



EXECUTIVE SUMMARY

MEETING DATE: April 12, 2024

HCR24-045

SUBJECT: Agreement with Equifax Workforce Solutions LLC for Employment & 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 first option to renew the contract between the San Diego Housing Commission and Equifax Workforce Solutions LLC (Equifax) for a one-year term from May 1, 2024, through April 30, 2025, 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 (Housing Commission) has been utilizing The Work Number, a product of Equifax, 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.
- 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, the Housing Commission solicited proposals from qualified vendors for the provision of Employment and Income Verification Services, in accordance with the Housing Commission's Statement of Procurement Policy (Policy).
- The Housing Commission received two proposals. An evaluation committee then evaluated, scored and ranked the bids. Equifax Workforce Solutions LLC was the higher ranked respondent.
- The Housing Commission 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 is within the authority delegated to the President and Chief Executive Officer, or designee, and did not require approval from the Housing Commission Board.
- Approval of the staff recommendations will enable the Housing Commission to exercise the first one-year option to renew the agreement with Equifax at a cost of \$263,488 and 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) 2024 Housing Commission budget. Approving this action will not change the approved FY2024 total budget or FY2025 proposed total budget.



REPORT

DATE ISSUED: April 4, 2024

NO: HCR24-045

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 12, 2024

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

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Approve the execution of the first option to renew the contract between the San Diego Housing Commission and Equifax Workforce Solutions LLC (Equifax) for a one-year term from May 1, 2024, through April 30, 2025, 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 (Housing Commission) Board of Commissioners (Board) take the following actions:

- 1) Authorize the execution of the first option to renew the contract between the Housing Commission and Equifax Workforce Solutions LLC (Equifax) for Employment and Income Verification Services for the Section 8 Housing Choice Voucher program for a one-year term from May 1, 2024, through April 30, 2025, in an amount not to exceed \$263,488 .
- 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 Housing Commission Board.
- 3) Authorize the President and Chief Executive Officer, 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.

The Housing Commission has been utilizing The Work Number, a product of Equifax, 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 618 million employment records from more than 5,000 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. They would then obtain contact information at their place of employment so the vendor could reach out to the employer 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. The Housing Commission exercised contract extensions pursuant to the terms of the agreement to continue to utilize these services, pending the execution of a new contract. In December 2022, the Housing Commission solicited proposals from qualified vendors for the provision of Employment and Income Verification Services, in accordance with the Housing Commission's Statement of Procurement Policy (Policy). The solicitation was conducted through a formal Request for Proposal process (RFP).

The RFP closed on December 19, 2022. The Housing Commission 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, the Housing Commission 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 is within the authority delegated to the President and Chief Executive Officer, or designee, and did not require approval from the Housing Commission Board.

Due to the need for this service and Equifax's position as the primary source in this industry, the Housing Commission negotiated a contract that calls for the minimum amount of transactions and lowest cost possible per 12-month contract term. The Work Number provides Housing Commission staff automated,

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instant access to the specific employer payroll records for applicants and participants in rental assistance programs. This online access helps the Housing Commission meet regulatory requirements and expedites the intake and recertification process, allowing the Housing Commission to assist the most vulnerable populations, specifically people experiencing homelessness, much more quickly.

Maintaining and supporting an online income verification system also aligns with diversity and equity principles, fostering 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 employment information declared by clients.

Approval of the staff recommendations will enable the Housing Commission to exercise the first one-year option to renew the agreement with Equifax at a cost of \$263,488 and ensure 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 FY 2024 Housing Commission budget. Approving this action will not change the approved FY2024 total budget or FY2025 proposed total budget.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission's Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions and Strategic Priority Area No. 4: Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

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 and their DEI policy/plan. Equity Assurance staff will follow up with Equifax as necessary.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders include Housing Commission staff and their internal and external customers.

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 July 24, 2023.

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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

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 Docket materials are also available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.