(l)(1).

Section 453(j)(7)(E)(ii) and (iv)(II) of the Social Security Act provides that the disclosure of NDNH information to HUD and additional authorized entities is conditioned upon the disclosure being subject to audit in a manner satisfactory to the Secretary of Health and Human Services. 42 U.S.C. § 653(j)(7)(E)(ii) and (iv)(II)

As a condition of receiving NDNH information, HUD recognizes that its security and privacy policies, procedures and controls pertaining to the receipt and use of such information is subject to audit by OCSE. Upon the request of OCSE, OCSE and HUD will enter into an agreement governing the scope, terms, and costs of any such audit. The cost of any such audit will be separate from, and in addition to, costs included within the reimbursement agreement between the parties required pursuant to sections 453(k)(3) and (j)(7)(F) of the Social Security Act. 42 U.S.C. § 653(k)(3) and 42 U.S.C. § 653(j)(7)(F).

VI. CONTACT PERSONS

The OCSE contact for security is:

Linda Boyer
FPLS Information Systems Security Officer
Division of Federal Systems
Office of Automation and Program Operations
Office of Child Support Enforcement
Administration for Children and Families
370 L'Enfant Promenade, SW, 4th floor
Washington, DC 20447
Telephone: (202) 401-5410
Fax: (202) 401-5558
E-mail: linda.boyer@acf.hhs.gov

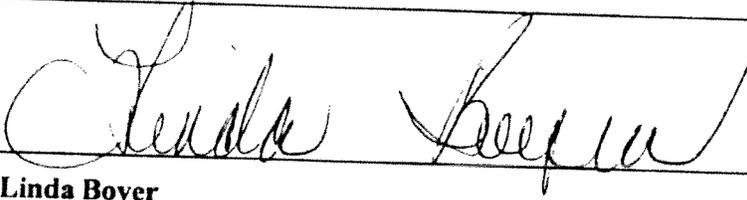
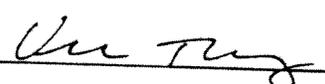
The HUD contact for security is:

Marian Cody
Chief Information Security Officer
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room 4156
Washington, DC 20410
Telephone: (202) 402-3108
Fax: (202) 708-0027
E-mail: marian.p.cody@hud.gov

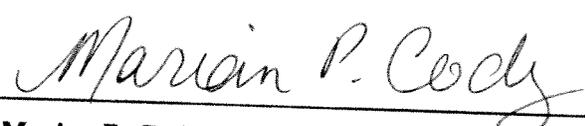
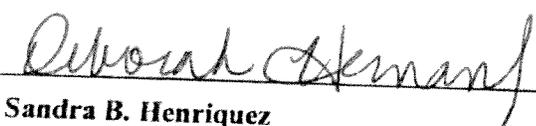
VII. SIGNATURES

In witness whereof, the parties hereby execute this addendum.

OFFICE OF CHILD SUPPORT ENFORCEMENT

	
Linda Boyer FPLS Information Systems Security Officer	Date 9-9-10
	
Vicki Turetsky Commissioner	Date 9/12/10

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

	
Marian P. Cody Chief Information Security Officer	Date 10/28/2010
	
David H. Stevens Assistant Secretary for Housing	Date OCT 27 2010
	
Sandra B. Henriquez Assistant Secretary for Public and Indian Housing	Date 10/27/10

for

APPENDIX A

Previous Computer Matching Agreements, Evaluation, and Other Agreements Between OCSE and HUD

Prior matching agreements and renewals, a legislatively-required evaluation, and other agreements conducted between the Office of Child Support Enforcement (OCSE) and the Department of Housing and Urban Development (HUD) are as follows:

1. Computer Matching Agreement, Renewal and Amendment, "Verification of Employment and Income Reduction and Measurement of Improper Payments" - HHS DIB Approval No. 0802, effective January 6, 2010 through January 5, 2011.
2. Computer Matching Agreement, "Verification of Employment and Income and Reduction and Measurement of Improper Payments", HHS DIB Approval No. 0802, effective July 6, 2008 through January 5, 2010 (superseded previous matching agreement).
3. Computer Matching Agreement, "Verification of Eligibility for Benefits for HUD Multifamily Housing Programs," HHS DIB Approval No. 0703, effective December 11, 2007 through June 11, 2009.
4. Memorandum of Understanding, "Measurement of Improper Payments," August 15, 2007.
5. Computer Matching Agreement, Renewal, "Verification of Eligibility for HUD Housing Programs," HHS DIB Approval No. 0509, effective March 29, 2007 through March 28, 2008.
6. Computer Matching Agreement, "Verification of Eligibility for HUD Housing Programs," HHS DIB Approval No. 0509, effective July 12, 2005 through March 28, 2007.
7. "Evaluation, The Cost and Benefits and the Adequacy of Safeguarding Measures: Comparisons of Information in the National Directory of New Hires and Information in the Custody of the Department of Housing and Urban Development," May 2007.
8. Memorandum of Understanding, "Measurement of Improper Payments," September 2006.
9. Memorandum of Understanding, "Measurement of Improper Payments," March 2005.
10. Memorandum of Understanding, "Measurement of Improper Payments," June 2004.

Upon the effective date of the agreement herein, the renewal and amendment of the agreement, "Verification of Employment and Income Reduction and Measurement of Improper Payments" - HHS DIB Approval No. 0802, is terminated and superseded by this agreement.

APPENDIX B

Authorized Users for Analyses of Employment and Income Reporting

The following individuals are authorized to use the results of the information comparisons for the authorized purpose of analyzing employment and income reporting. Additional users may only be authorized by OCSE's written approval.

EIV Team

David Sandler, EIV IT Project Manager

Vasanth Kutty, EIV Contractor Manager/Development Lead

Maria Carmen Cabayan, EIV Contractor Requirements Lead

HUD Program Development & Research

Kurt Usowski, Deputy Assistant Secretary for the Office of Economic Affairs

Yves Djoko, Government Technical Manager

Seth Marcus, System Administrator

Macro International Senior Managers and Programmers

Mary K. Sistik, Project Manager

Jagruti Patel

Frank Wann

Cecille Witt

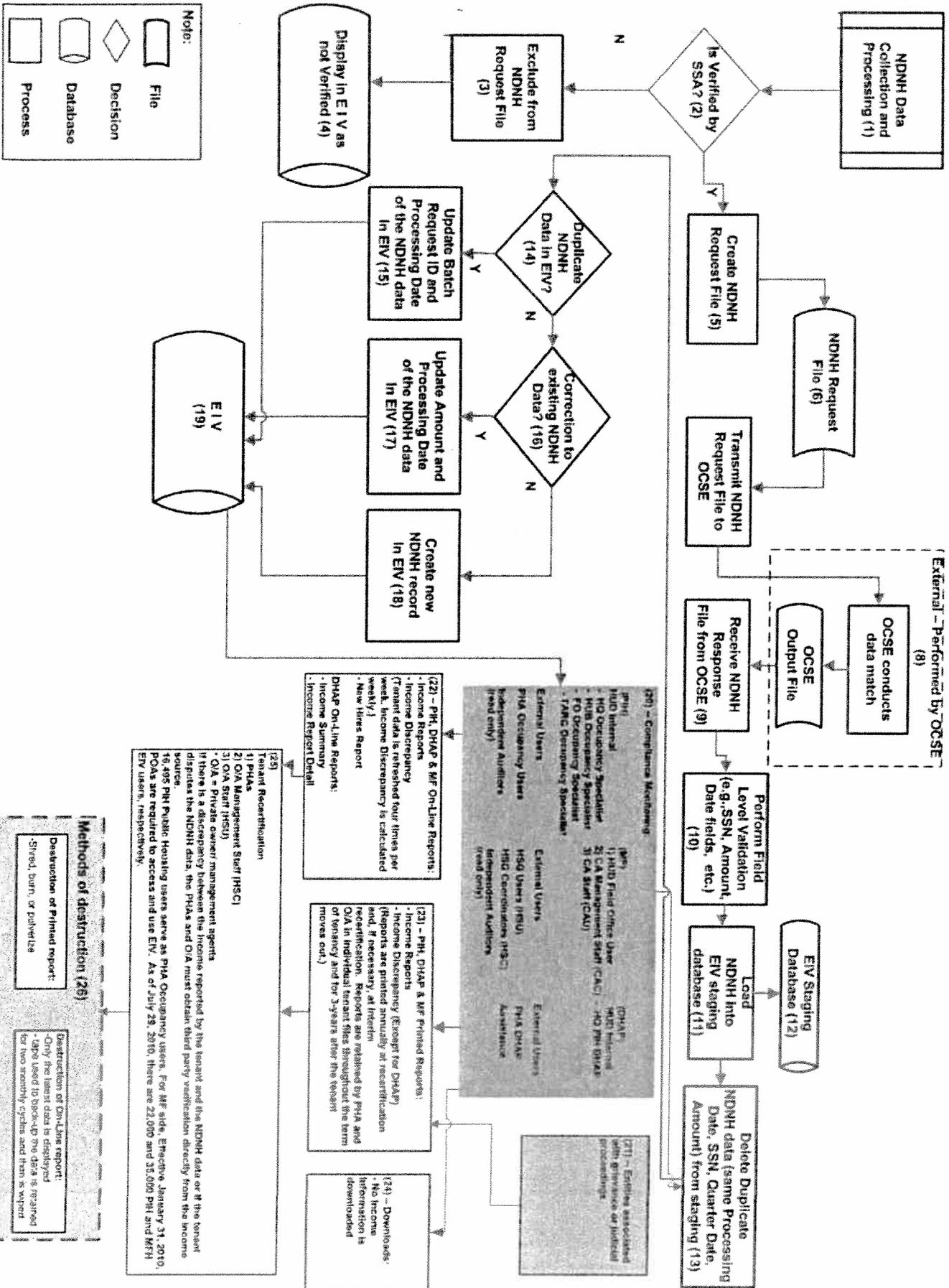
Sophia Zanakos

APPENDIX C

HUD Data Flow Diagrams

1. EIV-NDNH Data Flow Diagram (revised 8/20/10)
2. QC Study Data Flow Diagram (revised 8/20/10)

EIV - NDNH Data Flow Diagram



APPENDIX D

**Cost Benefits Analysis in Support of
HUD's Office of Public and Indian Housing and
Multifamily Housing Programs'
Computer Matching Agreement for Matching of the
Enterprise Income Verification System with the
National Directory of New Hires**

June 11, 2010

I. PURPOSE OF THIS ANALYSIS

The purpose of this cost/benefit analysis is to provide an assessment of the benefits attained by the Department of Housing and Urban Development (HUD) through the matching program between the HUD Enterprise Income Verification (EIV) system for Public and Indian Housing (PIH) and Multifamily (MF) Housing programs tenant data and the National Directory of New Hires (NDNH) administered by the Department of Health and Human Services (HHS) Office of Child Support Enforcement (OCSE). HUD and HHS executed a computer matching agreement (CMA) on May 23, 2008. This document is in support of the proposal for a new CMA, which will encompass the matching processes for participants of HUD's new Disaster Housing Assistance Program (DHAP) and continued matching processes for HUD's annual Quality Control for Rental Assistance Subsidy Determinations (QC) study for the purpose of conducting statistical analysis; as well as continued periodic data matching for the Office of Public and Indian Housing (PIH) and Office of Housing.

This document is intended to satisfy the requirement found in Section 552a(u)(4)(A) of the Privacy Act that requires the Secretary of HUD and the Secretary of HHS to evaluate the costs and benefits of the proposed disclosure. 5 U.S.C. 552a(u)(4)(A). As such, this analysis updates separate, earlier similar analyses that covered PIH and MF Housing.

II. DEFINITIONS OF TERMS/ACRONYMS

Term/ Acronym	Definition
EIV	Enterprise Income Verification system
FTE	Full-time equivalent
FY	Fiscal Year
GAO	Government Accountability Office
HHS	U.S. Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
IMS	Inventory Management System (formerly known as the Public and Indian Housing Information Center (PIC))
IRS	Internal Revenue Service
Management Agent	Entity that enters into an agreement with the owner of a project to manage the project in accordance with the housing assistance contract and HUD's requirements and regulations
Multifamily Housing	Office of Multifamily Housing Programs
NDNH	National Directory of New Hires maintained by the Department of Health and Human Services in the Administration for Children and Families' Office of Child Support Enforcement (OCSE)
NPV	Net Present Value
OCSE	Office of Child Support Enforcement
OMB	Office of Management and Budget
Owner	The person or entity that owns a housing project containing the dwelling unit and who enters into a contract to operate the project in accordance with HUD's requirements and regulations as part of the MF Housing program.
PIH	Office of Public and Indian Housing
PD&R	Office of Policy Development and Research

Term/ Acronym	Definition
Public Housing Agency (PHA)	Any State, county, municipality, or other governmental entity or public body or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Housing Act.
Public Housing	Housing assisted under the 1937 Act, other than under Section 8. "Public Housing" includes dwelling units in a mixed finance project that are assisted by a PHA with capital or operating assistance.
QC Study	Quality Control for Rental Assistance Subsidies Determinations study
REAC	PIH's Real Estate Assessment Center
Rent	The amount payable monthly by the family to the PHA or owner.
Rental Assistance	Also known as housing assistance or subsidy. The amount HUD pays the PHA or owner for a unit occupied by a tenant assisted under a PIH or MF Housing assistance programs including any reimbursements of expenses.
RHIIP	Rental Housing Integrity Improvement Project
SS	Social Security benefits
SSA	Social Security Administration
SSI	Supplemental Security Income benefits
SSN	Social Security Number
SSO	Single Sign On (used in WASS)
Subsidy	Also known as housing assistance or rental assistance.
SWICA	State Wage Information Collection Agencies
TASS	Tenant Assessment Subsystem (the predecessor system of EIV)
Tenant	An individual or family renting or occupying an assisted dwelling unit.
TRACS	Tenant Rental Assistance Certification System
UIV	Upfront Income Verification
WASS	Web Access Subsystem (the single-sign on portal used by EIV)

III. BACKGROUND

With the implementation in 2007 of the CMA authorizing EIV matching against NDNH on behalf of MF Housing programs, HUD's combined matching against NDNH for the PIH and MF Housing programs is projected for fiscal year 2011 to amount to 5.7 million records against the new hires file each month as well as the same number against the NDNH wage and unemployment insurance benefit files each quarter. In non-quarterly months, 64,352 records will be matched against the wage and unemployment insurance benefit files. Tenants matched in non-quarterly months are new program participants, participants who have turned 18, or participants where a major change of status was determined by examining the trend in the past requests. This totals to approximately 68 millions records submitted for matching in FY2011. The process that is followed is that ID information, consisting of Social Security Number (SSN), last name, and date of birth (DOB), is first matched against Social Security Administration (SSA) databases. EIV obtains tenant Social Security and Supplemental Security Income (SS/SSI) benefit information as well as feedback from SSA as to whether or not there is a problem with the accuracy of the tenant ID information. Only those tenant IDs that have been verified by SSA are matched against the NDNH files.

The EIV system used by HUD for upfront verification of income is a critical component in

HUD's department-wide Rental Housing Integrity Improvement Project (RHIP) initiative. The RHIP initiative was developed in accordance with Presidential Management Agenda initiative #10 to ensure that the right benefits go to the right persons. See <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>

The purpose of the EIV system is to compile tenant income information and serve as a central repository and primary source of income and benefits data, securely accessible over the Internet, for use by HUD business partners to improve the accuracy of income verification that underlies rental subsidy determinations. The HUD business partners for PIH are the Public Housing Agencies (PHAs). PHAs are generally state and local governmental chartered entities. As part of their contractual relationship under which HUD funds PHAs, the PHAs assume responsibility for acting on HUD's behalf in determining tenant income and subsidy level in the recertification process. PHAs submit information gathered from their public housing tenants and Housing Choice Voucher recipients (who are all being referred to as tenants in this document), including the tenant's income, on form HUD-50058, Family Report. The HUD business partners for MF Housing programs are property owners who have entered into contracts to have their buildings available to tenants subsidized by the MF Housing programs. Owners typically are represented by management agents. They will be referred to in this document as owners/agents (O/A). The role of the O/As acting on behalf of HUD is determining tenant income and subsidy level and closely parallels that of the PHAs in implementing PIH programs. O/As submit information concerning tenants, including the tenant's income, on form HUD-50059, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures.

HUD business partners access information online that has been compiled in EIV using NDNH data. EIV is not treated as being dispositive. The tenant may dispute the accuracy of the data in EIV or may have more recent data that reflects a change in income being received. If there is an issue with the tenant's income or source of income, the HUD business partner must independently verify the disputed information to resolve the issue.

As shown in the computations later in this document, the return on investment for EIV is huge. It calculates to more than 90 times the investment for PIH and MF Housing. HUD rental housing assistance programs represent the Federal Government's investment in trying to assure that all parts of our society have adequate housing. It is important that the public funds that are allocated to this purpose are used as efficiently as possible to assure the maximum benefit goes to those who have been designated by law and implementing regulation as being qualified. Using NDNH data, the EIV system is able to do a more complete job of helping assure that those tenants receiving benefits are qualified and that funds that should go to assisting additional qualified families are not consumed by excessive or ineligible subsidy payments.

The efficiency of EIV as a tool in addressing HUD's rental housing assistance subsidy error problem was recognized by the Government Accountability Office (GAO) when on January 31, 2007, GAO removed the "At Risk" designation from HUD programs. In *GAO 07-310 High Risk Series - An Update* that agency said at page 14:

"In 2006, HUD executed an important part of its plan in reducing improper rental assistance payments by implementing a Web-based system that provides public housing agencies with an

efficient method for validating the incomes of families receiving assistance. This system, which HUD also plans to implement for multifamily property owners, utilizes a database containing wage, unemployment, and new hire information compiled by the Department of Health and Human Services. HUD expects that the system will avoid an estimated \$6 billion in improper rent subsidies over 10 years.”

In the OMB Improving the Accuracy and Integrity of Federal Payments Report released the same day, OMB said at page iii:

“Key to HUD’s success in reducing improper payments was the implementation of the ‘Enterprise Income Verification System.’ This system allows housing administrators controlled access to existing Federal databases to verify amounts and sources of beneficiaries’ income, including wages, social security benefits and unemployment insurance benefits.”

HUD also recently received a 2007 Presidential Quality Award for which the creation of EIV was cited as the basis of the award.

IV. COST BENEFIT ANALYSIS

The basis for this cost benefit analyses is to compare the cost and benefits of the EIV implementation of NDNH data with a projection of the costs and benefits had EIV not implemented NDNH data in place of data obtained through matching against State Wage Information Collection Agencies (SWICAs). This cost/benefit analysis reflects the availability of data from the FY 2008 QC Study and a related supplemental analysis of unreported income. The FY 2008 QC Study provides data on the nature and extent of the subsidy determination error problem in FY 2008, a year when EIV had been implemented for both PIH and MF Housing programs.

Methodology

This cost-benefit analysis continues the approach taken in previous analyses of demonstrating the difference (delta) between the costs and benefits of using NDNH data as compared to the previous methodology used by HUD of performing upfront income verification with data obtained through matching agreements with individual states. The baseline data being used in this analysis is actual costs for EIV starting in FY 2006 when NDNH data was first deployed. This is being compared to the costs that HUD would have incurred had it continued to use data from an expanding number of SWICAs. Projections are over the ten year expected life of the EIV application.

Once cost and cost-saving estimates were determined, and assuming a useful life of 10 years, the future value of each cost element was extrapolated from FY 2006 through FY 2015 by applying an estimated 5 percent rate of inflation. The present value of the total costs and benefits was subsequently calculated.

The Basis for Projecting the Altered Costs and Benefits from EIV Access to NDNH Data

The annual QC Study, conducted by the HUD Office of Policy Development and Research (PD&R) for each FY since FY 2000, represents a continuous baseline for measuring HUD's progress in addressing the tenant subsidy error problem. It should be acknowledged that QC Study data is extremely conservative in defining the scope of the problem. In particular, the criticism has been that although QC Study coverage of underreported income was good, additional information was needed covering tenants who failed to report income. HUD lacked the statutory authorization to utilize NDNH data for this purpose until 2004. It did, however, obtain authorization to do an income match study of data for FY 2000 period using Internal Revenue Service (IRS) data to identify unreported income.

The income matching error estimate developed using IRS data had limitations. One was that it had the potential to duplicate some of the income reporting errors found in the HUD QC studies. Another was that the time lag between the availability of IRS data and the timing of the tenant income certification and recertification actions matched made it very difficult to validate apparent discrepancies, which were known to be likely to include a number of false positive matches. These concerns led HUD to supplement its 2004 QC Study (of FY 2003 income determinations) with data obtained by matching the tenants sampled for its annual QC studies with NDNH data. This type of match permitted use of more current data, and was accompanied by case-by-case validation of any apparently unreported new sources of income detected by the match. This, in turn, permitted elimination of a number of false positive matches that were due to duplicate reporting of the same income source under different names or income not earned during the tenant income certification/recertification month. HUD would have preferred a larger sample size than the 2,400 cases used in estimating the income reporting error, because the confidence interval for the associated error estimate is relatively large, but there is a high cost to conducting the extensive field work needed for this type of research and the estimate it provides gives a useful gauge of the relative magnitude of the problem.

The corresponding subsidy error measurements for the Fiscal Years 2004 and FY 2005 (conducted in 2005 and 2006) used the normal QC study methodology plus a supplemental income matching report based on a NDNH data match. The income matching process was incorporated in the FY 2006 QC report and is incorporated into subsequent fiscal year reports. As noted previously, this income match differed from that conducted covering the 2000 period because it made use of more current NDNH data and because follow-up income verification procedures were used in instances where apparent new sources of unreported income were detected.

The QC Study report provides the only multiyear statistical overview of the progress being made to address HUD's rental housing assistance (RHA) subsidy error problem. While it is true that the sample size of 2,400 households results in a substantial variance in the data, the QC Study nevertheless is a reliable tool for capturing the overall trend. The report over the years has shown that HUD's RHIP, of which EIV is a notable part, has resulted in more than halving the dimensions of the problem.

The FY 2006 QC Study report is important because it marks the point at which the QC Study

measurements cover a period during which NDNH data was used in EIV. The FY 2006 QC Study uses data gathered in the second and third quarters of FY 2006. In the table on the following page, we have taken QC Study data for FY 2004, 2005 and 2006 to show the trends in the data. The portion comparing FY 2004 and FY 2005 shows an almost 21% rate of change.

The roll out of NDNH data was well publicized and the PHAs knew that they would be subject to substantial monitoring. This may account for part of the rate of change. However a comparison of the FY 2005 data to the data for FY 2006 shows a 10% rise. Based on the reviews that were conducted during FY 2006 and daily contacts between PIH and PHA personnel, we would conclude that further data will not support that as a correct depiction of the trend. This would be the inherent weakness of relying on a year's data set that has a variance of plus or minus 20%. Our conclusion (subject to later confirmation) would be that there probably was a continuation of the trend of a lessening of the extent of subsidy error, but at a less torrid pace than the 21% shown in the FY 2004/2005 data comparison. We would conclude that both the -21% and +10% figures reflect distortion due to the small sample size but that the overall trend in the multi-year data is valid. On that basis, we have included a 10% projection for the future reduction of subsidy error in our analysis. This assumes the continued availability of NDNH data and the present level of program review and oversight.

Rental Assistance Programs	FY 2004 Assistance Overpayments (\$1,000's)	FY 2005 Assistance Overpayments (\$1,000's)	Net Change FY 2004 to 2005	% Change FY 2004 to 2005	FY 2006 Assistance Overpayments (\$1,000's)	Net Change FY 2005 to 2006	% Change FY 2005 to 2006
Public Housing	\$173,172	\$116,952	(\$56,220)	-32.46%	\$119,472	\$2,520	2.15%
Voucher	\$366,492	\$309,600	(\$56,892)	-15.52%	\$354,192	\$44,592	14.40%
Total PIH Programs	\$539,664	\$426,552	(\$113,112)	-20.96%	\$473,664	\$47,112	11.04%
Multifamily	\$141,708	\$157,836	\$16,128	11.38%	\$174,540	\$16,704	10.58%
Total	\$681,372 (+/- \$107,203)	\$584,388 (+/- \$117,130)	(\$96,984)	-14.23%	\$648,204 (+/- \$168,997)	\$63,816	10.92%

FY 2008 QC Study – Income Match Results

The FY 2008 QC Study included a separate analysis of tenant underreporting of income by conducting an income (wages and unemployment benefits) match between the NDNH income data and QC income data. All household members age 18 and over in the FY 2008 QC Study were matched with NDNH files. The table below provides a summary of the Income Match findings at the household (case) level.

Income Match Case Dispositions

		PIH-administered		Owner-administered	Total
		Public Housing	Section 8 Vouchers		
1	QC Household Sample	802	800	799	2,401
2	QC Households Reporting Earnings or Unemployment Compensation	330	358	168	856
3	Households with NDNH Identified Income Sources Unmatched with QC Study Sources				
	Earned Income	75	93	62	230
	Unemployment Compensation	16	17	12	45
4	QC Households with Countable Unreported Income				
	Earned Income	21	21	16	58
	Unemployment Compensation	0	3	2	5
5	Total Countable Unreported Income that Affected Subsidy Determinations for QC Households	21	24	18	63

The table below for FY 2008 provides a summary of weighted and unweighted subsidy costs associated with the 63¹ households where new income sources were identified. The discrepancies are presented by program type; however, those numbers are provided for informational purposes and are not statistically reliable due to the low incidence of error. Furthermore, program subsidy cost errors are less than expected based on the dollar reporting errors. This occurs because seven of the households with discrepancies were flat rent cases. The total subsidy error associated with the income from only NDNH data is estimated to be \$364 million.

**Summary of Subsidy Cost Estimates for both Earned Income
and Unemployment Compensation**

	Unweighted Values	Nationally Weighted Values
Program Type	Cases w/ Unreported Income	Cases w/ Unreported Income
Earned Income		
PIH-administered - Public Housing		
Households in Error	21	23,000
Unreported Income	\$290,132	\$307,383,000
Subsidy Cost	\$40,656	\$49,213,000
PIH-administered - Section 8 – Vouchers		
Households in Error	21	53,000
Unreported Income	\$282,073	\$696,496,000
Subsidy Cost	\$74,028	\$180,264,000
Owner-administered		
Households in Error	16	28,000
Unreported Income	\$230,620	\$435,217,000
Subsidy Cost	\$63,288	\$119,616,000
Unemployment Compensation		
PIH-administered - Section 8 – Vouchers		
Households in Error	3	7,000
Unreported Income	\$13,444	\$32,092,000
Subsidy Cost	\$4,044	\$9,644,000
Owner-administered		
Households in Error	2	3,000
Unreported Income	\$11,780	\$17,431,000
Subsidy Cost	\$3,528	\$5,221,000
Total		
Household in Error	63	114,000
Unreported Income	\$828,049	\$1,488,619,000

¹ 63 households in error include (58 households with new earned income, and 5 households with new unemployment benefits.)

Subsidy Cost	\$185,544	\$363,958,000
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The table below provides a comparison of the nationally weighted findings from the FY 2008 Income Match task with the FY 2007 findings. As the exhibit indicates, the subsidy costs associated with unreported sources of income increased from \$291.4 million in FY 2007 to \$364 million in FY 2008, which is similar to the FY 2006 amount.

The increase could be attributed to two factors:

1. The NDNH file received for FY 2007 did not contain data for tenants who were not receiving assistance in 2008 when the data file was generated. This missing information may have caused a decrease in the number of household members with new unreported income sources. However, for the FY 2008 study HUD was able to provide additional data for those tenants who were not currently receiving assistance, and none of these additional members had new unreported sources of income.
2. An increase in the number of tenants with new unreported unemployment compensation benefits.

Comparison of FY 2007 and FY 2008 Findings Using Nationally Weighted Values

Program Type	FY 2007	FY 2008
	Cases w/ Unreported Income	Cases w/ Unreported Income
Earned Income		
PIH-administered - Public Housing		
Households in Error	21,000	23,000
Unreported Income	\$272,906,000	\$307,383,000
Subsidy Cost	\$55,456,000	\$49,213,000
PIH-administered - Section 8 – Vouchers		
Households in Error	40,000	53,000
Unreported Income	\$410,918,000	\$696,496,000
Subsidy Cost	\$97,543,000	\$180,264,000
Owner-administered		
Households in Error	27,000	28,000
Unreported Income	\$403,045,000	\$435,217,000
Subsidy Cost	\$107,858,000	\$119,616,000
Unemployment Compensation		
PIH-administered - Section 8 – Vouchers		
Households in Error	N/A	7,000
Unreported Income		\$32,092,000
Subsidy Cost		\$9,644,000
Owner-administered		
Households in Error	2,000	3,000

Program Type	FY 2007	FY 2008
	Cases w/ Unreported Income	Cases w/ Unreported Income
Unreported Income	\$10,172,000	\$17,431,000
Subsidy Cost	\$2,589,000	\$5,221,000
Total		
Household in Error	90,000	114,000
Unreported Income	\$1,097,041,000	\$1,488,619,000
Subsidy Cost	\$263,446,000*	\$363,958,000

*\$263.44 million in subsidy cost from Unreported Income does not include \$27.96 million in subsidy cost from unresolved cases. The total subsidy cost in FY 2007 was \$291.4 million.

The use of NDNH data by HUD business partners will help to identify more potential unreported income sources, verify the accuracy of tenant-reported income, improve the accuracy of subsidy determinations, reduce improper payments, as well as, reduce the occurrences of tenant misrepresentation of income.

Baseline Costs and Benefits

This analysis compares the baseline of FY 2007 EIV operations (using NDNH) to a projection of costs and benefits that would have been had EIV not switched to NDNH as its data source for wage and unemployment benefits information. At the time of NDNH implementation, HUD had entered into computer matching agreements with 28 SWICAs. Our assumption in structuring costs and benefits for comparison would be as if HUD had projected to continue to use SWICA data. This assumes that the effort to sign matching agreements ultimately would have reached 45 states. A few states (with large tenant populations) had legal impediments to executing computer matching agreements or simply were not interested. Based on the time that it took to negotiate and implement agreements with the first 28 SWICAs and the known difficulties in finalizing agreements with additional SWICAs, we estimate that it would have taken until the end of FY 2007 to reach agreements with the additional 17 states.

Use of SWICA data was considerably more complex and expensive for HUD than NDNH. A substantial number of states could not agree to follow standard matching input and output parameters nor arrangements for overlaying later data over earlier data. Scheduling, transmission and correction processes required substantial hands-on IT staff support. Data quality issues required considerable attention.

The Cost Delta

We have identified the following additional costs that would have been entailed had we continued with matching with the SWICAs instead of implementing NDNH data:

- SWICA negotiations and coordination with SWICAs required 75 percent of the time of

one senior staff member. That would continue until the process of negotiating with additional SWICAs ended and then would continue at the rate of 50 percent per year for coordination and renegotiation activities.

- Technical arrangements with new and existing SWICAs required 50 percent of the time of one senior IT staff member and 100 percent of the time of one database analyst FTE. Once the process of making technical arrangements with new SWICAs had been completed, the requirements on the time of the senior IT staff member would be reduced to 25 percent of the time and the requirement for database analyst assistance would be reduced to half a FTE per year.
- By the time that EIV was using data from 28 states, development and maintenance operations in support of data matching activities with new and existing SWICAs consumed 25 percent of the time of one IT project manager and three IT staff FTEs. The need to support additional states would increase the needed IT staff FTEs by two. Once the process of making technical arrangements with new SWICAs has been completed, the development work would be reduced to working with the states when they change their system reducing the requirements on the time of contractor staff to four IT staff FTEs.
- SWICA-related data quality and maintenance support activities by the EIV team consumed 25 percent of the time of one senior project manager and 50 percent of the time of one junior project manager as well as six EIV IT staff FTE. With the progression to 45 SWICAs, that would have increased to 75 percent of the time of the junior project manager as well as 9.5 FTE. (The delta for this continuing need is calculated by subtracting the resources devoted to supporting the current mode of operation, which is with the senior project manager and 2.5 FTE.)

Expanding SWICA agreements to the additional states and to cover MF Housing program participants would have entailed additional costs

- Expanding SWICA agreements to cover the 17 additional states is estimated to increase state reimbursement costs from \$1.5 million to \$2.7 million.
- Expanding SWICA agreements to cover MF Housing program participants is estimated to raise state reimbursement costs by an additional 25 percent.

Over the ten year planned system life the cost of continuing to use SWICAs would be considerably higher than those of using NDNH:

Cost Elements (FY 06 – FY 15)	SWICA	NDNH
Total Costs		
1.0 Planning	\$18,072.90	\$11,463.30
2.0 Acquisition	\$27,541.40	\$5,331.20
3.0 Operations and Maintenance	\$16,961.00	\$4,414.30
Total Costs (Discounted \$K)	\$62,575.30	\$21,208.80

The Benefits Delta

Coverage using SWICA data was a problem. With 28 states, we covered 59 percent of the tenant population. Our experience was that additional SWICA matching agreements became increasingly difficult and time consuming to conclude. Many of the remaining states were small. Some of the most resistant states were large. By working over a two-year period to increase the number of SWICAs to 45, we would have increased coverage to 70 percent. Some of the largest PHAs still would not have been covered. In addition, SWICA data did not include State and Federal employees and most importantly did not cover employment or unemployment insurance benefits across state lines. As result, data for 40 percent of all wages and unemployment benefits for covered states were not captured. Employment across state lines is a major fact of life in states. Indeed, many major metropolitan areas cover multiple states. As result of these inherent limitations in the scope of SWICA data, 40 percent of all wages and unemployment benefits for covered states were not captured. NDNH brought national coverage for wage and unemployment insurance benefit data that was not possible with intra-state data from a patchwork of states.

The continued use of SWICA data rather than NDNH data would impact the derived benefits in terms of less ability to reduce subsidy overpayments:

- Reaching and implementing agreements with the final 17 SWICAs would have been phased over the course of an additional two-year period.
- The 28 states represent 59 percent of the tenant population while the additional 17 states represent 11 percent.
- Agreements with the individual SWICAs expressly did not cover jobs that crossed state lines, nor was there coverage of State and Federal employees. No new hires data was included. This had the cumulative effect of reducing information about tenant income for those covered by SWICA agreements to roughly 60 percent of the jobs of the covered tenant population.

The difference in benefits is very substantial:

Cost Elements (FY 06 – FY 15)	SWICA	NDNH
Total Costs		
1.0 Planning	\$18,072.90	\$11,463.30
2.0 Acquisition	\$27,541.40	\$5,331.20
3.0 Operations and Maintenance	\$16,961.00	\$4,414.30
Total Costs (Discounted \$K)	\$62,575.30	\$21,208.80
INCREMENTAL BENEFITS	SWICA	NDNH
External Customer Benefits	\$383,635.30	\$959,006.20
Internal Benefits (Cost Savings/Cost Avoidance)	\$173,184.30	\$562,286.60
Total (Discounted \$K)	\$556,819.60	\$1,521,292.80
INCREMENTAL NET PRESENT VALUE		
On-Budget Incremental Net Present Value	\$127,570.00	\$545,492.10
Off-Budget Incremental Net Present Value	\$338,021.00	\$942,211.70
Total Incremental Net Present Value	\$465,591.00	\$1,487,703.80
RETURN ON INVESTMENT (ROI)		
On-Budget ROI	380%	3348%
Off-Budget ROI	841%	5710%
Total ROI	1221%	9058%

C. Costs and Benefits for PIH and MF Housing

EIV's High Net Present Value and Return on Investment

EIV has an extraordinarily high return on investment as a project. That simply is because it compiles data from existing sources and re-uses them for its analyses and because of the size of the subsidy error for HUD assisted rental housing. The cost is relatively minor when compared to the size of the benefit.

<i>Cost Elements (FY 06 – FY 15)</i>	Total Value	PIH	Multifamily Housing
INCREMENTAL COSTS			
1.0 Planning	\$11,463.30	\$5,731.65	\$5,731.65
2.0 Acquisition	\$5,331.20	\$2,665.60	\$2,665.60
3.0 Operations & Maintenance	\$4,414.30	\$2,207.15	\$2,207.15
<i>Total Incremental Costs (Discounted \$K)</i>	\$21,208.80	\$10,604.40	\$10,604.40
INCREMENTAL BENEFITS			
External Customer Benefits	\$959,006.20	\$663,657.80	\$295,348.40
Internal Benefits (Cost Savings/Cost Avoidance)	\$562,286.60	\$408,426.80	\$153,859.80
<i>Total (Discounted \$K)</i>	\$1,521,292.80	\$1,072,084.60	\$449,208.20
INCREMENTAL NET PRESENT VALUE			
On-Budget Incremental Net Present Value	\$545,492.10	\$400,029.55	\$145,462.55
Off-Budget Incremental Net Present Value	\$942,211.70	\$655,260.55	\$286,951.15
<i>Total Incremental Net Present Value</i>	\$1,487,703.80	\$1,055,290.10	\$432,413.70

RETURN ON INVESTMENT (ROI)			
On-Budget ROI	3348%	4864%	1832%
Off-Budget ROI	5710%	7903%	3517%
<i>Total ROI</i>	9058%	12767%	5349%

It should be noted that the proportionately smaller measurements of incremental net present value and return on equity for MF Housing reflect the correspondingly smaller numbers for the size of the subsidy error problem for MF Housing. This difference should be viewed in perspective. A return on equity of 5349 percent, meaning that for every dollar spent on EIV for MF Housing, more than \$53.49 is returned is so huge that it would be difficult to find another investment with a return that even approaches that number.

One factor that did not go into the cost/benefit analysis is how useful EIV has become as a source for investigation of possible criminality. HUD's Office of Inspector General (OIG) is a significant user of EIV, with 188 authorized users. Although they do not quantify their actions to a degree that would allow us to attribute how much impact there is due to the use of EIV by OIG investigators, the most recent available semi-annual report of the HUD OIG includes numerous cases of rental assistance fraud that have been successfully pursued. See <http://www.hud.gov/offices/oig/sar61.pdf>, starting at page 23.

Investigative actions with prosecutions when appropriate have a well-understood effect of leveraging compliance.

Non-Recurring Benefits

All benefits are recurring.

Cost Reduction

As was demonstrated above, the costs of NDNH implementation are sharply lower for HUD than it would have been to continue to deal with the individual SWICAs.

Value Enhancement

By implementing NDNH data for use by HUD's PIH business partners, EIV has improved on the extent of its coverage and its effectiveness over what was possible by obtaining intra-state data for most, but not all states. The total annual potential impact from using the data from EIV is approximately \$364 million per year, of which \$125 million is for MF Housing, based on the FY 2008 QC study. The study also reported subsidy costs made in error due to approximately \$1.5 billion in unreported income data (for both programs) identified through the HUD-HHS computer matching program. These are huge numbers for HUD. Access to NDNH data allows MF Housing business partners as well as their PIH counterparts to reach their intended audiences with better service, provide stakeholders with more accurate information on subsidies, and drastically reduce subsidy error and unreported income rates.

Recurring Benefits

Using data from the EIV system has had a dramatic effect in reducing the size of the income subsidy error for PIH and MF Housing programs.

Non-Quantifiable Benefits

Reducing the error rate in public and assisted housing programs will:

- Better ensure that tenants receive the correct level of assistance;
- Help identify tenants who are not qualified for assistance;
- Allow HUD business partners administering HUD rental housing assistance programs to optimize the use of the funding that they receive from HUD so as to provide assistance to more qualified households;
- Maintain the public's trust in HUD's management of its programs; and
- Increase HUD's credibility with Congress, OMB and other stakeholders.

APPENDIX E

Overview of the Use of NDNH Information for the Purpose of Analyses of Employment and Income Reporting

Submitted by HUD July 26, 2010

RE: Response to OCSE Questions Regarding Matching HUD Data Against QW and UI files in the NDNH to Conduct the HUD QC Study.

- 1. Purpose of the QC Study.** The purpose of the Quality Control for Rental Assistance Subsidies Determinations Studies is to provide national estimates of rent subsidy errors for the U.S. Department of Housing and Urban Development's (HUD's) Public Housing Agencies (PHAs) and owner-administered housing programs. These studies, which are conducted annually, provide the Department with updated estimates of the type, severity, and cost of errors associated with the income certification and rent calculation process. This information is used by HUD to better focus its management efforts on correcting the most serious such errors, as well as to determine the effectiveness of corrective measures placed in effect since the prior study. In addition, annual reports on this matter are required by the Improper Payments Act of 2002 and for inclusion in the Department's annual financial statement.

QC error measurement studies are a crucial part of the Department's efforts to address the concerns of senior HUD program management officials, the Office of Management and Budget, and HUD's Office of Inspector General. Three studies are conducted to measure the error associated with rent calculation and income certification – the QC tenant subsidy determination error measurement study, which primarily measures errors attributable to program sponsor errors and omissions; the income matching study to identify intentional tenant misreporting of income; and the program sponsor billing error study.

It is the second study, known as the income matching study, that requires the use of NDNH QW and UI files. The income matching study provides national estimates of the subsidy cost to the Department resulting from assisted housing tenants who intentionally misreport their income.

- 2. Describe how the Income Matching Study is to be conducted.** The revised procedures are described below. The analytical steps described in the *FY2009 Income Match Plan* basically remain the same.
 - a. After completing the tenant subsidy determination error measurement study, the contractor will submit a list of all household members in the study sample of 2,700 households (divided between HUD's Public Housing, Voucher Management and Multifamily Housing programs) to the IT Project Manager of the HUD Enterprise Income Verification (EIV) system. A program is first run against Social Security Administration (SSA) databases to obtain Social Security and Supplemental Security Income benefits data. The match against SSA databases also returns information

concerning the validity of household member IDs. A match file of those adult household IDs that have been validated by SSA is then run against the NDNH database to obtain four quarters of NDNH income and W4 (new hires) information for the members of the sample households. Previous QC matches were requested according to quarters of the NDNH chronological file. The file request is now going to be with data selected according to the date that the individual received the income and date of the new job covered by a W-4 ("New Hires") form.

- b. The IT Project Manager of the HUD Enterprise Income Verification (EIV) system produces a data file with the income sources of the household members. This data is provided to the contractor via a CD (which is encrypted and password protected) and couriered to the contractor's office.
- c. The contractor's project director receives the CD and copies the data on to a secured network, where the file is available to a limited number of staff members for further analysis. These staff members have received the appropriate security clearances from HUD. The CD is shredded.
- d. QC Study field personnel verify the income of household members from the sample from those sources that they were not able to identify from the tenant files at the PHA or owner/agent (depending on program) or to the extent employment verifications with monthly income reporting is not available from the tenant files. This includes information about recent employment obtained from EIV W-4 (new hires) data.
- e. In instances where a potentially new source of income is identified through the match process, when attempts are made to contact the source, one issue is to determine whether this, indeed, is a new income source. Duplications that need to be weeded out may arise from situations such as where there is a difference between the name of the business entity and the commercial (doing business as) name or when documentation is from a payroll center or a commercial servicing entity such as a CPA firm.
- f. Files from QC field staff are consolidated. The contractor will provide a summary file that contains a listing of all tenants and their income sources and a case determination categorization that includes why any income source was removed from consideration as a countable source of unreported income. These files will be provided to HUD at the end of the study for review by program office and audit staff.
- g. Data is compiled from the QC field files concerning tenant income.
- h. The QC data file is matched by the contractor analyst against the EIV data extract file to create the QC Study file.
- i. The program offices and OIG auditors review the draft report, and data from the QC Study file. Where issues arise, they review the source QC field files. Differences between the characterizations are discussed and new characterizations of the data in some records may result. If so, additional statistical analysis is conducted by the contractor QC Study team. Otherwise the report is finalized.

j. The NDNH data extract is destroyed at the conclusion of the study.

- 3 **Provide a data flow diagram that depicts who has access to the matched results throughout the analyses process.** As provided earlier.
- 4 **Can the analyses be conducted without personal identifiers?** No. Personal identifiers are essential to matching the QC and the New Hires data, and to obtaining verification from third party sources. However, the statistical analysis is performed using records that contain no personal identifiers.
- 5 **Can NDNH matched results from the previously conducted matches be used to conduct the analyses?** No. It is critical that current, complete information be available when conducting the match and determining unreported sources of income.
- 6 **Explain how personal identifiers are removed to conduct your analyses and what is done with the removed personal identifying data.** Personal identifiers are not used in the statistical analysis that underlies the report. The source data that contains personal identifiers are used to identify the sources of income information that are to be contacted so that the study team may report on the differences between the income information that HUD has used in determining tenant income and subsidy level and that identified by the study team. That information is summarized as numbers and percentages in the report. All report information are kept on file pending review by the program offices and the HUD Office of Inspector General as part of the review of the draft report. Files are maintained pending possible review by the General Accounting Office at a later date in accordance with section (o)(1)(K) of the Privacy Act. 5 U.S.C. § 552a(o)(1)(K). All electronic files and paper documents are stored in locked file cabinets in a locked survey room and are disposed of in accordance with the computer matching agreement. Access is limited to the study team. HUD employees involved in the study are subject to background investigations. Both the HUD employees and contractors working on the study are bound by nondisclosure agreements and have been informed of the applicable penalties under the Privacy Act for unwarranted disclosure.

APPENDIX F

1. HUD-9886 – Authorization for the Release of Information/Privacy Act Notice to the U.S. Department of Housing and Urban Development (HUD) and the Housing Agency/Authority (HA), Office of Public and Indian Housing.

2. Document Package for Applicant's/Tenant's Consent to the Release of Information

HUD-9887 – Notice and Consent for the Release of Information to the U.S. Department of Housing (HUD) and to an Owner and Management Agent (O/A), and to a Public Housing Agency (PHA), Office of Housing.

HUD-9887-A – Applicant's/Tenant's Consent to the Release of Information, Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance, Office of Housing.

**Authorization for the Release of Information/
Privacy Act Notice**

to the U.S. Department of Housing and Urban Development (HUD)
and the Housing Agency/Authority (HA)

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

PHA requesting release of information: (Cross out space if none)
(Full address, name of contact person, and date)

HA requesting release of information: (Cross out space if none)
(Full address, name of contact person, and date)

Authority: Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by Section 903 of the Housing and Community Development Act of 1992 and Section 3003 of the Omnibus Budget Reconciliation Act of 1993. This law is found at 42 U.S.C. 3544.

This law requires that you sign a consent form authorizing: (1) HUD and the Housing Agency/Authority (HA) to request verification of salary and wages from current or previous employers; (2) HUD and the HA to request wage and unemployment compensation claim information from the state agency responsible for keeping that information; (3) HUD to request certain tax return information from the U.S. Social Security Administration and the U.S. Internal Revenue Service. The law also requires independent verification of income information. Therefore, HUD or the HA may request information from financial institutions to verify your eligibility and level of benefits.

Purpose: In signing this consent form, you are authorizing HUD and the above-named HA to request income information from the sources listed on the form. HUD and the HA need this information to verify your household's income, in order to ensure that you are eligible for assisted housing benefits and that these benefits are set at the correct level. HUD and the HA may participate in computer matching programs with these sources in order to verify your eligibility and level of benefits.

Uses of Information to be Obtained: HUD is required to protect the income information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes, to Federal agencies for employment suitability purposes and to HAs for the purpose of determining housing assistance. The HA is also required to protect the income information it obtains in accordance with any applicable State privacy law. HUD and HA employees may be subject to penalties for unauthorized disclosures or improper uses of the income information that is obtained based on the consent form. **Private owners may not request or receive information authorized by this form.**

Who Must Sign the Consent Form: Each member of your household who is 18 years of age or older must sign the consent form. Additional signatures must be obtained from new adult members joining the household or whenever members of the household become 18 years of age.

Persons who apply for or receive assistance under the following programs are required to sign this consent form:

- PHA-owned rental public housing
- Turnkey III Homeownership Opportunities
- Mutual Help Homeownership Opportunity
- Section 23 and 19(c) leased housing
- Section 23 Housing Assistance Payments
- HA-owned rental Indian housing
- Section 8 Rental Certificate
- Section 8 Rental Voucher
- Section 8 Moderate Rehabilitation

Failure to Sign Consent Form: Your failure to sign the consent form may result in the denial of eligibility or termination of assisted housing benefits, or both. Denial of eligibility or termination of benefits is subject to the HA's grievance procedures and Section 8 informal hearing procedures.

Sources of Information To Be Obtained

State Wage Information Collection Agencies. (This consent is limited to wages and unemployment compensation I have received during period(s) within the last 5 years when I have received assisted housing benefits.)

U.S. Social Security Administration (HUD only) (This consent is limited to the wage and self employment information and payments of retirement income as referenced at Section 6103(1)(7)(A) of the Internal Revenue Code.)

U.S. Internal Revenue Service (HUD only) (This consent is limited to unearned income [i.e., interest and dividends].)

Information may also be obtained directly from: (a) current and former employers concerning salary and wages and (b) financial institutions concerning unearned income (i.e., interest and dividends). I understand that income information obtained from these sources will be used to verify information that I provide in determining eligibility for assisted housing programs and the level of benefits. Therefore, this consent form only authorizes release directly from employers and financial institutions of information regarding any period(s) within the last 5 years when I have received assisted housing benefits.

Consent: I consent to allow HUD or the HA to request and obtain income information from the sources listed on this form for the purpose of verifying my eligibility and level of benefits under HUD's assisted housing programs. I understand that HAs that receive income information under this consent form cannot use it to deny, reduce or terminate assistance without first independently verifying what the amount was, whether I actually had access to the funds and when the funds were received. In addition, I must be given an opportunity to contest those determinations.

This consent form expires 15 months after signed.

Signatures:

_____	_____	_____	_____
Head of Household	Date		
_____	_____	_____	_____
Social Security Number (if any) of Head of Household		Other Family Member over age 18	Date
_____	_____	_____	_____
Spouse	Date	Other Family Member over age 18	Date
_____	_____	_____	_____
Other Family Member over age 18	Date	Other Family Member over age 18	Date
_____	_____	_____	_____
Other Family Member over age 18	Date	Other Family Member over age 18	Date

Privacy Act Notice. Authority: The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937 (42 U.S.C. 1437 et. seq.), Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), and by the Fair Housing Act (42 U.S.C. 3601-19). The Housing and Community Development Act of 1987 (42 U.S.C. 3543) requires applicants and participants to submit the Social Security Number of each household member who is six years old or older. Purpose: Your income and other information are being collected by HUD to determine your eligibility, the appropriate bedroom size, and the amount your family will pay toward rent and utilities. Other Uses: HUD uses your family income and other information to assist in managing and monitoring HUD-assisted housing programs, to protect the Government's financial interest, and to verify the accuracy of the information you provide. This information may be released to appropriate Federal, State, and local agencies, when relevant, and to civil, criminal, or regulatory investigators and prosecutors. However, the information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Penalty: You must provide all of the information requested by the HA, including all Social Security Numbers you, and all other household members age six years and older, have and use. Giving the Social Security Numbers of all household members six years of age and older is mandatory, and not providing the Social Security Numbers will affect your eligibility. Failure to provide any of the requested information may result in a delay or rejection of your eligibility approval.

Penalties for Misusing this Consent:

HUD, the HA and any owner (or any employee of HUD, the HA or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form.

Use of the information collected based on the form HUD 9886 is restricted to the purposes cited on the form HUD 9886. Any person who knowingly or willfully requests, obtains or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than \$5,000.

Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the HA or the owner responsible for the unauthorized disclosure or improper use.

Original is retained by the requesting organization.

ref. Handbooks 7420 7, 7420 B, & 7465.1

form HUD-9886 (7/94)

U.S. Department of Housing and Urban Development

Document Package for Applicant's/Tenant's Consent to the Release Of Information

This Package contains the following documents:

- 1. HUD-9887/A Fact Sheet describing the necessary verifications**
- 2. Form HUD-9887 (to be signed by the Applicant or Tenant)**
- 3. Form HUD-9887-A (to be signed by the Applicant or Tenant and Housing Owner)**
- 4. Relevant Verifications (to be signed by the Applicant or Tenant)**

Each household must receive a copy of the 9887/A Fact Sheet, form HUD-9887, and form HUD-9887-A.

Attachment to forms HUD-9887 & 9887-A (01/18/2007)

HUD-9887/A Fact Sheet

Verification of Information Provided by Applicants and Tenants of Assisted Housing

What Verification Involves

To receive housing assistance, applicants and tenants who are at least 18 years of age and each family head, spouse, or co-head regardless of age must provide the owner or management agent (O/A) or public housing agency (PHA) with certain information specified by the U.S. Department of Housing and Urban Development (HUD).

To make sure that the assistance is used properly, Federal laws require that the information you provide be verified. This information is verified in two ways:

- 1 HUD, O/As, and PHAs may verify the information you provide by checking with the records kept by certain public agencies (e.g., Social Security Administration (SSA), State agency that keeps wage and unemployment compensation claim information, and the Department of Health and Human Services' (HHS) National Directory of New Hires (NDNH) database that stores wage, new hires, and unemployment compensation). HUD (only) may verify information covered in your tax returns from the U.S. Internal Revenue Service (IRS). You give your consent to the release of this information by signing form HUD-9887. Only HUD, O/As, and PHAs can receive information authorized by this form.
- 2 The O/A must verify the information that is used to determine your eligibility and the amount of rent you pay. You give your consent to the release of this information by signing the form HUD-9887, the form HUD-9887-A, and the individual verification and consent forms that apply to you. Federal laws limit the kinds of information the O/A can receive about you. The amount of income you receive helps to determine the amount of rent you will pay. The O/A will verify all of the sources of income that you report. There are certain allowances that reduce the income used in determining tenant rents.

Example: Mrs. Anderson is 52 years old. Her age qualifies her for a medical allowance. Her annual income will be adjusted because of this allowance. Because Mrs. Anderson's medical expenses will help determine the amount of rent she pays, the O/A is required to verify any medical expenses that she reports.

Example: Mr. Harris does not qualify for the medical allowance because he is not at least 62 years of age and he is not handicapped or disabled. Because he is not eligible for the medical allowance, the amount of his medical expenses does not change the amount of rent he pays. Therefore, the O/A cannot ask Mr. Harris anything about his medical expenses and cannot verify with a third party about any medical expenses he has.

Customer Protections

Information received by HUD is protected by the Federal Privacy Act. Information received by the O/A or the PHA is subject to State privacy laws. Employees of HUD, the O/A, and the PHA are subject to penalties for using these consent forms improperly. You do not have to sign the form HUD-9887, the form HUD-9887-A, or the individual verification consent forms when they are given to you at your certification or recertification interview. You may take them home with you to read or to discuss with a third party of your choice. The O/A will give you another date when you can return to sign these forms.

If you cannot read and/or sign a consent form due to a disability, the O/A shall make a reasonable accommodation in accordance with Section 504 of the Rehabilitation Act of 1973. Such accommodations may include: home visits when the applicant's or tenant's disability prevents him/her from coming to the office to complete the forms; the applicant or tenant authorizing another person to sign on his/her behalf; and for persons with visual impairments, accommodations may include providing the forms in large script or braille or providing readers.

If an adult member of your household, due to extenuating circumstances, is unable to sign the form HUD-9887 or the individual verification forms on time, the O/A may document the file as to the reason for the delay and the specific plans to obtain the proper signature as soon as possible.

The O/A must tell you, or a third party which you choose, of the findings made as a result of the O/A verifications authorized by your consent. The O/A must give you the opportunity to contest such findings in accordance with HUD Handbook 4350.3 Rev. 1. However, for information received under the form HUD-9887 or form HUD-9887-A, HUD, the O/A, or the PHA, may inform you of these findings.

O/As must keep tenant files in a location that ensures confidentiality. Any employee of the O/A who fails to keep tenant information confidential is subject to the enforcement provisions of the State Privacy Act and is subject to enforcement actions by HUD. Also, any applicant or tenant affected by negligent disclosure or improper use of information may bring civil action for damages, and seek other relief, as may be appropriate, against the employee.

HUD-9887/A requires the O/A to give each household a copy of the Fact Sheet, and forms HUD-9887, HUD-9887-A along with appropriate individual consent forms. The package you will receive will include the following documents:

- 1 **HUD-9887/A Fact Sheet:** Describes the requirement to verify information provided by individuals who apply for housing assistance. This fact sheet also describes consumer protections under the verification process.
- 2 **Form HUD-9887:** Allows the release of information between government agencies.
- 3 **Form HUD-9887-A:** Describes the requirement of third party verification along with consumer protections.
- 4 **Individual verification consents:** Used to verify the relevant information provided by applicants/tenants to determine their eligibility and level of benefits.

Consequences for Not Signing the Consent Forms

If you fail to sign the form HUD-9887, the form HUD-9887-A, or the individual verification forms, this may result in your assistance being denied (for applicants) or your assistance being terminated (for tenants). See further explanation on the forms HUD-9887 and 9887-A.

If you are an applicant and are denied assistance for this reason, the O/A must notify you of the reason for your rejection and give you an opportunity to appeal the decision.

If you are a tenant and your assistance is terminated for this reason the O/A must follow the procedures set out in the Lease. This includes the opportunity for you to meet with the O/A.

Programs Covered by this Fact Sheet

- Rental Assistance Program (RAP)
- Rent Supplement
- Section 8 Housing Assistance Payments Programs (administered by the Office of Housing)
- Section 202
- Sections 202 and 811 PRAC
- Section 202/162 PAC
- Section 221(d)(3) Below Market Interest Rate
- Section 236
- HOPE 2 Home Ownership of Multifamily Units

O/As must give a copy of this HUD Fact Sheet to each household. See the Instructions on form HUD-9887-A.

Attachment to forms HUD-9887 & 9887-A (01/18/2007)

Notice and Consent for the Release of Information

to the U.S. Department of Housing and Urban Development (HUD) and to an Owner and Management Agent (O/A), and to a Public Housing Agency (PHA)

U. S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

HUD Office requesting release of information (Owner should provide the full address of the HUD Field Office. Attention: Director, Multifamily Division.):

O/A requesting release of information (Owner should provide the full name and address of the Owner.):

PHA requesting release of information (Owner should provide the full name and address of the PHA and the title of the director or administrator. If there is no PHA Owner or PHA contract administrator for this project, mark an X through this entire box.):

Notice To Tenant: Do not sign this form if the space above for organizations requesting release of information is left blank. You do not have to sign this form when it is given to you. You may take the form home with you to read or discuss with a third party of your choice and return to sign the consent on a date you have worked out with the housing owner/manager.

Authority: Section 217 of the Consolidated Appropriations Act of 2004 (Pub L. 108-199). This law is found at 42 U.S.C. 653(j). This law authorizes HHS to disclose to the Department of Housing and Urban Development (HUD) information in the NDNH portion of the "Location and Collection System of Records" for the purposes of verifying employment and income of individuals participating in specified programs and, after removal of personal identifiers, to conduct analyses of the employment and income reporting of these individuals. Information may be disclosed by the Secretary of HUD to a private owner, a management agent, and a contract administrator in the administration of rental housing assistance.

Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by section 903 of the Housing and Community Development Act of 1992 and section 3003 of the Omnibus Budget Reconciliation Act of 1993. This law is found at 42 U.S.C. 3544. This law requires you to sign a consent form authorizing: (1) HUD and the PHA to request wage and unemployment compensation claim information from the state agency responsible for keeping that information; and (2) HUD, O/A, and the PHA responsible for determining eligibility to verify salary and wage information pertinent to the applicant's or participant's eligibility or level of benefits; (3) HUD to request certain tax return information from the U.S. Social Security Administration (SSA) and the U.S. Internal Revenue Service (IRS).

Purpose: In signing this consent form, you are authorizing HUD, the above-named O/A, and the PHA to request income information from the government agencies listed on the form. HUD, the O/A, and the PHA need this information to verify your household's income to ensure that you are eligible for assisted housing benefits and that these benefits are set at the correct level. HUD, the O/A, and the PHA may participate in computer matching programs with these sources to verify your eligibility and level of benefits. This form also authorizes HUD, the O/A, and the PHA to seek wage, new hire (W-4), and unemployment claim information from current or former employers to verify information obtained through computer matching.

Uses of Information to be Obtained: HUD is required to protect the income information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. The O/A and the PHA is also required to protect the income

information it obtains in accordance with any applicable State privacy law. After receiving the information covered by this notice of consent, HUD, the O/A, and the PHA may inform you that your eligibility for, or level of, assistance is uncertain and needs to be verified and nothing else.

HUD, O/A, and PHA employees may be subject to penalties for unauthorized disclosures or improper uses of the income information that is obtained based on the consent form.

Who Must Sign the Consent Form: Each member of your household who is at least 18 years of age and each family head, spouse or co-head, regardless of age, must sign the consent form at the initial certification and at each recertification. Additional signatures must be obtained from new adult members when they join the household or when members of the household become 18 years of age.

Persons who apply for or receive assistance under the following programs are required to sign this consent form:

Rental Assistance Program (RAP)

Rent Supplement

Section 8 Housing Assistance Payments Programs (administered by the Office of Housing)

Section 202: Sections 202 and 811 PRAC; Section 202/162 PAC Section 221(d)(3) Below Market Interest Rate

Section 236

HOPE 2 Homeownership of Multifamily Units

Failure to Sign Consent Form: Your failure to sign the consent form may result in the denial of assistance or termination of assisted housing benefits. If an applicant is denied assistance for this reason, the owner must follow the notification procedures in Handbook 4350.3 Rev. 1. If a tenant is denied assistance for this reason, the owner or managing agent must follow the procedures set out in the lease.

Consent: I consent to allow HUD, the O/A, or the PHA to request and obtain income information from the federal and state agencies listed on the back of this form for the purpose of verifying my eligibility and level of benefits under HUD's assisted housing programs.

Signatures:

Additional Signatures, if needed:

Head of Household _____

Date _____

Other Family Members 18 and Over _____

Date _____

Spouse _____

Date _____

Other Family Members 18 and Over _____

Date _____

Other Family Members 18 and Over _____

Date _____

Other Family Members 18 and Over _____

Date _____

Other Family Members 18 and Over _____

Date _____

Other Family Members 18 and Over _____

Date _____

Original is retained on file at the project site

ref Handbooks 4350.3 Rev-1, 4571.1, 4571/2 & 4571.3 and HOPE II Notice of Program Guidelines

form HUD-9887 (01/18/2007)

Agencies To Provide Information

State Wage Information Collection Agencies (HUD and PHA). This consent is limited to wages and unemployment compensation you have received during period(s) within the last 5 years when you have received assisted housing benefits.

U.S. Social Security Administration (HUD only). This consent is limited to the wage and self employment information from your current form W-2.

National Directory of New Hires contained in the Department of Health and Human Services' system of records. This consent is limited to wages and unemployment compensation you have received during period(s) within the last 5 years when you have received assisted housing benefits.

U.S. Internal Revenue Service (HUD only). This consent is limited to information covered in your current tax return.

This consent is limited to the following information that may appear on your current tax return:

1099-S Statement for Recipients of Proceeds from Real Estate Transactions

1099-B Statement for Recipients of Proceeds from Real Estate Brokers and Barter Exchange Transactions

1099-A Information Return for Acquisition or Abandonment of Secured Property

1099-G Statement for Recipients of Certain Government Payments

1099-DIV Statement for Recipients of Dividends and Distributions

1099-INT Statement for Recipients of Interest Income

1099-MISC Statement for Recipients of Miscellaneous Income

1099-OID Statement for Recipients of Original Issue Discount

1099-PATR Statement for Recipients of Taxable Distributions Received from Cooperatives

1099-R Statement for Recipients of Retirement Plans W-2-G

Statement of Gambling Winnings

1065-K1 Partners Share of Income, Credits, Deductions, etc.

1041-K1 Beneficiary's Share of Income, Credits, Deductions, etc.

1120S-K1 Shareholder's Share of Undistributed Taxable Income, Credits, Deductions, etc.

I understand that income information obtained from these sources will be used to verify information that I provide in determining initial or continued eligibility for assisted housing programs and the level of benefits.

No action can be taken to terminate, deny, suspend, or reduce the assistance your household receives based on information obtained about you under this consent until the HUD Office, Office of Inspector General (OIG) or the PHA (whichever is applicable) and the O/A have independently verified: 1) the amount of the income, wages, or unemployment compensation involved, 2) whether you actually have (or had) access to such income, wages, or benefits for your own use, and 3) the period or periods when, or with respect to which you actually received such income, wages, or benefits. A photocopy of the signed consent may be used to request a third party to verify any information received under this consent (e.g., employer).

HUD, the O/A, or the PHA shall inform you, or a third party which you designate, of the findings made on the basis of information verified under this consent and shall give you an opportunity to contest such findings in accordance with Handbook 4350.3 Rev. 1

If a member of the household who is required to sign the consent form is unable to sign the form on time due to extenuating circumstances, the O/A may document the file as to the reason for the delay and the specific plans to obtain the proper signature as soon as possible.

This consent form expires 15 months after signed.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937, as amended (42 U.S.C. 1437 et. seq.); the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181); the Housing and Community Development Technical Amendments of 1984 (P.L. 98-479); and by the Housing and Community Development Act of 1987 (42 U.S.C. 3543). The information is being collected by HUD to determine an applicant's eligibility, the recommended unit size, and the amount the tenant(s) must pay toward rent and utilities. HUD uses this information to assist in managing certain HUD properties, to protect the Government's financial interest, and to verify the accuracy of the information furnished. HUD, the owner or management agent (O/A), or a public housing agency (PHA) may conduct a computer match to verify the information you provide. This information may be released to appropriate Federal, State, and local agencies, when relevant, and to civil, criminal, or regulatory investigators and prosecutors. However, the information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. You must provide all of the information requested. Failure to provide any information may result in a delay or rejection of your eligibility approval.

Penalties for Misusing this Consent:

HUD, the O/A, and any PHA (or any employee of HUD, the O/A, or the PHA) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form.

Use of the information collected based on the form HUD 9887 is restricted to the purposes cited on the form HUD 9887. Any person who knowingly or willfully requests, obtains, or discloses any information under false pretenses concerning an applicant or tenant may be subject to a misdemeanor and fined not more than \$5,000.

Any applicant or tenant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the Owner or the PHA responsible for the unauthorized disclosure or improper use.

Original is retained on file at the project site

ref. Handbooks 4350.3 Rev-1, 4571.1, 4571.2 & 4571.3 and HOPE II Notice of Program Guidelines

form HUD-9887 (01/18/2007)

Applicant's/Tenant's Consent to the Release of Information

Verification by Owners of Information

Supplied by Individuals Who Apply for Housing Assistance

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Instructions to Owners

1. Give the documents listed below to the applicants/tenants to sign. Staple or clip them together in one package in the order listed.
 - a. The HUD-9887/A Fact Sheet.
 - b. Form HUD-9887.
 - c. Form HUD-9887-A.
 - d. Relevant verifications (HUD Handbook 4350.3 Rev 1).
2. Verbally inform applicants and tenants that
 - a. They may take these forms home with them to read or to discuss with a third party of their choice and to return to sign them on a date they have worked out with you, and
 - b. If they have a disability that prevents them from reading and/or signing any consent, that you, the Owner, are required to provide reasonable accommodations.
3. Owners are required to give each household a copy of the HUD9887/A Fact Sheet, form HUD-9887, and form HUD-9887-A after obtaining the required applicants/tenants signature(s). Also, owners must give the applicants/tenants a copy of the signed individual verification forms upon their request.

Instructions to Applicants and Tenants

This Form HUD-9887-A contains customer information and protections concerning the HUD-required verifications that Owners must perform.

1. Read this material which explains:
 - HUD's requirements concerning the release of information, and
 - Other customer protections.
2. Sign on the last page that:
 - you have read this form, or
 - the Owner or a third party of your choice has explained it to you, and
 - you consent to the release of information for the purposes and uses described

Authority for Requiring Applicant's/Tenant's Consent to the Release of Information

Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by section 903 of the Housing and Community Development Act of 1992. This law is found at 42 U.S.C. 3544.

In part, this law requires you to sign a consent form authorizing the Owner to request current or previous employers to verify salary and wage information pertinent to your eligibility or level of benefits.

In addition, HUD regulations (24 CFR 5.659, Family Information and Verification) require as a condition of receiving housing assistance that you must sign a HUD-approved release and consent authorizing any depository or private source of income to furnish such information that is necessary in determining your eligibility or level of benefits. This includes

information that you have provided which will affect the amount of rent you pay. The information includes income and assets, such as salary, welfare benefits, and interest earned on savings accounts. They also include certain adjustments to your income, such as the allowances for dependents and for households whose heads or spouses are elderly handicapped, or disabled, and allowances for child care expenses, medical expenses, and handicap assistance expenses.

Purpose of Requiring Consent to the Release of Information

In signing this consent form, you are authorizing the Owner of the housing project to which you are applying for assistance to request information from a third party about you. HUD requires the housing owner to verify all of the information you provide that affects your eligibility and level of benefits to ensure that you are eligible for assisted housing benefits and that these benefits are set at the correct levels. Upon the request of the HUD office or the PHA (as Contract Administrator), the housing Owner may provide HUD or the PHA with the information you have submitted and the information the Owner receives under this consent.

Uses of Information to be Obtained

The individual listed on the verification form may request and receive the information requested by the verification, subject to the limitations of this form. HUD is required to protect the income information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. The Owner and the PHA are also required to protect the income information they obtain in accordance with any applicable state privacy law. Should the Owner receive information from a third party that is inconsistent with the information you have provided, the Owner is required to notify you in writing identifying the information believed to be incorrect. If this should occur, you will have the opportunity to meet with the Owner to discuss any discrepancies.

Who Must Sign the Consent Form

Each member of your household who is at least 18 years of age, and each family head, spouse or co-head, regardless of age must sign the relevant consent forms at the initial certification, at each recertification and at each interim certification, if applicable. In addition, when new adult members join the household and when members of the household become 18 years of age they must also sign the relevant consent forms.

Persons who apply for or receive assistance under the following programs must sign the relevant consent forms:

Rental Assistance Program (RAP)
Rent Supplement
Section 8 Housing Assistance Payments Programs (administered by the Office of Housing)
Section 202
Sections 202 and 811 PRAC
Section 202/162 PAC
Section 221(d)(3) Below Market Interest Rate
Section 236
HOPE 2 Home Ownership of Multifamily Units

Failure to Sign the Consent Form

Failure to sign any required consent form may result in the denial of assistance or termination of assisted housing benefits. If an applicant is denied assistance for this reason, the O/A must follow the notification procedures in Handbook 4350.3 Rev. 1. If a tenant is denied assistance for this reason, the O/A must follow the procedures set out in the lease.

Conditions

No action can be taken to terminate, deny, suspend or reduce the assistance your household receives based on information obtained about you under this consent until the O/A has independently 1) verified the information you have provided with respect to your eligibility and level of benefits and 2) with respect to income (including both earned and unearned income), the O/A has verified whether you actually have (or had) access to such income for your own use, and verified the period or periods when, or with respect to which you actually received such income, wages, or benefits.

A photocopy of the signed consent may be used to request the information authorized by your signature on the individual consent forms. This would occur if the O/A does not have another individual verification consent with an original signature and the O/A is required to send out another request for verification (for example, the third party fails to respond). If this happens, the O/A may attach a photocopy of this consent to a photocopy of the individual verification form that you sign. To avoid the use of photocopies, the O/A and the individual may agree to sign more than one consent for each type of verification that is needed. The O/A shall inform you, or a third party which you designate, of the findings made on the basis of information verified under this consent and shall give you an opportunity to contest such findings in accordance with Handbook 4350.3 Rev. 1.

The O/A must provide you with information obtained under this consent in accordance with State privacy laws.

If a member of the household who is required to sign the consent forms is unable to sign the required forms on time, due to extenuating circum-

stances, the O/A may document the file as to the reason for the delay and the specific plans to obtain the proper signature as soon as possible.

Individual consents to the release of information expire 15 months after they are signed. The O/A may use these individual consent forms during the 120 days preceding the certification period. The O/A may also use these forms during the certification period, but only in cases where the O/A receives information indicating that the information you have provided may be incorrect. Other uses are prohibited.

The O/A may not make inquiries into information that is older than 12 months unless he/she has received inconsistent information and has reason to believe that the information that you have supplied is incorrect. If this occurs, the O/A may obtain information within the last 5 years when you have received assistance.

I have read and understand this information on the purposes and uses of information that is verified and consent to the release of information for these purposes and uses.

Name of Applicant or Tenant (Print)

Signature of Applicant or Tenant & Date

I have read and understand the purpose of this consent and its uses and I understand that misuse of this consent can lead to personal penalties to me.

Name of Project Owner or his/her representative

Title

Signature & Date
cc: Applicant/Tenant
Owner file

Penalties for Misusing this Consent:

HUD, the O/A, and any PHA (or any employee of HUD, the O/A, or the PHA) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form.

Use of the information collected based on the form HUD 9887-A is restricted to the purposes cited on the form HUD 9887-A. Any person who knowingly or willfully requests, obtains or discloses any information under false pretenses concerning an applicant or tenant may be subject to a misdemeanor and fined not more than \$5,000.

Any applicant or tenant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the O/A or the PHA responsible for the unauthorized disclosure or improper use.

Original is retained on file at the project site

ref. Handbooks 4350.3 Rev. 1, 4571.1, 4571.2 & 4571.3
and HOPE II Notice of Program Guidelines

form HUD-9887-A (01/18/2007)