

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

[Docket No. FR-4075-N-01]

**Office of the Assistant Secretary for
Public and Indian Housing; New
Procedures for Verifying the Social
Security and Supplemental Security
Income of Applicants and Participants:
HUD's Rental Assistance Programs
Administered by Public Housing
Agencies and Indian Housing
Authorities**

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice of New Procedures for Verifying the Social Security and Supplemental Security Income of Applicants and Participants.

SUMMARY: This notice informs public housing agencies and Indian housing authorities, collectively referenced as housing agencies (HAs), of: (1) new procedures to verify social security (SS) and supplemental security income (SSI) information for rental assistance applicants and participants, (2) HUD policy changes concerning SS and SSI verification, (3) implementation plans, and (4) actions that HAs may take now to help promote effective implementation of the new procedures. HUD published a related notice of matching program at 60 FR 21548; May 2, 1995.

EFFECTIVE DATES: HUD plans to implement the SS and SSI computer matching gradually over a period of about 1 year on a State-by-State basis. Implementation started in June 1996 in the States of Alaska, Idaho, Oregon and Washington. HUD also plans to provide HAs with about 1 month's notice of plans to implement the SS and SSI computer matching in the selected State(s)/HAs. Current income verification policies and procedures remain in effect until each HA implements the new procedures.

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 7:30 a.m. and 5:30 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: David L. Decker, Director, Computer Matching, Office of the Public and Indian Housing Comptroller, Room 5156, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, telephone number (202) 708-0099, extension 4273. (These telephone numbers are not toll-free.) A telecommunications device for hearing- and speech-impaired persons (TTY) is available at 1-800-877-8339 (Federal Information Relay Services). (This is a toll-free number.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The information collection requirements contained in this notice have been reviewed by the Office of Management and Budget under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned approval number 2577-0083, which expires on August 31, 1997.

Background

HAs administer the Public Housing Program and the Section 8 Programs that provide rental assistance to low income families under regulations issued by HUD's Office of the Assistant Secretary for Public and Indian Housing. Generally, tenants pay 30 percent of their income for rent. Under Section 8, the difference between the market rent and the tenant's payment constitutes a rental subsidy. Because household income is the major factor in determining eligibility for, and the amount of, rental subsidy, HUD has required HAs to verify applicants' incomes at the time of initial application for assistance (certification) and annually thereafter (recertification). All types of income must be verified including, e.g., wages, SS and SSI.

Present Procedures to Verify SS and SSI

The Social Security Administration (SSA) currently provides HAs with information needed to verify SS and SSI when HAs request the information. This is done using a mark-sense card system developed by the SSA. Under this system, HAs request SS and SSI information from the SSA by manually marking personal identifiers of tenants, i.e., the social security number (SSN), on a card and mailing the mark-sense card to a local SSA office for processing.

The SSA then processes the mark-sense card and sends a computer-produced report (called a Third Party Query Report) to the HA showing the SS and SSI benefits of the applicant or tenant. SSA has about 100 card readers nationwide that it considers obsolete

and plans to phase out. HAs presently are one of the primary users of SSA's mark-sense card operations.

HAs generally send mark-sense cards to the SSA only for applicants or tenants who report SS or SSI to the HA. Instead of submitting mark-sense cards, some HAs obtain SS and SSI information from local SSA offices where SSA staff use an automated system to query information by SSN. HAs compare the SS and SSI information obtained from the SSA to the tenant-reported income. HA staff include SSA documents received from the tenant and SSA's Third Party Query report in the tenants' case files.

HUD's development in recent years of an automated database, known as the Multifamily Tenant Characteristics System (MTCS), facilitates new procedures to verify tenant-reported income data. HAs provide HUD with the tenant data, i.e., personal identifiers and income data, that is included in the MTCS. HUD issued a final rule (60 FR 11626; March 2, 1995) requiring HAs to transfer tenant data to MTCS electronically.

HUD also issued Notice 96-20 (HA) on April 18, 1996, informing HAs of a reduction in Section 8 administrative fees for failure to electronically submit data for Form HUD-50058, Family Report, and Form HUD-50058-FSS, Family Self-Sufficiency Addendum, for Section 8 participants monthly or quarterly as required.

New Procedures to Verify SS and SSI

Monthly HUD will transmit to SSA, via a secure high-speed data line, personal identifiers for tenants scheduled to recertify 3 months before the tenants' scheduled annual recertification date. SSA does the computer matching of personal identifiers and provides HUD with SS and SSI information which HUD compares to the tenant-reported SS and SSI information shown in the MTCS. At least 2 months before the tenants' recertification, HUD will provide HAs with SS and SSI information needed to do annual recertifications of tenants, i.e., to determine eligibility and the rental assistance amounts.

HUD is adopting these procedures based on comments received from HAs that participated in a pilot project. This is a revision of what HUD initially planned—doing the computer matching for (re)certifications completed in the prior month, and reporting to HAs only SS and SSI information for tenants with income disparities.

The processing and reporting timeframes cited in the prior paragraph approximate those currently used by many HAs for annual recertifications.

However, HAs will receive the information directly from HUD—not from SSA. Initially, HUD will send computer-produced reports showing SS and SSI amounts to HAs that are similar to the reports HAs currently receive from SSA. HUD plans to provide for electronic transmission, instead of paper reports, later in calendar year 1996.

The planned computer matching procedures as currently designed provide SS and SSI information on a pre-recertification basis. The procedures do not provide HAs with SS and SSI information on a pre-certification basis for initial applicants for rental assistance.

Besides providing a report similar to the SSA's Third Party Query Report, HUD will also provide a report that shows SS and SSI income disparities, and request that the HAs resolve the disparities. This will involve confirming data validity, evaluating the potential for unreported or underreported income, providing the tenant due process, and taking appropriate administrative or legal actions.

HUD will provide HAs with a "Guide for Verifying Computer Matching Results and Taking Enforcement Actions." This Guide describes the computer matching program, includes sample computer-produced outputs, and describes procedures for verifying computer matching results and taking enforcement actions. The Guide also provides HAs substantial discretion in taking enforcement actions on abuses identified. HUD will distribute the Guide to HAs about one month before implementation. See the "Plans for Large-Scale Implementation of SS and SSI Computer Matching and Income Verification" section below.

Improved Efficiency and Effectiveness of New Procedures to Verify SS and SSI

A pilot demonstration has shown that the new procedures for verifying SS and SSI benefit HAs, HUD and SSA by improving the efficiency and effectiveness of income verification. Efficiency will be improved by using electronic data transfer and computer matching, instead of preparing mark-sense cards manually and sending them by mail to the SSA. Further, use of the new SS and SSI verification techniques will aid the SSA in planning for the elimination of mark-sense card operations and in reducing workload demands on local SSA Offices.

The effectiveness of the income verification process will be improved by detecting unreported or underreported SS and SSI.

This will be done by comparing personal identifiers of all household

members to SSA's data. In contrast, under present procedures HAs verify only the SS and SSI that individuals report. HA actions on unreported or underreported income will help deter abuses in HUD programs.

Policy Change

In implementing the new SS and SSI verification procedures, HAs will use HUD-provided SS and SSI computer matching results, instead of the SSA's mark-sense card and automated inquiry processing. The completeness and accuracy of the computer matching results will depend significantly on the quality of MTCS data that HAs provide to HUD. Therefore, the completeness and accuracy of the MTCS data will be of utmost importance.

HUD will discontinue its requirement for pre-verification of SS and SSI information for new applicants. HAs will be required to request and use tenant-provided information on SS and SSI, that the tenants certify as correct. Because the new procedures will not provide for verifying the SS and SSI before a new applicant's certification for rental assistance, HAs must request that new applicants provide documents that tenants have in their possession showing the monthly amount of SS and SSI they receive. The documents may include recent benefit letters [the preferred document], SSA Form 1099's, award letters, other letters from SSA that show benefit amounts, and bank statements showing net payments. HAs must not request that tenants obtain documents from SSA. HUD expects that tenant-provided documents generally will provide sufficient information to determine initial eligibility and benefit amounts. The information will be confirmed on a post-certification basis with computer matching.

HUD recognizes that pre-verification of SS and SSI information is beneficial in providing correct information for use in rental assistance determinations. However, HUD's MTCS collects data on new applicants after a certification or recertification occurs. Therefore, MTCS does not contain information needed for matching to SSA data on a pre-certification basis for new applicants. MTCS retains information on prior certifications or recertifications.

Regarding annual recertifications, HAs may rely on the HUD-provided information as sufficient documentation to verify tenant-reported SS and SSI income. HAs should not request other documents from tenants concerning SS and SSI if the HA has the HUD-provided SS and SSI information for the applicable (re)certification period.

Plans for Large-Scale Implementation of SS and SSI Computer Matching and Income Verification

HUD plans to implement the SS and SSI computer matching gradually over a period of about 1 year on a State-by-State basis. HUD also plans to provide HAs with about 1-month's notice of plans to implement the SS and SSI computer matching in the selected State(s)/HAs. In addition, HUD will provide each HA with copies of the "Guide for Verifying Computer Matching Results and Taking Enforcement Actions" at training sessions in selected States.

Recognizing that some HAs have not always reported data to MTCS, HUD anticipates that some HAs during the next year will need to use present procedures to verify SS and SSI. However, HAs must only use those procedures when absolutely necessary, i.e., when HUD-provided information is not available because of incomplete MTCS reporting. HUD's goal is to eliminate completely HAs' use of mark-sense cards by September 30, 1997. Further, except for very low volume of processing to resolve tenant disputed SS and SSI amounts, HA requests for automated SS and SSI inquiries should also be eliminated by that date.

After HAs start receiving HUD-produced computer matching results, HAs must discontinue the practices of submitting to the SSA mark-sense cards or requesting SSA automated queries of SS and SSI data. HAs should only be contacting SSA staff to request assistance in resolving SS and SSI information that the tenant disputes.

SSA Services During the Transition to Computer Matching

When HUD, due to incomplete MTCS data, cannot provide computer-produced SS and SSI information to HAs for recertifications, the SSA will provide HAs with SS and SSI verification services using past practices (i.e., mark sense cards or local SSA Office queries). SSA also will help HAs in resolving issues where the tenant disputes the amount of SS or SSI.

HUD Hotline

HUD will operate a telephone Hotline during the period of the transition to answer HA questions concerning the implementation. The Hotline number is (202) 708-0099.

Actions HAs Should Take to Help Promote Effective Implementation of SS and SSI Computer Matching and Income Verification

HUD encourages all HAs to take the following actions to promote effective

implementation of SS and SSI computer matching and income verification: (1) submit data electronically timely as required by the final rule published at 60 FR 11626; March 2, 1995, (2) ensure that the correct last name, SSN, and birth date are submitted electronically to HUD for all tenants required to provide SSNs, and (3) ensure that tenant-reported SS and SSI information are entered in the appropriate data fields.

Dated: July 5, 1996.

Michael B. Janis,

General Deputy Assistant Secretary for Public and Indian Housing.

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