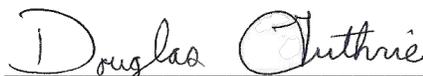


Report of the President & CEO

February 24, 2022

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH TALX CORPORATION, PROVIDER OF EQUIFAX VERIFICATION SERVICES, FOR AN INITIAL ONE-YEAR CONTRACT TERM EXTENDABLE ON AN ANNUAL BASIS FOR A TOTAL TERM OF UP TO FIVE YEARS, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,050,000 FOR EMPLOYMENT INCOME VERIFICATION



Douglas Guthrie
President & Chief Executive Officer



Carlos Van Natter
Director of Section 8



Marisela Ocampo
Director of Housing Services



Jenny Scanlin
Chief Development Officer

Purpose: The Housing Authority of the City of Los Angeles (“HACLA”) must determine whether an applicant family’s income exceeds the applicable income limit as established by the U.S. Department of Housing and Urban Department (“HUD”) in the jurisdiction where the family wishes to lease a unit. While the verification hierarchy described in Notice PIH 2018-18 applies to income determinations for applicants, HUD’s Enterprise Income Verification (EIV) system is not available for verifying income of applicants, thereby requiring HACLA to utilize non-HUD systems. Additionally, the Watts/LA WorkSource Center is required by its grantors to verify income information for all active or placed clients twice a year.

Issues: PIH Notice 2018-18 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 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.

This Notice applies to the HUD-PIH rental assistance programs: Public Housing, Section 8 Moderate Rehabilitation, Project-Based Voucher, Project-Based Certificate, and Housing Choice Voucher (“HCV”) Programs. The Notice requires PHAs to verify tenant

employment and income information during mandatory reexaminations of family composition and income in accordance with 24 CFR 5.233.

The Notice outlines income verifications techniques available to PHAs, including Third Party Verification Techniques, such as Upfront Income Verification (“UIV”) using an independent source that systematically and uniformly maintains income information in computerized form for individuals. PHAs are encouraged to continue using non-HUD UIV tools, such as The Work Number® (an automated verification system owned and operated by the TALX Corporation) and state government databases, to validate tenant-reported income.

HACLA requires Upfront Income Verification (non-HUD UIV tool) “Services” as a third-party verification technique to obtain income verification for applicant families and family members to be added to participant households, since HUD’s EIV does not include information for new admissions.

For participant families, HACLA staff access HUD’s EIV system every time income verification is required, including all reexaminations of income, voucher issuance and re-contracting events.

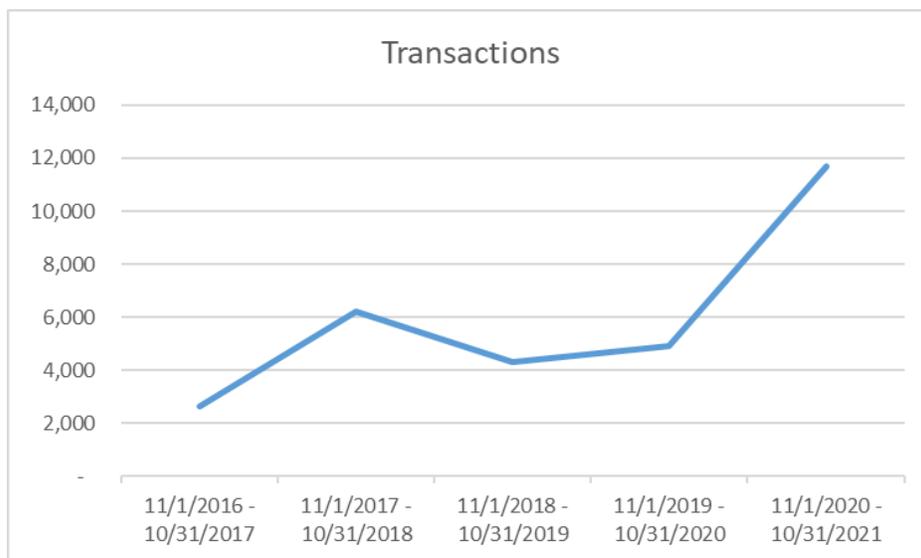
Since November 2016, HACLA’s PIH rental assistance programs has used The Work Number® as a non-HUD UIV tool to obtain employment income verification for applicant families and family members to be added to participant households requesting up to 5,000 income verifications on an annual basis. HACLA’s PIH rental assistance programs also use other non-HUD UIV tools such as the State Employment Development Department (“EDD”) to obtain wage and claim information as verification of applicants’ reported income, not available from HUD’s EIV system. The PIH rental assistance programs anticipate that the annual need for these services will increase to 7,440 verifications in the coming year.

In addition to the PIH rental assistance programs, The Work Number® income verification tool is also used by the Watts/LA Work Source Center to provide placement data on its clients who have entered the workforce. This placement data includes tracking their incomes every 2nd and 4th quarter of their first and second year of placement. Watts/LA WorkSource Center works with EDD to pull wage data; however, EDD is not consistent in response to requests for such data. The Work Number provides an alternative for the Watts/LA WorkSource Center since it has had difficulty getting data regularly from clients and EDD. The Watts/LA WorkSource Center anticipates pulling up to 3,600 records annually.

HACLA is requesting to execute a sole source contract with TALX Corporation, provider of Equifax Verification Services through The Work Number®. Contracts with TALX Corporation for income verification services require an upfront customer commitment to a minimum annual number of verifications. Higher minimum annual verification commitments allow customers to access more competitive pricing, but also come with

the risk that the customer will commit to paying for verification services that wind up not being used. Subsequent verifications are then charged on a per unit basis at a minimal additional surcharge. While HACLA anticipates requiring 11,040 verifications per year, in order to avoid potentially paying for unused verification services, HACLA intends to commit to a minimum of 10,001 verifications per year, at a cost of \$14.73 per verification and a total annual upfront cost of \$147,314, and to pay for up to 1,039 additional verifications per year at a cost of \$15.23 per verification (an approximately 3% surcharge) and a total potential annual cost of \$15,823.97, for a total first year cost, including various fees, of \$166,563.70. Should HACLA opt to extend its contract with TALX beyond the first year of services, pricing under the Contract is subject to a ten percent annual escalation; should alternative options for verification services emerge over the course of the Contract, HACLA may exit the Contract and pursue such alternatives at any time upon 30 days-notice to TALX.

The chart below demonstrates historic usage of The Work Number® including necessity of recent increases in use since the WorkSource Center began to access data from the system. The sharp increase does not represent the Watts/LA WorkSource Centers expectation for annual use but was in response to the need to go back to prior reporting years and obtain information that was not in the file due to a lack of response on behalf of clients or EDD. The Watts/LA WorkSource Center is now caught up and anticipates a more regularized use of the service.



Procurement: TALX Corporation is a business unit of Equifax, Inc. and provides current income and employment verification data through The Work Number® and other tools. It aggregates and streamlines the transfer of information between employers and verifiers through its proprietary data collection tools that are fully compliant with the federal Fair Credit Reporting Act (“FCRA”). The Work Number® is the largest proprietary database of up-to-date employment and income data. HUD encourages public housing authorities to utilize The Work Number® to verify such data and the system is used by public assistance agencies in all fifty (50) states to help make eligibility determinations. Its comprehensive

and current data are not available from any other services providers, thereby qualifying as a sole source under HUD procurement regulations. The cost of the service is reasonable as obtaining such income, employment and other program participant information through any other means would necessitate outreach to many state and other agencies at significant administrative cost and time, making The Work Number a very reasonably-priced alternative.

Vision Plan: **PATHWAYS Strategy No. 7, Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized; Action: Identify and implement all available regulatory relief intended to streamline program operations while maintaining required program compliance**

Using Upfront Income Verification techniques approved by HUD streamlines the income verification process for applicant families that have difficulties obtaining income documents required by HACLA as part of eligibility process for housing assistance. This allows HACLA to serve families more quickly by expediting verification of income information necessary for eligibility determination.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Each program will utilize the applicable funding sources for comparable operating expenses, including Section 8 administrative fees, Public Housing Operating Fund, and various Workforce Development (WFD) Grants. To the extent WFD revenue is insufficient, the annual appropriation from LA LOMOD for WFD unbillable expenses will be used.

Budget and Program Impact: Funding has been included in the 2022 Operating Budget and will be included in subsequent years as needed. The following table reflects the anticipated costs if HACLA contracts with TALX for the full five-year period, assuming HACLA Departments using the verification services do so at their anticipated levels (1,440/year for Public Housing, 3,600/year for WorkSource Center, 6,000/year for Section 8).

	Year 1	Year 2	Year 3	Year 4	Year 5	5-Yr Total
Public Housing	22,174	24,783	27,391	30,000	32,609	136,957
WorkSource Center	55,435	61,957	68,478	75,000	81,522	342,391
Section 8 Programs	92,391	103,261	114,130	125,000	135,870	570,652
Total	\$ 170,000	\$ 190,000	\$ 210,000	\$ 230,000	\$ 250,000	\$ 1,050,000

Environmental Review: This action is exempt.

Section 3: Contracting with the TALX Corporation for these web-based employment and income data collection and aggregation services does not trigger Section 3, nor is its

discretionary application feasible to apply under HACLA's Section 3 Policy and Compliance Plan.

Attachments:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH TALX CORPORATION, PROVIDER OF EQUIFAX VERIFICATION SERVICES, FOR AN INITIAL ONE-YEAR CONTRACT TERM EXTENDABLE ON AN ANNUAL BASIS FOR A TOTAL TERM OF UP TO FIVE YEARS, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,050,000 FOR EMPLOYMENT INCOME VERIFICATION

WHEREAS, PIH Notice 2018-18 (the “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 HUD regulation;

WHEREAS, the Notice applies to the HUD-PIH rental assistance programs: Public Housing, Section 8 Moderate Rehabilitation, Project-Based Voucher, Project-Based Certificate, and Housing Choice Voucher (HCV) Programs;

WHEREAS, the Notice requires PHAs to verify tenant employment and income information during mandatory reexaminations of family composition and income in accordance with 24 CFR 5.233;

WHEREAS, the Notice outlines income verifications techniques available to PHAs, including Third Party Verification Techniques, such as Upfront Income Verification (“UIV”) using an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals. PHAs are encouraged to continue using non-HUD UIV tools, such as The Work Number® (an automated verification system owned and operated by the TALX Corporation) and state government databases, to validate tenant-reported income;

WHEREAS, since November 2016, HACLA’s PIH rental assistance programs has used The Work Number® as non-HUD UIV tool to obtain employment income verification for applicant families and family members to be added to participant households requesting up to 5,000 income verifications on an annual basis;

WHEREAS, in addition to the PIH rental assistance programs, The Work Number® income verification tool has also been used by The Watts/LA WorkSource Center to provide placement data on its clients who have entered the workforce; and

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, HACLA desires to execute a sole source contract with TALX Corporation (provider of Equifax Verification Services through The Work Number®) to furnish current income and employment verification data, for an initial one year term extendable on an annual basis for a total term of up to five years, for a total contract amount not to exceed \$1,050,000.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the President and CEO, or designee, to execute a sole source contract with TALX Corporation (provider of Equifax Verification Services through The Work Number®), to furnish current income and employment verification data, for an initial one year term extendable on annual basis for a total term of up to five years, for a total contract amount not to exceed \$1,050,000.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____