



EXECUTIVE SUMMARY

MEETING DATE: March 14, 2025

HCR25-014

SUBJECT: Agreement with Equifax Workforce Solutions LLC for Employment and Income Verification Services

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Rental Assistance Division

CONTACT/PHONE NUMBER: Azucena Valladolid (619) 578-7604

REQUESTED ACTION:

Approve the execution of the option to renew the contract between the San Diego Housing Commission and Equifax Workforce Solutions LLC (Equifax) for a one-year term, as well as the remaining two one-year renewal options, for the provision of Employment and Income Verification Services for the Section 8 Housing Choice Voucher program.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The U.S. Department of Housing and Urban Development (HUD) requires all public housing authorities to verify and determine income and employment status of participating Housing Choice Voucher (HCV) program families at new admission and recertification.
- This information is used to establish a family's program eligibility and level of rental assistance. The verification of income ensures that families do not pay more or less money for rent than their obligation under current regulation and maintains program integrity.
- The San Diego Housing Commission (SDHC) has been utilizing The Work Number, an Equifax product, as its primary income and employment verification source since 2005. The Work Number is the largest proprietary service of authentic, automated, up-to-date employment and income data.
- There are no alternative providers offering automated, instant access to the specific employer payroll records available on The Work Number. Relying on alternative vendors to conduct manual verifications would significantly delay the eligibility determination and redetermination of new applicants and existing families participating in the HCV program.
- In December 2022, SDHC issued a Request for Proposal for the provision of Employment and Income Verification Services and received two proposals. Equifax was the higher ranked respondent.
- SDHC entered into an agreement with Equifax on May 1, 2023, for a one-year term with a maximum compensation amount of \$235,900, and four one-year renewal options. The amount for the first year of the contract was within the authority delegated to the President and Chief Executive Officer, or designee, and did not require approval from the SDHC Board.
- On April 12, 2024, the SDHC Board approved the execution of the first option to renew the contract between SDHC and Equifax for a one-year term from May 1, 2024, through April 30, 2025, in the amount of \$263,488.
- Approval of the staff recommendations will enable SDHC to exercise the second one-year option to renew the agreement with Equifax at a cost of \$294,387; the third one-year option at a cost of \$328,993; and the fourth one-year option at a cost of \$367,752 to ensure continued access to The Work Number for employment and income verification.
- The funding sources and uses proposed for approval by this action were approved in the Fiscal Year (FY) 2025 SDHC budget. Approving this action will not change the approved FY 2025 total budget or FY 2026 proposed total budget.
- Approval of the staff recommendations will also authorize the substitution of funding sources and an increase in compensation by not more than 20 percent if the operational need arises, without further SDHC Board action.



REPORT

DATE ISSUED: March 6, 2025

REPORT NO: HCR25-014

ATTENTION: Chair and Members of the San Diego Housing Board of Commissioners
For the Agenda of March 14, 2025

SUBJECT: Agreement with Equifax Workforce Solutions LLC for Employment and
Income Verification Services

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Approve the execution of the option to renew the contract between the San Diego Housing Commission and Equifax Workforce Solutions LLC (Equifax) for a one-year term, as well as the remaining two one-year renewal options, for the provision of Employment and Income Verification Services for the Section 8 Housing Choice Voucher program.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Authorize the execution of the second option to renew the contract between SDHC and Equifax for Employment and Income Verification Services for the Section 8 Housing Choice Voucher program for a one-year term from May 1, 2025, through April 30, 2026, in an amount not to exceed \$294,387 for the second option year, and two additional one-year options to renew in an amount not to exceed \$328,993 for the third one-year option and \$367,752 for the fourth one-year option.
- 2) Authorize the President and Chief Executive Officer (President and CEO), or designee, to substitute the funding sources with other available funding sources so long as the total program/project budget amount after substitution does not exceed the approved total budget, and to increase compensation by not more than 20 percent of the total agreement amount, if necessary, should the operational need arise without further action by the SDHC Board.
- 3) Authorize the President and CEO, or designee, to execute all documents and instruments necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.

SUMMARY

The U.S. Department of Housing and Urban Development (HUD) requires all public housing authorities to verify and determine income and employment status of participating Housing Choice Voucher (HCV) program families at new admission and recertification. This information is used to establish a family's

program eligibility and level of rental assistance. The verification of income ensures that families do not pay more or less money for rent than their obligation under current regulation and maintains program integrity.

SDHC has been utilizing The Work Number, an Equifax product, as one of its primary income and employment verification sources for many years. The Work Number is the largest proprietary service of authentic, up-to-date employment and income data. The Work Number provides access to over 584 million employment records from more than 3.8 million employers nationwide. The Work Number has access to the payroll records of about 60 percent of the nation’s employers. Equifax enters into exclusivity agreements with employers, which prevents its competitors from accessing this information. There are no alternative providers offering automated, instant access to the specific employer payroll records available on The Work Number. In previous solicitations for this service, alternative providers stated they would have to depend on clients self-disclosing whether or not they are employed. Clients would need to obtain contact information at their place of employment, then provide it to the vendor so they could reach the workplace and rely on the good will of employers to disclose the necessary information on a timely matter. Relying on alternative vendors to conduct manual verifications would significantly delay the eligibility determination and redetermination of new applicants and existing families participating in the HCV program.

The previous agreement with Equifax ended on January 31, 2023, after all previous options to renew the agreement had been exercised. In December 2022, SDHC solicited proposals from qualified vendors for the provision of Employment and Income Verification Services, in accordance with SDHC’s Statement of Procurement Policy. The solicitation was conducted through a formal Request for Proposal process (RFP).

SDHC received two proposals. Proposals were submitted by Equifax and Securecheck360, LLC. A responsiveness review was conducted on both proposals received. An evaluation committee then evaluated, scored and ranked the bids. Below are the final evaluation results of the RFP.

Company Name	Ranking
Equifax <u>Workforce Solutions LLC</u>	1
Securecheck360, LLC	2

As a result of the solicitation, and after negotiations, SDHC entered into an agreement with Equifax on May 1, 2023, for a one-year term with a maximum compensation amount of \$235,900 and four one-year renewal options. The amount for the first year of the contract was within the authority delegated to the President and CEO, or designee, and did not require approval from the SDHC Board. On April 12, 2024, the SDHC Board approved the execution of the first option to renew the contract for a one-year term from May 1, 2024, through April 30, 2025, in the amount of \$263,488.

Due to the need for this service and Equifax’s position as the primary, automated source in this industry, SDHC negotiated a contract that calls for the minimum amount of transactions and lowest cost possible per 12-month contract term. The Work Number provides SDHC staff automated, instant access to the specific employer payroll records for applicants and participants in rental assistance programs. This online access helps SDHC meet regulatory requirements and expedites the eligibility and recertification process, allowing SDHC to assist the most vulnerable populations, specifically people experiencing homelessness, much more quickly.

Maintaining and supporting an automated, online income verification system fosters accessibility to programs. This online system ensures that the City of San Diego’s most vulnerable populations do not face challenges like contacting physical employment locations or locating printing services to obtain paper copies of their income verifications. Additionally, the use of The Work Number is an efficient safeguard against subsidy errors and fraud, as it promptly and reliably verifies client income and

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employment information declared by clients.

Approval of the staff recommendations will enable SDHC to exercise the second one-year option to renew the agreement with Equifax at a cost of \$294,387, and allows SDHC to enter into a third one-year option to renew at \$328,993 and the fourth one-year option to renew at \$367,752, ensuring continued access to The Work Number for employment and income verification.

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action were approved in the Fiscal Year (FY) 2025 Housing Commission budget. Approving this action will not change the approved FY 2025 total budget or FY 2026 proposed total budget.

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Areas No. 1 and No. 4 in SDHC's Strategic Plan for FY 2022-2024. No. 1: Increasing and Preserving Housing Solutions. No. 4: Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness. SDHC is in the process of developing a new Strategic Plan.

NONDISCRIMINATION ASSURANCE

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination. Equifax Workforce Solutions LLC, a multinational corporation with global headquarters in Missouri, submitted the required EOC forms and Workforce Report with its original agreement. Staff has requested an updated workforce report for record keeping purposes.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders include HCV participants, SDHC staff and Equifax.

ENVIRONMENTAL REVIEW

The proposed activity to access income and employment history is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense) which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. The Common Sense Exemption is applicable where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The actions would not, on their own accord, cause a significant effect on the environment. Federal funds constitute a portion of the funding. NEPA approval was obtained from the City of San Diego on August 21, 2024.

Respectfully submitted,

Azucena Valladolid

Azucena Valladolid
Executive Vice President of Rental Assistance
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.