

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

U.S. Department of Health and Human Services Data Integrity Board #1814

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

This computer matching agreement, hereinafter “agreement,” governs a matching program between the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement (OCSE) and the U.S. Department of Housing and Urban Development (HUD).

A. Purpose and Legal Authority for Conducting the Matching Program

The Privacy Act of 1974, as amended by the Computer Matching and Privacy Protection Act of 1998, hereinafter “Privacy Act,” requires that each matching agreement specify the purpose and legal authority for conducting the matching program. 5 U.S.C. §552a (o)(1)(A).

The purpose of the matching program is to assist HUD in verifying the employment and income of participants in certain rental assistance programs. OCSE shall provide HUD with new hire, quarterly wage, and unemployment insurance information from the National Directory of New Hires (NDNH) pertaining to participants whose names and Social Security numbers are transmitted to OCSE. HUD may also use the information, after the removal of personal identifiers, for the purpose of conducting analyses of the employment and income reporting of those participants.

Subsections 453(j)(7)(A), (C)(i), and (D)(i) of the Social Security Act provide the legal 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 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).

(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. ***

(D) Use of information by HUD — The Secretary of Housing and Urban Development may use information resulting from a data match pursuant to this paragraph 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)(A), (C)(i), and (D).

Subsection 453(j)(7)(D)(ii) of the Social Security Act provides legal authority to conduct analysis of employment and income reporting, “after the removal of personal identifiers,” 42 U.S.C. §653(j)(7)(D)(ii). HUD does not currently use NDNH match information to conduct analysis of employment and income reporting; however, if HUD seeks to conduct such analyses in the future, HUD shall first obtain OCSE approval by requesting authorization and providing OCSE with documentation of the proposed analyses. The documentation shall include the specific analyses, specific HUD users, procedures for the removal of personal identifiers, data storage location and safeguards, retention periods, and other information pertaining to the use of the results of the information comparison for analyses.

B. Background

A computerized comparison of records from systems of records for the purpose of verifying the eligibility of participants in a federal benefit program constitutes a “matching program” as defined by the Privacy Act. Records contained in a system of records may not be disclosed to a recipient agency or non-federal agency for use in a “matching program,” as defined by the Privacy Act, except pursuant to a written agreement containing certain provisions as specified in subsection 552a(o) of the Privacy Act (as amended). 5 U.S.C. §552a(o). This agreement contains the specified provisions. It also contains, or incorporates by reference, requirements from the Social Security Act, pursuant to which the matching program is authorized, National Institute of Standards and Technology Series 800 Special Publications, U.S. Department of Health and Human Services Information Security Program Policy, Office of Management and Budget guidance, U.S. Department of Health and Human Services and OCSE requirements, and other federal privacy and security requirements governing the disclosure of personally identifiable information.

The agreement includes a security addendum and six appendices, which include a cost-benefit analysis (Appendix A). A reimbursement agreement (not attached or appended) shall be executed each fiscal year of the agreement in accordance with section XI of this agreement.

OCSE and HUD have entered into matching agreements and renewals since 2004, the latest of which expires on October 24, 2018. *See* Appendix B of this agreement. This agreement sets forth the terms and conditions of a new matching program.

OCSE is the “source agency,” and HUD is the “recipient agency” as defined by the Privacy Act. 5 U.S.C. §552a(a)(9) and (11). The HUD Office of Public and Indian Housing (PIH) and the OCSE Division of Federal Systems are the components within their respective agencies responsible for the agreement.

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) “Federal Parent Locator Service” means a service, which includes the NDNH, conducted under the direction of OCSE pursuant to section 453 of the Social Security Act for purposes specified in sections 453 and 463. 42 U.S.C. §§653 and 663.
- (2) “National Directory of New Hires (NDNH)” means an automated directory maintained in the Federal Parent Locator Service, established by subsection 453(i)(1) of the Social Security Act, containing new hire, unemployment insurance, and quarterly wage information supplied by state and federal agencies pursuant to subsections 453A(b)(1)(C) and (g)(2) of the Social Security Act. 42 U.S.C. §§653(i)(1), 653a(b)(1)(C), and (g)(2).

- (3) “New hire information” means information pertaining to newly hired employees reported to the NDNH by state and federal agencies pursuant to subsections 453A(b)(1)(C), 453A(g)(2)(A) and 453(i)(1) of the Social Security Act. 42 U.S.C. §§653a(b)(1)(C), 653a(g)(2)(A) and 653(i)(1).
- (4) “Quarterly wage information” means employee wage information reported to the NDNH by state and federal agencies pursuant to subsections 453A(g)(2)(B) and 453(i)(1) and (n) of the Social Security Act. 42 U.S.C. §§653a(g)(2)(B), 653(i)(1) and (n).
- (5) “Unemployment insurance information” means information pertaining to benefits paid under state unemployment compensation programs and reported to the NDNH pursuant to subsections 453A(g)(2)(B) and 453(e)(3) and (i)(1) of the Social Security Act. 42 U.S.C. §§653a(g)(2)(B) and 653(e)(3) and (i)(1).
- (6) “Contract administrator” 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.
- (7) “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.
- (8) “Low-income housing” means decent, safe, and sanitary dwellings assisted under the United States Housing Act of 1937.
- (9) “Management agent” 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.
- (10) “Multifamily (MF) business partners” means “private owners,” “management agents,” and “contract administrators” as these terms are defined herein.
- (11) “Multifamily 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 of 1959 (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)
 - v. Section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. §1701s)
- (12) “Personnel” means HUD employees, HUD contractors, PHAs, and MF business partners.
- (13) “Private owner” 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.

- (14) "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.
- (15) "Public Housing Agency" (PHA) means any state, county, municipality, or other governmental entity, public body, 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.
- (16) "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.
- (17) "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.
- (18) "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.
- (19) "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 each matching agreement 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).

A. Justification for the Matching Program

The prevention and reduction of improper payments, waste, and abuse in federal benefit programs is a key governmental goal, as is evidenced by federal legislation, guidance, and policy. The President issued Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, establishing policies that federal programs serve their intended beneficiaries; provide public scrutiny of significant payment errors and eliminate the highest improper payments; establish accountability for reducing improper payments; and coordinate federal, state, and local government action in identifying and eliminating improper payments. 74 FR 62201 (Nov. 25, 2009).

The Improper Payments Information Act of 2002, Pub. L. 107-300, as amended by the Improper Payments Elimination and Recovery Act of 2010, Pub. L. 111-204, and the Improper Payments Elimination and Recovery Improvement Act of 2012, Pub. L. 112-248, requires federal agencies to identify programs susceptible to significant improper payments and to report to Congress on efforts to reduce such payments. The Office of Management and Budget issued implementing guidance to federal agencies in Appendix C to Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, M-15-02 (October 20, 2014).

Specific HUD requirements further justify the matching program and the analysis of employment and income reporting. HUD is required to establish procedures, which are appropriate and necessary, to assure that income information provided to PHAs and MF business partners by families is complete and accurate. 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 benefits, if any). 42 U.S.C. §1437f(k). HUD program administrators are required to use accurate income amounts in determining housing rental assistance. *See* 24 CFR §5.659 and chapter 5, section 3, of the Occupancy Requirements of Subsidized Multifamily Housing Programs, 4350.3 REV-1. For the public housing and tenant-based Section 8 programs, 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. 24 CFR §§960.259 and 982.516.

As of April 12, 2018, HUD estimates a total subsidy error associated with incorrect or fraudulent reporting to be approximately \$300 million and estimates 375,000 households have incorrectly reported income. HUD also estimates that approximately 17 percent of households participating in PIH and MF Housing programs, respectively, may not have disclosed all wage, employment, unemployment compensation benefits, and/or Social Security benefits. The NDNH is a centralized database of wage and employment information and, as such, provides an effective and efficient means to obtain information to assist HUD in identifying subsidy errors.

The matching program will assist HUD in detecting fraud, waste, and abuse and enhancing program integrity by providing useful information on the employment status and wages of HUD program applicants and recipients, specifically: 1) those who are employed with the federal government; 2) those who are employed in another state, including those who have been rehired by a previous employer after having been separated from such prior employment for at least 60 consecutive days (Pub. L. 112-40, effective April 21, 2012, amending subsection 453A(a)(2) of the Social Security Act, 42 U.S.C. §653a(a)(2)); and 3) those whose information is not readily available through the State Directory of New Hires, state workforce agencies, or other data reporting systems.

The positive results of the previous matching programs between HUD and OCSE further justify the proposed matching program. *See* section II.B and Appendix A of this agreement.

B. Anticipated Results of the Matching Program

HUD conducted an analysis of the costs and benefits of the matching program, which includes a specific estimate of savings. *See* section XIII of this agreement and Appendix A. The cost-benefit analysis measures the financial and non-financial benefits to HUD that are derived from the use of NDNH information by HUD and other authorized entities, as well as the costs associated with the previous matching program. In some cases, the data used in the cost-benefit analysis are actual data; estimated figures were used when actual data were not available.

The cost-benefit analysis demonstrates the matching program is likely to be cost-effective. HUD estimates that use of information in the Enterprise Income Verification (EIV) system, which includes NDNH information, is projected to result in a total annual potential impact of \$300 million per year. The cost-benefit analysis demonstrates HUD will continue to achieve a positive cost-benefit ratio and produce additional benefits to HUD.

III. DESCRIPTION OF THE RECORDS; FREQUENCY; METHOD OF TRANSMISSION; PROJECTED STARTING AND COMPLETION DATES

The Privacy Act requires that each matching 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. OCSE and HUD Systems of Records

The NDNH contains new hire, quarterly wage, and unemployment insurance information furnished by state and federal agencies and is maintained by OCSE in its system of records “OCSE National Directory of New Hires,” No. 09-80-0381, published in the *Federal Register* at 80 FR 17906 on April 2, 2015. The disclosure of NDNH information by OCSE to HUD constitutes a “routine use,” as defined by the Privacy Act. 5 U.S.C. §552a(b)(3). Routine use (12) of the system of records authorizes the disclosure of NDNH information to HUD. 80 FR 17906, 17907 (April 2, 2015).

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 in the *Federal Register* 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 authorizes disclosure of HUD records to OCSE.

B. Specified Data Elements Used in the Matching Program

1. Data Elements in the HUD Input File; Approximate Number of Records

The HUD input file provided to OCSE contains records pertaining to individuals who are participating in certain housing programs described in subparagraph (A) of subsection 453(j)(7) of the Social Security Act. Each individual record contains the following data elements, where available:

- First name
- Last name
- Date of birth
- Social Security number

Each HUD input file contains approximately 6.4 million records, which represent approximately 9.9 million individuals participating in the specified HUD housing programs. Of this total, approximately 7.7 million records pertain to individuals who participate in HUD's PIH programs and approximately 2.2 million records pertain to individuals who participate in HUD's MF Housing programs.

These numbers are an estimate of the number of records provided to OCSE by HUD and may fluctuate within the effective period of the agreement.

2. Verification of Name and Social Security Number Combinations

To enhance the accuracy of records used in the matching program and fairness to the individuals to whom the records pertain, HUD verifies the name, date of birth, and Social Security number combinations contained in the input file using Social Security Administration processes prior to transmitting records to OCSE. Such verification increases the likelihood that NDNH information provided to HUD pertains to the appropriate individuals.

3. HUD and NDNH Data Elements Used to Conduct the Comparison

OCSE will compare verified Social Security numbers provided by HUD to Social Security numbers in the NDNH in accordance with subsection 453(j)(7)(C)(i) of the Social Security Act. 42 U.S.C. §653(j)(7)(C)(i).

4. NDNH Data Elements Requested by HUD

To accomplish the purposes of this matching program, and in accordance with subsection 453(j)(7)(B) of the Social Security Act, which permits HUD to request NDNH information only to the extent necessary to verify the employment and income of individuals who are participating in the specified programs, HUD

requests the following data elements from the NDNH new hire, quarterly wage, and unemployment insurance files:

a. New Hire File

- New hire processed date
- Employee name
- Employee address
- Employee date of hire
- Employee state of hire
- Federal Employer Identification Number
- State Employer Identification Number
- Department of Defense status code
- Employer name
- Employer address
- Transmitter agency code
- Transmitter state code
- Transmitter state or agency name

b. Quarterly Wage File

- Quarterly wage processed date
- Employee name
- Federal Employer Identification Number
- State Employer Identification Number
- Department of Defense code
- Employer name
- Employer address
- Employee wage amount
- Quarterly wage reporting period
- Transmitter agency code
- Transmitter state code
- Transmitter state or agency name

c. Unemployment Insurance File

- Unemployment insurance processed date
- Claimant name
- Claimant address
- Claimant benefit amount
- Unemployment insurance reporting period
- Transmitter state code
- Transmitter state or agency name

5. Data Elements from the NDNH in the Output File; Approximate Number of Records

In accordance with subsection 453(j)(7)(C)(i) of the Social Security Act, the output file provided to HUD by OCSE will contain NDNH new hire, quarterly wage, and unemployment insurance information, if any, pertaining to the individuals whose records are contained in the HUD input file. 42 U.S.C. §653(j)(7)(C)(i).

The approximate number of records in the output file provided to HUD by OCSE depends upon the number of individuals whose information is maintained in the NDNH and the amount of NDNH information, if any, associated with those individuals.

C. Frequency of Information Comparisons

Subsection 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 the U.S. Department of Health and Human Services . . . ” 42 U.S.C. §653(j)(7)(A). HUD has determined that it will furnish to OCSE input files for comparison with information in the NDNH, containing the following approximate number of records in the following frequencies:

- 6.4 million records will be furnished monthly against the new hire file
- 6.4 million records will be furnished quarterly against the quarterly wage file
- 6.4 million records will be furnished quarterly against the unemployment insurance file
- Approximately 150,000 records will be furnished monthly, in non-quarterly months (8 times per year), against the quarterly wage and unemployment insurance files, pertaining to new program participants, participants who have turned 18, or participants who have had a major change of status

D. Method of Transmission

Input files from HUD to OCSE and output files from OCSE to HUD will be transmitted via a mutually approved and secure data transfer method, which uses FIPS 140-2 encryption standards. Files to and from entities authorized under sections VIII.E.1 and 2 of this agreement will be transmitted, or accessed, via the EIV system or another mutually approved and secure method of data transfer.

E. Projected Starting and Completion Dates

OCSE may commence comparisons and disclosures under this agreement upon completion of all of the following requirements:

- OCSE and the authorized HUD official sign the agreement;

- HUD submits the documentation required by OCSE to assess the security posture of HUD; and
- HUD completes the notice and reporting requirements specified in subsection XII.A of this agreement.

The projected expiration date of the agreement shall be 18 months from the effective date referenced in section XII.A of this agreement.

IV. NOTICE PROCEDURES

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

The Privacy Act requires that the matching agreement shall 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, subject to guidance provided by the Director of the Office of Management and Budget, 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)(i).

Subsection 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).

Pursuant to this requirement, HUD has implemented procedures and developed forms for providing individualized notice, at the time of application, and periodically thereafter, upon annual recertification or reexamination that the information provided by applicants and recipients may be verified through matching programs and obtaining the prior written consent of such applicants and recipients. Such procedures are in accordance with directions by the Data Integrity Board of the U.S. Department of Housing and Urban Development, subject to guidance by the Office of Management and Budget. The 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 C.

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

The Privacy Act requires a recipient agency to publish notice of the establishment or revision of a matching program in the *Federal Register*, at least 30 days prior to conducting such program. 5 U.S.C. §552a(e)(12).

At least 30 days prior to conducting the matching program, HUD shall publish the notice of matching program in the *Federal Register*. The notice must be prepared in accordance

with OMB Circular A-108 and shall clearly identify the systems of records, categories of records, and purposes for which the records will be used, and state that the matching program is subject to the review period afforded the Office of Management and Budget and Congress. The notice cannot be published until completion of the reviews by OMB and Congress.

HUD shall also provide a copy of the notice of matching program to OCSE immediately upon publication in the *Federal Register*.

C. Furnishing Report of Matching Program and Agreement to Congress and the Office of Management and Budget

The Privacy Act and OMB Guidance requires that copies of each matching agreement shall be transmitted to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform and be posted to the agency internet site, in order to permit an evaluation of the probable or potential effect of such proposal on the privacy or other rights of individuals. Agencies are also required to provide a report of a matching program, including the agreement, to the congressional committees and to the Office of Management and Budget. 5 U.S.C. (o)(2)(A) and §552a(r). *See* Office of Management and Budget Circular No. A-108, *Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act*.

HUD will provide a report of the matching program, including copies of this agreement and the notice to the appropriate congressional committees and the Office of Management and Budget, and will make the agreement available on the HUD internet site.

V. VERIFYING INFORMATION AND OPPORTUNITY TO CONTEST FINDINGS

A. Requirements for Verifying Information and Opportunity to Contest Findings

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). Subsection (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).

Further, subsection (q)(1) of the Privacy Act provides that notwithstanding any other provision of law, no source agency may disclose any record which is contained in a system of records to a recipient agency or non-federal agency for a matching program if such source 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 by such recipient agency. 5 U.S.C. §552a(q)(1). *See also* Office of Management and Budget guidelines at 54 FR 25818 (June 19, 1989).

B. Procedures for Verifying Information and Opportunity to Contest Findings

HUD recognizes that information obtained from the NDNH is not conclusive evidence of

the wage and employment information of an identified individual but is an indication that further verification is warranted. HUD has established and implemented procedures for HUD and authorized entities to which information is redisclosed to verify information produced in the matching program and providing the individual an opportunity to contest findings. Such procedures provide that prior to taking adverse action against an individual, HUD shall independently verify the information produced in the matching program; notify the individual of any findings; and inform the individual of the opportunity to contest such findings in accordance with subsections (p)(1) and (2) of the Privacy Act. 5 U.S.C. §552a(p)(1) and (2). These procedures are set forth in 24 CFR §5.236, 24 CFR §966.4(l)(3), 24 CFR §982.555, and related HUD directives and are applicable to authorized entities.

VI. RETENTION AND DISPOSITION OF RECORDS

The Privacy Act requires that each matching agreement 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 each matching agreement 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 provisions specify the retention periods for the records contained in the HUD input file provided by HUD and the NDNH records, which includes the information contained in those records, even NDNH information that is not labeled as such, provided to HUD in the matching program and to entities authorized pursuant to this agreement.

After the retention periods, OCSE and HUD shall destroy the records, including the erasure of all electronic records.

A. HUD Records in the Input File

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

B. NDNH Records in the Output File

1. Copy of NDNH Records in the Output File

OCSE may retain copies of the records contained in the NDNH output file provided to HUD by OCSE only for the period of time required to ensure the successful transmission of the output file to HUD, but no longer than 60 days after the transmission of the output files to HUD.

2. NDNH Records in the Output File Provided to HUD

HUD may retain the NDNH records contained in the output file provided to HUD by OCSE only for the period of time required to transfer such information onto the HUD system, EIV, but no longer than 60 days from the date of the disclosure of the files to HUD.

3. NDNH Records Downloaded and Maintained within the EIV

After downloading NDNH records onto the HUD system, EIV, HUD shall retain the NDNH records within the EIV only for the period of time required to achieve the authorized purpose of the matching program, and all legal retention requirements HUD establishes in conjunction with the National Archives and Records Administration have been met, 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 only for the time required to achieve the authorized purpose of the matching program, 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. The HUD MF Housing requirements are in HUD Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, Paragraph 5-23. The HUD Public and Indian Housing requirements are in 24 CFR §908.101.

VII. SECURITY PROCEDURES

The Privacy Act requires that each matching 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).

This agreement, including the security addendum, specifies procedures for ensuring the security of such records.

NDNH comparison results must be safeguarded, whether labeled as NDNH information or commingled with other information and, if an agency commingles NDNH information, the agency must ensure that computer matching agreement requirements and conditions apply to all information with which NDNH information is maintained.

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

The Privacy Act requires that each matching agreement specify prohibitions on duplication and redisclosure of records provided by the source agency within or outside the recipient agency or the 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 each matching agreement 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).

Restrictions on duplication, redisclosure, and use of records are also found in the Social Security Act. Subsection 453(l)(1) 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. 42 U.S.C. §653(l)(1). Subsection 453(l)(2) provides that an administrative penalty (up to and including dismissal from employment), and a fine of \$1,000 shall 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)(2). Subsection 453(m) requires the Secretary of the U.S. Department of Health and Human Services to establish and implement safeguards with respect to the entities established under this section 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). All duplicates, redisclosures, and uses of NDNH information, requested by HUD and approved by OCSE, and HUD information, are identified in this agreement. Further redisclosures and uses by HUD or the authorized entities identified in section VIII.E of this agreement or OCSE are prohibited under this agreement. Further redisclosures and uses may be permitted only if: 1) specifically requested by HUD, 2) authorized under subsection 453(j)(7)(E) of the Social Security Act, 3) governed by a written modification to this agreement, and 4) supported by the documentation agreed upon by OCSE and HUD for ensuring compliance with the privacy and security safeguards in this agreement, including the security addendum.

Subsection 453(j)(7) of the Social Security Act, under which this matching program is authorized, further restricts the redisclosure and use of records as described in the following sections.

A. Determination that Disclosures Do Not Interfere with the Child Support Program

Subsection 453(j)(7)(C)(ii) of the Social Security Act provides that the Secretary of Health and Human Services shall make disclosures to HUD only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under title IV, part D, of the Social Security Act. 42 U.S.C. §653(j)(7)(C)(ii).

OCSE may not commence, or may discontinue, disclosing NDNH information upon a

determination that such disclosure interferes with the effective operation of the state/federal child support program. OCSE will provide HUD with 10 days' advance written notice prior to any discontinuation of the disclosure of NDNH information.

B. Authorized Purpose and Use of NDNH Information by HUD; Verifying Employment and Income; Analyses

Subsection 453(j)(7)(D) of the Social Security Act provides that HUD may use information resulting from the information comparison only for the purpose of verifying the employment and income of individuals participating in certain HUD programs described in subparagraph (A) and, after the removal of personal identifiers, to conduct analyses of the employment and income reporting of such individuals. 42 U.S.C. §653(j)(7)(D).

HUD shall use, duplicate, copy, extract, and redisclose the results of the information comparison solely for the purposes authorized pursuant to this agreement, and comply with all privacy and security safeguards, in accordance with the terms and conditions specified in the agreement, including the security addendum.

Prior to any use of information resulting from this agreement used for the purpose of conducting analyses of employment and income reporting, HUD shall provide OCSE documentation, including the specific analyses being conducted, specific HUD users, procedures for the removal of personal identifiers, data storage location and safeguards, retention periods, and other information pertaining to the use of the results of the information comparison. HUD agrees that future plans for analyses shall be approved by OCSE prior to conducting such analysis.

C. Redisclosures Authorized by Subsection 453(j)(7)(E) of the Social Security Act

Subsection 453(j)(7)(E)(ii) of the Social Security Act authorizes HUD to redisclose NDNH information to a public housing agency, the HUD Inspector General, and the Attorney General for the purpose of verifying employment and income of participants in housing programs described in subparagraph (A) of subsection 453(j)(7).

Subsection 453(j)(7)(E)(iv)(II) of the Social Security Act authorizes HUD to redisclose NDNH information to a private owner, a management agent, and a contract administrator in connection with the administration of certain HUD programs described in subparagraph (A) of subsection 453(j)(7) (multifamily business partners).

HUD may redisclose NDNH information under such authority if the redisclosure to such entity is: 1) specifically requested by HUD; 2) authorized under subsection 453(j)(7)(E) of the Social Security Act, as agreed upon by HUD and OCSE; and 3) identified in section VIII.E.1 and 2 of this agreement and in Appendix F.

Such redisclosures may be authorized only for the purpose of verifying the employment and income of individuals described in subparagraph (A) in accordance with subsection 453(j)(7)(E)(iii) of the Social Security Act. 42 U.S.C. §653(j)(7)(E)(iii).

D. Evaluation of Costs, Benefits, and Safeguards; Control Policies; Audit and Sanctions

Subsection 453(j)(7)(E)(iv)(I) of the Social Security Act provides that HUD and OCSE shall determine whether to permit disclosure of NDNH information to a private owner, a management agent, and a contract administrator based on an evaluation, made by HUD in consultation with and approved by OCSE, of the costs and benefits of disclosures made to public housing agencies, the HUD Inspector General, and the Attorney General, and the adequacy of measures used to safeguard the security and confidentiality of information so disclosed. The evaluation required pursuant to subsection 453(j)(7)(E)(iv)(I) was conducted by HUD and signed by HUD and OCSE in May 2007.

Subsection 453(j)(7)(E)(ii) and (iv)(II) of the Social Security Act provides that HUD may disclose NDNH information subject to certain conditions contained in subsection 453(j)(7)(E)(iii). The conditions require disclosures to be made: (1) in accordance with data security and control policies established by HUD and approved by OCSE; (2) subject to audit in a manner satisfactory to OCSE; and (3) subject to the sanctions under subsection (l)(2) of section 453 of the Social Security Act. 42 U.S.C. §653(j)(7)(E)(ii), (iii), and (iv)(II). HUD and OCSE have agreed to such conditions, which are contained within this agreement, including the security addendum.

E. Entities Requested by HUD for Redisclosure; Authorized Purpose and Use; Conditions for Redisclosure

HUD requests and is authorized to redisclose the results of the information comparison to the following entities.

1. Public Housing Agencies, HUD Inspector General, and Attorney General; Multifamily Business Partners

HUD requests redisclosure of NDNH information to the PHAs, PHA management agents, the HUD Inspector General, the Attorney General, private owners, management agents, and contract administrators (MF business partners).

2. Limited Redisclosure to Independent Auditors and to Entities Associated with Grievance Procedures and Judicial Proceedings

HUD requests limited redisclosure of written reports containing NDNH information to certain approved independent auditors 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.

HUD also 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, 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 agreements (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 subsection 453(j)(7) of the Social Security Act and identified within this agreement.

3. Authorized Purpose and Use for Redisclosures of NDNH Information; Verifying Employment and Income

Subsection 453(j)(7)(E)(i) of the Social Security Act authorizes HUD to redisclose NDNH information to public housing agencies (PHAs), the PHA management agents, the HUD Inspector General, the Attorney General, and private owners, management agents, and contract administrators (MF business partners) for the sole purpose of verifying employment and income of participants in housing programs described in subparagraph (A) of subsection 453(j)(7). 42 U.S.C. §653(j)(7)(E)(i).

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 of participants in housing programs, not for the purpose of conducting analyses of the employment and income reporting of such participants.

PHAs, PHA management agents, private owners, management agents, and contract administrators are authorized to access and use NDNH information pertaining solely to participants of the housing programs administered by those entities.

All redisclosures of NDNH information, requested by HUD and approved by OCSE, are identified in this agreement and in the Data Flow Diagram. *See* Appendix D. The diagram identifies: 1) where and how the NDNH information is maintained by HUD and other authorized entities; 2) HUD and other authorized

entities' personnel who have access to NDNH information; and 3) the purpose for such access.

F. HUD Responsibility to Ensure Compliance with Agreement by Authorized Entities; Measures

HUD responsibilities pertaining to all privacy and security safeguards within this agreement, including the security addendum, extend to HUD contractors. HUD shall ensure that the authorized entities identified in section VIII.E of this agreement comply with all privacy and security safeguards within this agreement, including the security addendum.

Prior to any redisclosure under this agreement, HUD shall take the following measures to ensure such compliance: (1) establishing, documenting, and implementing, between HUD and each authorized entity, all safeguards within this agreement, including the security addendum; (2) providing authorized entities written documentation of all safeguards within this agreement; (3) entering into a written agreement or requiring a certification that those authorized entities shall comply with such safeguards; and (4) periodically monitoring to verify compliance, conducting audits, and otherwise enforcing all such safeguards within those entities.

IX. ASSESSMENT OF ACCURACY OF RECORDS

The Privacy Act requires that each matching 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. NDNH Records

The information maintained within the NDNH is reported to OCSE by state and federal agencies. OCSE verifies the accuracy of name and Social Security number combinations maintained by OCSE against Social Security Administration databases in accordance with subsection 453(j)(1) of the Social Security Act. 42 U.S.C. §653(j)(1). A record reported to the NDNH is considered "verified" if the name and Social Security number combination has a corresponding name and Social Security number combination within Social Security Administration databases.

One hundred percent of the employee name and Social Security number combinations contained in the new hire file and the unemployment insurance file against which input files are compared have been verified against Social Security Administration databases. For quarterly wage, seventy-seven percent of name and Social Security number combinations have been verified because some states do not collect enough name data. However, information comparisons may be conducted and reliable results obtained.

B. HUD Records

HUD verifies the accuracy of name and Social Security number combinations maintained by HUD against Social Security Administration databases. The input file to be compared to the NDNH only contains name and Social Security number combinations that have been verified by the Social Security Administration. Thus, HUD deems one hundred percent of the name/Social Security number combinations that HUD transmits to OCSE to be accurate.

X. ACCESS TO RECORDS BY THE COMPTROLLER GENERAL

The Privacy Act requires that each matching 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 such records for the authorized purpose of monitoring or verifying compliance with this agreement.

XI. REIMBURSEMENT

Subsection 453(k)(3) of the Social Security Act requires a state or federal agency that receives information from the Secretary of U.S. Department of Health and Human Services to reimburse the Secretary for costs incurred by the Secretary in furnishing the information. The reimbursement shall be at rates which the Secretary determines to be reasonable and will include the costs of obtaining, verifying, maintaining and comparing the information. 42 U.S.C. §653(k)(3).

Subsection 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 information from the NDNH. A reimbursement agreement shall be executed each fiscal year of the matching program, and HUD shall reimburse OCSE in accordance with the terms of such reimbursement agreement.

XII. EFFECTIVE DATE, DURATION, MODIFICATION, AND TERMINATION OF AGREEMENT

A. Effective Date of the Agreement

The Privacy Act provides that no agreement shall be effective until 30 days after publication of a notice of matching program in the *Federal Register*. 5 U.S.C.

§§552a(o)(2)(A)(i) and (ii). Notice of the matching program must be transmitted to the Senate Committee on Homeland Security and Governmental Affairs and to the House Committee on Oversight and Government Reform and the Office of Management and Budget at least 30 days prior to the submission of the notice to the *Federal Register* for publication. See 5 U.S.C. §§552a(e)(12) and (r), and Office of Management and Budget Circular No. A-108, *Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act*.

An agreement is not effective until agencies comply with all notice reporting requirements. Where applicable, agencies may agree upon a later effective date, for example, to coincide with the expiration of a renewal of a previous matching agreement between the agencies. HUD and OCSE intend that the effective date of this agreement will be October 25, 2018, the day after the expiration date of the renewal of the matching agreement, U.S. Department of Health and Human Services Data Integrity Board, No. 1513.

This agreement shall be effective after the compliance with, or subject to, the following requirements:

- When this agreement is approved and signed by the Chairperson of the HUD DIB, provided that all documents making up the matching program report to OMB and Congress (i.e., the agreement, narrative statement, matching notice, transmittal letters, and any required supplementary documents) have been prepared in full compliance with the Privacy Act and OMB policies (in particular, OMB Circular A-108, Sections 8 and 9 and Appendix V), and HUD then signs the transmittal letters and submit copies of the matching program report to Congress (two hard copies by mail or courier) and OMB (via ROCIS) for their advance review.
 - The advance review period for OMB and Congress will begin on the date of submission to OMB in ROCIS and will end 30 days after that date if they make no comments and OMB does not extend the advance review period.
- Upon completion of the advance review period, HUD will forward the public notice of the proposed matching program for publication in the *Federal Register* as required by subsection (e)(12) of the Privacy Act. The matching notice will be effective 30 days after publication if no public comments are received that necessitate changes to the notice.
- HUD will post a copy of the published notice and this agreement to the HUD internet site and will provide a copy of the notice to the other parties to this agreement.

B. Duration of the Agreement

The Privacy Act requires that each matching agreement 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).

This agreement shall remain in effect for 18 months. The Data Integrity Boards of the agencies may renew the agreement for a period of up to one year if the matching program will be conducted without any change; and OCSE and HUD certify to the Data Integrity Boards in writing that the program has been conducted in compliance with the agreement. 5 U.S.C. §552a(o)(2)(D).

Subsection (q) provides that no source agency may renew 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 that the certification is inaccurate. 5 U.S.C. § 552a(q)(2)(A) and (B).

C. Modification of the Agreement

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

D. Termination of the Agreement

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

Either agency may unilaterally terminate this agreement upon written notice to the other agency, 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 has reason to believe that the verification and opportunity to contest requirements of subsection (p) of the Privacy Act (as amended) or any other requirement of this agreement are not being met, OCSE shall terminate disclosures of records contained in the NDNH under the agreement in accordance with subsection 552a(q)(1) of the Privacy Act (as amended). 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.

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.

Each agency will submit to its Data Integrity Board a copy of any notification of termination.

XIII. COST-BENEFIT ANALYSIS

The Privacy Act 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. §522a(u)(4)(A).

HUD conducted a cost-benefit analysis in accordance with the Privacy Act based upon information from FY 2017. OCSE received the analysis from HUD on April 10, 2018. *See* Appendix A and section II.B of this agreement. OCSE shall submit the cost-benefit analysis to the Data Integrity Board of the U.S. Department of Health and Human Services.

XIV. NECESSITY OF INFORMATION FOR AUTHORIZED PURPOSE

Subsection 453(j)(7)(B) of the Social Security Act requires HUD to seek minimum information only to the extent necessary to verify the employment and income of participants of specified programs. 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 and each data element requested, the frequency of transmission and the retention and disposition periods of NDNH information are necessary to accomplish the authorized purpose for obtaining NDNH information—verifying the employment and income of participants of the specified programs. (*See* sections III.B, III.D, and VI of this agreement.)

HUD may provide to each entity listed in sections VIII.E.1 and 2 of this agreement only the specific NDNH information necessary to perform their official duties for accomplishing the purpose for obtaining NDNH information—verifying the employment and income of participants of the specified programs.

XV. PERIODIC REPORTING OF PERFORMANCE OUTCOMES

The Office of Management and Budget 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 Office of Management and Budget Information Technology Dashboard, the Annual Report to Congress, and the Major IT Business Case. OCSE is required to provide performance measures demonstrating how the Federal Parent Locator Service 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 the authorized purpose.

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

HUD shall provide such reports in a format determined by HUD and approved by OCSE, to OCSE on an annual basis, no later than three months after the end of each fiscal year of the matching program.

The reports may also assist HUD in the development of a cost-benefit analysis of the matching program required for any subsequent matching agreements in accordance with 5 U.S.C. §552a(o)(1)(B). *See* section II.B of this agreement.

XVI. DISPUTE RESOLUTION

Disputes related to this agreement over financial or accounting issues shall be resolved in accordance with instructions provided in the Treasury Financial Manual, Volume I, *Intragovernmental Business Rules Bulletin*, or a superseding directive, available on the Treasury Financial Manual website at <http://www.fms.treas.gov/tfm/vol1/bull.html>.

XVII. PERSONS TO CONTACT

- A.** The U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement contact for programs and security is:

Linda Boyer
Director
Division of Federal Systems
Office of Child Support Enforcement
Administration for Children and Families
Mary E. Switzer Building
330 C Street SW, 5th Floor
Washington, DC 20201
Phone: 202-401-5410
Fax: 202-401-5553
Email: linda.boyer@acf.hhs.gov

- B.** The U.S. Department of Housing and Urban Development contacts are:

Stevenson Bolden
EIV Program Manager
Office of Public and Indian Housing
Real Estate Assessment Center
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room PCFL2
Washington, DC 20410
Phone: 202-475-8746
Fax: 202-485-0286
Email: steve.a.bolden@hud.gov

Katherine A. Nzive
Director
Assisted Housing Oversight Division
Office of Asset Management and Oversight Division
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room 6180
Washington, DC 20410
Phone: 202-402-2768
Fax: 202-708-3104
Email: katherine.a.nzive@hud.gov

XVIII. APPROVALS

By their signatures below, the authorized officials approve this agreement.

A. U.S. Department of Health and Human Services Program Official

Scott M. Lekan Commissioner, OCSE	Date

B. U.S. Department of Health and Human Services Data Integrity Board

Scott W. Rowell Chairperson	Date

C. U.S. Department of Housing and Urban Development Program Officials

Dana T. Wade General Deputy Assistant Secretary for Housing	Date
Dominique Blom General Deputy Assistant Secretary for Public and Indian Housing	Date

D. U.S. Department of Housing and Urban Development Data Integrity Board

John Bravacos Chairperson, HUD Data Integrity Board	Date

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

Verification of Employment and Income and Analysis

I. PURPOSE AND EFFECT OF THIS SECURITY ADDENDUM

The purpose of this security addendum is to specify the security controls that the Office of Child Support Enforcement (OCSE) and U.S. Department of Housing and Urban Development (HUD) shall have in place to ensure the security of the records compared against records in the National Directory of New Hires (NDNH) and the results of the information comparison.

By signing this security addendum, OCSE and HUD agree to comply with the provisions of the Social Security Act, the Privacy Act of 1974, the Federal Information Security Modernization Act of 2014 (FISMA), Office of Management and Budget (OMB) directives, the National Institute of Standards and Technology (NIST) series of Special Publications (SP), and the underlying agreement to this security addendum. Further, each agency has implemented the minimum security controls required for a system categorized as “moderate” in accordance with the Federal Information Processing Standards (FIPS) Publication 199, *Standards for Security Categorization of Federal Information and Information Systems*. OCSE and HUD agree to use the information (such as input and output files) received from each agency for authorized purposes in accordance with the terms of the agreement.

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

II. APPLICABILITY OF THIS SECURITY ADDENDUM

This security addendum is applicable to the agency, personnel, facilities, documentation, information, electronic and physical records, other machine-readable information, and the information systems of OCSE and HUD and entities specified in the agreement, which are hereinafter referred to as “OCSE” and “HUD.”

III. SECURITY AND PRIVACY SAFEGUARDING REQUIREMENTS

HUD shall comply with the *Office of Child Support Enforcement Division of Federal Systems Security Requirements for Federal Agencies Receiving Federal Parent Locator Service Data*. HUD received this document on October 20, 2017. The safeguarding requirements in this security addendum are drawn from this document and are also based on the federal laws and requirements governing the protection of information referenced in section I of this security addendum.

This section provides the safeguarding requirements with which OCSE and HUD shall comply and continuously monitor. HUD shall also comply with three additional requirements: Breach Reporting and Notification Responsibility; Security Authorization; and Audit Requirements.

The safeguarding requirements for receiving NDNH information as well as the safeguards in place at OCSE for protecting the agency input file are as follows:

1. HUD shall restrict access to, and disclosure of, NDNH information to authorized personnel who need NDNH information to perform their official duties in connection with the authorized purposes specified in the agreement.

OCSE restricts access to and disclosure of the agency input files to authorized personnel who need them to perform their official duties as authorized in this agreement.

Policy/Requirements Traceability: 5 U.S.C. §552a(b)(1)

2. HUD shall establish and maintain an ongoing management oversight and quality assurance program to ensure that only authorized personnel have access to NDNH information.

OCSE management oversees the use of the agency input files to ensure that only authorized personnel have access.

Policy/Requirements Traceability: 5 U.S.C. §552a; NIST SP 800-53 Rev 4, *Security and Privacy Controls for Federal Information Systems and Organizations*, PL-4(1), PS-6, PS-8

3. HUD shall advise all authorized personnel who will access NDNH information of the confidentiality of NDNH information, the safeguards required to protect NDNH information, and the civil and criminal sanctions for non-compliance contained in the applicable federal laws, including section 453(1)(2) of the Social Security Act. 42 U.S.C. §653(1)(2).

OCSE advises all personnel who will access the agency input files of the confidentiality of the information, the safeguards required to protect the information,

and the civil and criminal sanctions for non-compliance contained in the applicable federal laws.

Policy/Requirements Traceability: 5 U.S.C. §552a; NIST SP 800-53 Rev 4, PL-4(1), PS-6, PS-8

4. HUD shall deliver security and privacy awareness training to personnel with authorized access to NDNH information and the system that houses, processes, or transmits NDNH information. The training shall describe each user's responsibility for proper use and protection of NDNH information, how to recognize and report potential indicators of insider threat, and the possible sanctions for misuse. All personnel shall receive security and privacy awareness training prior to accessing NDNH information and at least annually thereafter. The training shall cover the matching provisions of the federal Privacy Act, the Computer Matching and Privacy Protection Act, and other federal laws governing use and misuse of protected information.

OCSE delivers security and privacy awareness training to personnel. The training describes each user's responsibility for proper use and protection of other agencies' input files, how to recognize and report potential indicators of insider threat, and the possible sanctions for misuse. All personnel receive security and privacy awareness training prior to accessing agency input files and at least annually thereafter. The training covers the other federal laws governing use and misuse of protected information.

Policy/Requirements Traceability: 5 U.S.C. §552a; 44 U.S.C. §3551 et seq; OMB Circular A-130, *Managing Information as a Strategic Resource*; OMB M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*; NIST SP 800-53 Rev 4, AT-2(2), AT-3

5. HUD personnel with authorized access to the NDNH information shall sign non-disclosure agreements, rules of behavior, or equivalent documents before system access, annually, and if changes in assignment occur. The non-disclosure agreement, rules of behavior, or equivalent documents shall outline the authorized purposes for which HUD may use the NDNH information, the privacy and security safeguards contained in this agreement and security addendum, and the civil and criminal penalties for unauthorized use. HUD may use "wet" and/or electronic signatures to acknowledge non-disclosure agreements, rules of behavior, or equivalent documents.

OCSE personnel with authorized access to the agency input file sign non-disclosure agreements and rules of behavior.

Policy/Requirements Traceability: OMB Circular A-130 - Appendix I, *Responsibilities for Protecting and Managing Federal Information Resources*; OMB M-17-12; NIST SP 800-53 Rev 4, PS-6

6. HUD shall maintain records of authorized personnel with access to NDNH information. The records shall contain a copy of each individual's signed non-disclosure agreement, rules of behavior, or equivalent document and proof of the individual's participation in security and privacy awareness training. HUD shall make such records available to OCSE upon request.

OCSE maintains a record of personnel with access to the agency input files. The records will contain a copy of each individual's signed non-disclosure agreement, rules of behavior, or equivalent document and proof of the individual's participation in security and privacy awareness training.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AT-4

7. HUD shall have appropriate procedures in place to report confirmed and suspected security or privacy incidents, (unauthorized use or disclosure involving personally identifiable information), involving NDNH information. Immediately upon discovery, but in no case later than one hour after discovery of the incident, HUD shall report confirmed and suspected incidents, in either electronic or physical form, to OCSE, as designated in this security addendum. The requirement for HUD to report confirmed or suspected incidents involving NDNH information to OCSE exists in addition to, not in lieu of, any HUD requirements to report to the United States Computer Emergency Readiness Team (US-CERT) or other reporting agencies.

OCSE has appropriate procedures in place to report security or privacy incidents, or suspected incidents involving the agency input files. Immediately upon discovery but in no case later than one hour after discovery of the incident, OCSE will report confirmed and suspected incidents to the HUD security contact designated in this security addendum. The requirement for OCSE to report confirmed or suspected incidents to HUD exists in addition to, not in lieu of, requirements to report to US-CERT or other reporting agencies.

Policy/Requirements Traceability: OMB Circular A130 – Appendix I; OMB M-17-12; NIST SP 800-53 Rev 4, IR-6

8. HUD shall prohibit the use of non-HUD furnished equipment to access NDNH information without specific written authorization from the appropriate HUD representatives.

OCSE does not permit personnel to access the agency input files remotely using non-agency furnished equipment.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AC-20(1)(2)

9. HUD shall require that personnel accessing NDNH information remotely (for example, telecommuting) adhere to all the security and privacy safeguarding requirements provided in this security addendum. HUD and non-HUD furnished equipment shall have appropriate software with the latest updates to protect against

attacks, including, at a minimum, current antivirus software and up-to-date system patches and other software patches. Before electronic connection to HUD resources, HUD shall scan the HUD and non-HUD furnished equipment to ensure compliance with the HUD standards. All remote connections shall be through Network Access Control, and all data in transit between the remote location and HUD shall be encrypted using FIPS 140-2 encryption standards. Personally-owned devices shall not be authorized. See numbers 8 and 19 of this section for additional information.

OCSE does not permit personnel to access the agency input files remotely using non-agency furnished equipment.

Policy/Requirements Traceability: OMB M-17-12, NIST SP 800-53 Rev 4, AC-17, AC-20

10. HUD shall implement an effective continuous monitoring strategy and program that shall ensure the continued effectiveness of security controls by maintaining ongoing awareness of information security, vulnerabilities, and threats to the information system housing NDNH information. The continuous monitoring program shall include configuration management, patch management, vulnerability management, risk assessments before making changes to the system and environment, ongoing security control assessments, and reports to HUD officials as required.

OCSE has implemented a continuous monitoring strategy and program that ensures the continued effectiveness of security controls by maintaining ongoing awareness of information security, vulnerabilities, and threats to the information system housing the input files. The continuous monitoring program includes configuration management, patch management, vulnerability management, risk assessments before making changes to the system and environment, ongoing security control assessments, and reports to the U.S. Department of Health and Human Services officials as required.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, CA-7(1); NIST SP 800-137, *Information Security Continuous Monitoring for Federal Information Systems and Organizations*

11. HUD shall maintain an asset inventory of all software and hardware components within the boundary of the information system housing NDNH information. The inventory shall be detailed enough for HUD to track and report.

OCSE maintains an inventory of all software and hardware components within the boundary of the information system housing the agency input files.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, CM-2(1)(3)(7), CM-7(1)(2)(4), CM-8(1)(3)(5), CM-11, IA-3, SA-4(1)(2)(9)(10), SC-17, SC-18, SI-4(2)(4)(5), PM-5

12. HUD shall maintain a system security plan describing the security requirements for the system housing NDNH information and the security controls in place or planned for meeting those requirements. The system security plan shall describe the responsibilities and expected behavior of all individuals who access the system.

OCSE maintains a system security plan that describes the security requirements for the information system housing the agency input files and the security controls in place or planned for meeting those requirements. The system security plan includes responsibilities and expected behavior of all individuals who access the system.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, PL-2(3), NIST SP 800-18 Rev 1, *Guide for Developing Security Plans for Federal Information Systems*

13. HUD shall maintain a plan of action and milestones (and when applicable, a corrective action plan) for the information system housing NDNH information to document plans to correct weaknesses identified during security control assessments and to reduce or eliminate known vulnerabilities in the system. HUD shall update the plan of action and milestones (and when applicable, the corrective action plan) as necessary based on the findings from security control assessments, security impact analyses, and continuous monitoring activities.

OCSE maintains a plan of action and milestones for the information system housing the agency input files to document plans to correct weaknesses identified during security control assessments and to reduce or eliminate known vulnerabilities in the system. OCSE updates the plan of action and milestones as necessary based on the findings from security control assessments, security impact analyses, and continuous monitoring activities.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, CA-5, NIST SP 800-18 Rev 1

14. HUD shall maintain a baseline configuration of the system housing NDNH information. The baseline configuration shall include information on system components (for example, standard software packages installed on workstations, notebook computers, servers, network components, or mobile devices; current version numbers and patch information on operating systems and applications; and configuration settings/parameters), network topology, and the logical placement of those components within the system architecture.

OCSE maintains a baseline configuration of the information system housing the agency input files.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, CA-7, CA-9, CM-2(1)(3)(7), CM-3(2), CM-5, CM-6, CM-7(1)(2)(4), CM-8(1)(3)(5), CM-11, SI-4(2)(4)(5)

15. HUD shall limit and control logical and physical access to NDNH information to only those personnel authorized for such access based on their official duties, and identified in the records maintained by HUD pursuant to numbers 6 and 27 of this section. HUD shall prevent personnel from browsing by using technical controls or other compensating controls.

OCSE limits and controls logical and physical access to the agency input files to only those personnel authorized for such access based on their official duties. OCSE prevents browsing using technical controls that limit and monitor access to the agency input files.

Policy/Requirements Traceability: 5 U.S.C. §552a; NIST SP 800-53 Rev 4, AC-2, AC-3

16. HUD shall transmit and store all NDNH information provided pursuant to this agreement in a manner that safeguards the information and prohibits unauthorized access. All electronic HUD transmissions of information to HUD and entities specified in the agreement shall be encrypted using a FIPS 140-2 compliant product.

HUD and OCSE exchange data via a mutually approved and secured data transfer method that uses a FIPS 140-2 compliant product.

Policy/Requirements Traceability: OMB M-17-12; FIPS 140-2, *Security Requirements for Cryptographic Modules*; NIST SP 800-53 Rev 4, MP-4, SC-8

17. HUD shall transfer and store NDNH information only on HUD owned portable digital media and mobile computing and communications devices that are encrypted at the disk or device level, using a FIPS 140-2 compliant product. See numbers 8 and 18 of this section for additional information.

OCSE does not copy the agency input files to mobile media.

Policy/Requirements Traceability: OMB M-17-12; FIPS 140-2

18. HUD shall prohibit the use of computing resources resident in commercial or public facilities (for example, hotels, convention centers, airports) from accessing, transmitting, or storing NDNH information.

OCSE prohibits the use of computing resources resident in commercial or public facilities (for example, hotels, convention centers, airports) from accessing, transmitting, or storing the agency input files.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AC-19(5), CM-8(3)

19. HUD shall prohibit remote access to NDNH information, except via a secure and encrypted (FIPS 140-2 compliant) transmission link and using two-factor

authentication. HUD shall control remote access through a limited number of managed access control points.

OCSE prohibits remote access to the agency input files except via a secure and encrypted (FIPS 140-2 compliant) transmission link and using two-factor authentication.

Policy/Requirements Traceability: OMB M-17-12; FIPS 140-2; NIST SP 800-53 Rev 4, AC-17, IA-2(11)(12), SC-8

20. HUD shall maintain a fully automated audit trail system with audit records that, at a minimum, collect data associated with each query transaction to its initiator, capture date and time of system events and type of events. The audit trail system shall protect data and the audit tool from addition, modification or deletion and should be regularly reviewed and analyzed for indications of inappropriate or unusual activity.

OCSE maintains a fully automated audit trail system with audit records that, at a minimum, collect data associated with each query transaction with its initiator, capture date and time of system events and type of events. The audit trail system shall protect data and the audit tool from addition, modification or deletion and should be regularly reviewed and analyzed for indications of inappropriate or unusual activity.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AU-2, AU-3, AU-6(1)(3), AU-8, AU-9(4), AU-11

21. HUD shall log each computer-readable data extract (secondary store or files with duplicate NDNH information) from any database holding NDNH information and verify that each extract has been erased within 90 days after completing required use. If HUD requires the extract for longer than 90 days to accomplish a purpose authorized pursuant to this agreement, HUD shall request permission, in writing, to keep the extract for a defined period of time, subject to OCSE written approval. HUD shall comply with the retention and disposition requirements in the agreement.

OCSE does not extract information from the agency input files.

Policy/Requirements Traceability: OMB M-17-12

22. HUD shall use a time-out function for remote access and mobile devices that require a user to re-authenticate after no more than 30 minutes of inactivity. See numbers 8, 9, and 18 of this section for additional information.

OCSE uses a time-out function for remote access and mobile devices that requires a user to re-authenticate after no more than 30 minutes of inactivity.

Policy/Requirements Traceability: OMB M-17-12

23. HUD shall erase electronic records after completing authorized use in accordance with the retention and disposition requirements in the agreement.

OCSE erases the electronic records after completing authorized use in accordance with the retention and disposition requirements in the agreement.

Policy/Requirements Traceability: 5 U.S.C. §552a

24. HUD shall implement a Network Access Control (also known as Network Admission Control (NAC)) solution in conjunction with a Virtual Private Network (VPN) option to enforce security policy compliance on all HUD and non-HUD remote devices that attempt to gain access to, or use, NDNH information. HUD shall use a NAC solution to authenticate, authorize, evaluate, and remediate remote wired and wireless users before they can access the network. The implemented NAC solution shall evaluate whether remote machines are compliant with security policies through host(s) integrity tests against predefined templates, such as patch level, service packs, antivirus, and personal firewall status, as well as custom created checks tailored for the HUD enterprise environment. HUD shall disable functionality that allows automatic code execution. The solution shall enforce security policies by blocking, isolating, or quarantining non-compliant devices from accessing the HUD network and resources while maintaining an audit record on users' access and presence on the HUD network. See numbers 8 and 19 of this section for additional information.

OCSE ensures that personnel do not access the agency input files remotely using non-agency furnished equipment.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AC-17, AC-20, IA-2(11)(12), IA-3

25. HUD shall ensure that the organization responsible for the data processing facility storing, transmitting, or processing the NDNH information complies with the security requirements established in this security addendum. The "data processing facility" includes the personnel, facilities, documentation, data, electronic, and physical records and other machine-readable information, and the information systems of HUD including, but not limited to, employees and contractors working with the data processing facility, contractor data centers, and any other individual or entity collecting, storing, transmitting, or processing NDNH information.

OCSE ensures that the data processing facility complies with the security requirements established in this security addendum.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, SA-9(2)

26. HUD shall store all NDNH information provided pursuant to this agreement 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.

OCSE stores the agency input files provided pursuant to this agreement 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.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, PE-2, PE-3

27. HUD shall maintain a list of personnel authorized to access facilities and systems processing sensitive data, including NDNH information. HUD shall control access to facilities and systems wherever NDNH information is processed. Designated officials shall review and approve the access list and authorization credentials initially and periodically thereafter, but no less often than annually.

OCSE maintains lists of personnel authorized to access facilities and systems processing the agency input files. OCSE controls access to facilities and systems wherever the agency input files are processed. Designated officials review and approve the access list and authorization credentials initially and periodically thereafter, but no less often than annually.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, AC-2, PE-2

28. HUD shall label printed reports containing NDNH information to denote the level of sensitivity of the information and limitations on distribution. HUD shall maintain printed reports in a locked container when not in use and shall not transport NDNH information off HUD premises. When no longer needed, in accordance with the retention and disposition requirements in the agreement, HUD shall destroy these printed reports by burning or shredding.

OCSE does not generate printed reports containing the agency input files.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, MP-3, MP-4, MP-5, MP-6

29. HUD shall use locks and other protective measures at all physical access points (including designated entry and exit points) to prevent unauthorized access to computer and support areas containing NDNH information.

OCSE uses locks and other protective measures at all physical access points (including designated entry/exit points) to prevent unauthorized access to computer and support areas.

Policy/Requirements Traceability: NIST SP 800-53 Rev 4, PE-3

IV. CLOUD SOLUTION (OPTIONAL)

HUD may choose to use cloud computing to distribute services over broader architectures. The cloud service provider must be Federal Risk and Authorization Management Program

(FedRAMP) certified in order to meet federal security requirements for cloud-based computing or data storage solutions. Cloud implementations are defined by the service model and deployment model used. Software as a Service, Platform as a Service, and Infrastructure as a Service are examples of cloud service models for cloud implementation. The deployment models may include private cloud, community cloud, public cloud, and hybrid cloud. Data security requirements as defined below still must be met regardless of the type of cloud implementation chosen.

1. The cloud-based solution must reside on a FedRAMP compliant system. FedRAMP is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.
2. Use of a cloud solution must be approved in advance by the OCSE Security Team before connectivity to NDNH information can be established.
3. HUD and the cloud service provider must follow the data retention policies agreed upon by HUD and OCSE to ensure that all required statutory requirements are met.
4. The data stored by the cloud service provider should ONLY be used for the authorized purpose of the matching program.
5. It is the obligation of the matching partner to ensure that the cloud housing the NDNH information is stored domestically and is specified in the contract or Service Level Agreement between the matching partner and the cloud service provider.

V. BREACH REPORTING AND NOTIFICATION RESPONSIBILITY

Upon disclosure of NDNH information from OCSE to HUD, HUD is the responsible party in the event of a confirmed or suspected breach of the information, including responsibility for any costs associated with breach mitigation and remediation. Immediately upon discovery, but in no case later than one hour after discovery of the incident, HUD shall report confirmed and suspected incidents, in either electronic or physical form, to OCSE as designated in this security addendum. HUD is responsible for all reporting and notification activities, including but 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; correcting the vulnerability that allowed the breach; and any other activity as required by OMB M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*, and other federal law and guidance.

Policy/Requirements Traceability: *US-CERT Federal Incident Notification Guidelines* (April 1, 2017); OMB Circular A130 – Appendix I; OMB M-17-12; NIST SP 800-53 Rev 4, IR-6

VI. SECURITY AUTHORIZATION

OCSE requires systems that process, transmit, or store NDNH information to be granted authorization to operate following the guidelines in NIST 800-37 Revision 1.

1. HUD Security Posture

OCSE requires HUD to demonstrate its security posture before receiving NDNH information and periodically thereafter, by providing a copy of the Authorization to Operate (ATO) for the HUD environment that will house NDNH information on HUD premises.

The HUD ATO was signed on March 30, 2016. OCSE considers this evidence that the HUD environment is in compliance with the security requirements in this security addendum. The effective period for an ATO is three years, which means OCSE maintains the right to request an updated ATO signature if the signature date on file expires during this agreement.

HUD is only authorized to process, transmit, and store NDNH information in HUD owned or operated premises.

2. HUD Permitted Entity Security Posture

Prior to the redisclosure of NDNH information by HUD to any entity authorized pursuant to subsection 453(j)(7)(E) of the Social Security Act and specified within the agreement, HUD shall demonstrate, and OCSE shall review and approve, the security posture of the entity's systems and processes. 42 U.S.C. §653(j)(7)(E).

All information systems and applications that process, transmit or store NDNH information shall be fully compliant with FISMA, OMB directives, and NIST guidelines.

Prior to receiving NDNH information, entities shall have implemented the minimum security controls required for a system categorized as "moderate" in accordance with FIPS 199.

All systems and applications handling NDNH information shall first be granted the ATO through the authorization process according to NIST SP 800-37 Revision 1. In addition, if applicable, federal agencies that share NDNH information with entities specified in the agreement shall ensure the specified contractors meet the same safeguarding requirements. The authorizing official of the agency that re-discloses NDNH information to the permitted entity may grant them the ATO or security authorization.

The security authorization process shall have been conducted according to the NIST SP 800-37 Revision 1, as appropriate.

Federal agencies shall comply with NIST SP 800-37 Revision 1, including implementing a continuous monitoring program for permitted entities. Agencies shall conduct the authorization process at least every three years or when there are major changes to a system. Agencies must verify privacy protection periodically through audits and reviews of the systems and procedures.

By signing the security addendum, HUD signatories confirm that HUD has reviewed the entities specified in the agreement, reviewed the 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 entities specified in the agreement are commensurate with those of a federal system categorized as “moderate” according to FIPS 199. *See also OMB M-18-02, Fiscal Year 2017-2018 Guidance on Federal Information Security and Privacy Management Requirements, October 16, 2017.*

VII. AUDIT REQUIREMENTS

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).

Policy/Requirements Traceability: OMB M-18-02, *Fiscal Year 2017-2018 Guidance on Federal Information Security and Privacy Management Requirements*, October 16, 2017; OMB Circular No. A-130, Appendix I

VIII. PERSONS TO CONTACT

- A.** The U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement security contact is:

Linda Boyer
Director
Division of Federal Systems
Office of Child Support Enforcement
Administration for Children and Families
Mary E. Switzer Building
330 C Street SW
5th Floor
Washington, DC 20201
Phone: 202-401-5410
Fax: 202-401-5553
Email: linda.boyer@acf.hhs.gov

- B.** The HUD security contact is:

Tracy Bigesby
Acting, Chief Information Security Officer
U.S. Department of Housing and Urban Development
451 7th Street SW, Room 4156
Washington, DC 20410
Phone: 202-402-3616
Fax: 202-402-0027
Email: Tracy.K.Bigesby@hud.gov

IX. APPROVALS

By their signatures below, the authorized officials approve this security addendum.

A. U.S. Department of Health and Human Services Officials

Linda Boyer Director Division of Federal Systems	Date
Scott M. Lekan Commissioner	Date

B. U.S. Housing and Urban Development Officials

Tracy K. Bigesby Acting, Chief Information Security Officer	Date

APPENDIX A

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

BACKGROUND:

HUD and HHS have maintained a formal interagency Computer Matching Agreement (CMA) for the purpose of verifying the employment and income information of participants in certain HUD rental assistance programs. HHS's Office of Child Support Enforcement provides HUD with new hire, quarterly wage, and unemployment insurance data from the National Directory of New Hires (NDNH) to support participant income verifications as required during the administration of HUD's rental housing assistance programs. HUD consolidates data and makes this combined data available online via its Enterprise Income Verification System (EIV) to authorized system users that administer HUD rental housing assistance programs. The use of NDNH data is critical when validating tenant reported income during family interim and annual reexaminations. To accomplish this, EIV electronically compares tenant data acquired from the Office of Public and Indian Housing's Inventory Management System (IMS) and the Office of Multifamily Housing's Tenant Rental Assistance Certification System (TRACS) to perform data matching comparisons with the NDNH to measure income discrepancies between what is voluntarily reported by a family receiving HUD rental assistance against what is reported in the NDNH database.. These matching comparisons are performed monthly to acquire (W-4) new hires, wage, and unemployment insurance income information for all program participants age 18 and over.

The NDNH computer matching program allows the EIV System to provide a wide variety of verification reports which summarize, compare and project tenant household income and identify tenants with income discrepancies and/or unreported income. Additionally, NDNH data assists the EIV System with identifying tenants who have started a new job, tenants who may be receiving multiple benefits and applicants who may already be receiving HUD rental assistance. The EIV reports are used by Public Housing Agencies (PHAs), Owners/Agents (O/As) and HUD Headquarters (HQ), Field Office (FO) personnel and Office of Inspector General investigators and auditors who monitor EIV data and review the performance of PHAs and O/As. In addition to this, MF Housing, provides oversight by performance-based contract administrators (PBCAs) and traditional contract administrators (TCAs) who also use the EIV System reports.

Also, using the EIV System integrated with NDNH data streamlines the income verification process which results in less administrative burden in complying with third party verification requirements. Which in turn, will benefit PHAs, tenants, taxpayers and applicants by ensuring that the level of benefits provided on behalf of families is proper and will prevent fraud, waste

and abuse within HUD subsidized housing programs. Use of the EIV System by PHAs, owners, management agents, and contract administrators became mandatory effective January 31, 2010.

HUD’s rental housing assistance programs are administered on behalf of HUD by third-party program administrators, including PHAs, public and private project owners, and contracted management agents. In the programs examined, eligible tenants are generally required to pay 30 percent of their adjusted income toward shelter costs (rent plus utilities), with HUD subsidizing the balance of the rental payment. New program applicants are required to provide certain information on household characteristics, income, assets, and expenses that is used to determine what rent they should pay. Existing tenants are required to recertify this information annually and, also, in some circumstances, when there are significant changes in household income or family composition. Applicant or tenant failure to correctly report income may result in HUD’s over or underpayment of housing assistance. The failure of the responsible program administrator to correctly interview the tenant or process and calculate the tenant’s rental assistance may also result in HUD’s over or underpayment of housing assistance.

COSTS

Key Element 1: Personnel Costs

Recipient Agency - Staffing for EIV is made up of 13 full time government staff dedicated to working with the EIV System and the report information contained within. There is also a contingent IT staff that devotes a small portion of time to the EIV System maintenance. All staff salaries vary according to actual step levels. IT staff works on other projects so only a portion of their time/salary is allotted to EIV. Approximately \$1.5 million can be attributed to Personnel Costs.

Staffing	# of Staff	Position	Total
EIV	1	GS-15	\$152,760
EIV	2	GS-14	\$274,316
EIV	7	GS-13	\$772,533
EIV	2	GS-12	\$187,561
EIV	1	GS-09	\$59,983
EIV-IT	2	GS-13	\$79,192.75
		Total	\$1,526,346

Clients – N/A

Third Parties – N/A

General Public – N/A

Key Element 2: Agencies' Computer Costs

Recipient Agency - HUD's Computer Cost is approximately \$1,143,000 which is a combination of various access and user fees that are paid for the data matching. There is no other outside public agency fee involved with this matching agreement. There is also no charge for external use to HUD's stakeholders who administer HUD's rental assistance programs.

BENEFITS

Key Element 3: Avoidance of Future Improper Payments

Recipient Agency - The primary category of improper payments within HUD's rental programs takes the form of either overpayments or underpayments to rental recipients. Timely and current data is critical to accurately assess the veracity of income reported by rental applicants.

Trending analysis were used to provide a national estimate of the subsidy cost to HUD resulting from assisted housing tenants who intentionally misreport their income. During FY2017 there was over \$2.3 billion in underreported income by rental recipients. This could have resulted in \$300 million in overpayments to rental recipients were it not for the data matching with NDNH. With over \$2.7 million in Personnel and Computer Costs this represents a return of over 100:1

For this analysis it was assumed that there was no underlying pattern of behavior in a time series for the past several years. Therefore, the trend was assumed to be linear. It is assumed that the factors formerly impacting a data point may no longer be doing so to the same extent for the current analysis. This means that the extrapolation of the historical time series will not necessarily yield a valid prediction of the future but given the data available it provides a viable estimate.

Utilizing the NDNH data provided by HHS, allows HUD the ability to develop a risk-based assessment of housing agency performance of intake processing protocols that could lead to a change in policies or procedures. This can also lead to more accurate tenant assessments through either threats of sanctions or by establishing corrective action plans. HUD can also establish a methodology to extrapolate and estimate error rates across housing agencies based on size and demographics.

Benefits of the computer matching program for HUD include:

1. Reducing improper payments in accordance with Executive Order 13520, issued on November 20, 2009, and the Improper Payments Elimination and Recovery Act of 2010, enacted on July 22, 2010;
2. Increasing the availability of rental subsidies to individuals who meet the requirements of the housing assistance programs;
3. Determining the appropriate level of rental subsidies;
4. Identifying and recovering overpayments of rental subsidies;
5. Deterring future abuses in rental subsidy programs;

6. Ensuring that only valid tenants receive rental assistance; and
7. Reduced administrative costs associated with manual verifications.

Clients – Using the NDNH data as an upfront income verification technique is valuable in validating tenant-reported income as well as streamlining the PHAs income verification process. This results in less administrative burden in complying with third party verification requirements. Additionally, the information will help to identify and cure inaccuracies in housing subsidy determinations and reduce administrative and subsidy payment errors which in turn will benefit both PHAs and tenants.

General Public – Via the HUD-HHS CMA, HUD-REAC’s ability to use NDNH data is an invaluable tool for the general public, tax payers, and housing program administrators. This data has assisted HUD with ensuring that limited Federal resources are available to serve as many eligible families as possible by reducing the high incidence of tenant un-reporting and/or underreporting of income and has identified program errors which improves the integrity and accuracy of rent calculations and tenant subsidy determinations made by PHAs and Multifamily O/A’s. In addition, avoidance of improper payments allows more available funding and opportunities for very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

Key Element 4: Recovery of Improper Payments and Debts

Recipient Agency - HUD also uses the Enterprise Income Verification (EIV) System in the recovery of Improper Payments and the maintenance of Debts Owed. HUD’s EIV System has a Debts Owed and Adverse Information Module that is used to record, track and maintain a national repository of debts owed to Public Housing Agencies (PHAs), Section 8 landlords, and Multifamily Housing O/A’s and adverse information of former participants who have voluntarily or involuntarily terminated participation in one of the above-listed HUD rental assistance programs. At the conclusion of a family’s rental assistance participation, HUD requires PHAs and O/A’s to collect and record any debt owed by the family (all members 18 years of age and older) and report any adverse information that may have aided in the termination of the family or member. With this, PHA’s are required to record:

- Amount of any balance a family owes the PHA or Section 8 landlord (up to \$500,000) and provide an explanation for balance owed (i.e. unpaid rent, retroactive rent (due to unreported income and/ or change in family composition) or other charges such as damages, utility charges, etc.); and
- Whether or not the family has entered into a repayment agreement for the amount owed the PHA; and
- Whether or not the family has defaulted on a repayment agreement; and
- Whether or not the PHA has obtained a judgment against the family; and
- Whether or not the family has filed for bankruptcy; and
- The negative reason(s) for the family’s end of participation or any negative status (i.e., abandoned unit, fraud, lease violations, criminal activity, etc.) as of the end of participation date.

Debts Owed and Termination information is maintained in the EIV System for a period of up to ten (10) years from the end of participation date or such other period consistent with State Law. HUD Program Administrators will have access to this information during the time of application for rental assistance and for use during mandatory reexamination of family income and composition. This information will be used to validate existing program participants household income and to screen program applicants. With use of the EIV module, PHAs will be alerted of an applicant's prior program history, may it be a debt owed (in any state or U.S. territory) or negative information which led to the family's termination, when the family voluntarily or involuntarily exited the program. This information may be used to determine a family's suitability for initial or continued rental assistance and to assist with the avoidance of providing limited Federal housing assistance to families who have previously been unable to comply with HUD program requirements. If the reported information in the EIV Debts Owed Module is accurate, program administrators may terminate current rental assistance participants or deny future request for HUD rental assistance, in accordance with established policies. With this, as program administrators, and in accordance with a PHAs policies, the PHA has discretion when dealing with its rental recipients. Since applicants and tenants are required to sign an EIV Debts Owed and Terminations acknowledgement form (Form HUD 9886), use of the NDNH information via this CMA has assisted HUD with pursuing a "good citizen" program with its rental recipients. By informing applicants and participants of the EIV data, where it comes from and how it will be used, this has assisted many to abide with the rules by correctly reporting income and household composition.

Recapture audits are conducted at least annually based on the payment history to the housing agencies. Depending on other risk factors, they are also conducted on an ongoing basis for selected housing agencies. Recovery of any overfunded payments to housing agencies can take place on monthly basis if necessary. In egregious situations program administrators may not have their annual contribution contract renewed or may be forced to merge with another, better organized program administrator in their service area.

Clients and General Public - HUD's EIV Staff provides monitoring efforts to confirm PHA compliance with PIC reporting requirements, the recovery of improper payments and the effective use of the EIV system and NDNH data to reduce improper payments. Although not all improper payments are fraud, and not all improper payments represent a loss to the government, recovery efforts inform American citizens that their tax dollars are being spent as efficiently and effectively as possible by the Federal government. HUD estimates that use of the NDNH data has identified programs susceptible to significant improper payments and has saved an estimated \$207,801,995 to PHA administered HUD rental housing programs. By identifying and measuring improper payment issues and determining the root causes of error, HUD and its PHA partners are able to focus its resources so that corrective action plans can be thoughtfully developed and successfully carried out. The information in EIV is also used by HUD, HUD's Office of Inspector General (OIG), and auditors to ensure program participants and administrators comply with HUD rules.

HUD's Improper Payment Reduction Forecast

HUD will continue to take aggressive steps to address the causes of improper rental housing assistance payments to ensure that the right benefits go to the right people as well as address known causes and levels of improper payments. In addition, PIH has implemented additional functionalities within the EIV System and has a team dedicated to monitoring PHA progress and compliance in all risk factors measured by and associated with the EIV System. This effort will result in documenting the occurrence of improper payments and HUD's recovery thereof.

Overall, the purpose of EIV is to identify and prevent fraud within HUD rental assistance programs, so that limited taxpayer's dollars can assist as many eligible families as possible. With the continued use of NDNH data via the CMA, EIV will help to improve the integrity of HUD rental assistance programs.

APPENDIX B

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 and Renewal “Verification of Employment and Income Reduction and Measurement of Improper Payments,” HHS DIB Approval No. 1513, effective April 25, 2016, through October 24, 2018.
2. Computer Matching Agreement, Renewal and Amendment, “Verification of Employment and Income Reduction and Measurement of Improper Payments,” HHS DIB Approval No. 1304, effective March 16, 2015, through March 15, 2016.
3. Computer Matching Agreement, “Verification of Employment and Income and Reduction and Measurement of Improper Payments,” HHS DIB Approval No. 1304, effective September 16, 2013, through March 15, 2015.
4. Computer Matching Agreement, Renewal and Amendment, “Verification of Employment and Income Reduction and Measurement of Improper Payments,” HHS DIB Approval No. 1008 effective August 4, 2012 through August 3, 2013.
5. Computer Matching Agreement, “Verification of Employment and Income and Reduction and Measurement of Improper Payments,” HHS DIB Approval No. 1008, effective February 4, 2011 through August 3, 2012.
6. 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.
7. 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).
8. 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.
9. Memorandum of Understanding, “Measurement of Improper Payments,” August 15, 2007.
10. Computer Matching Agreement, Renewal, “Verification of Eligibility for HUD Housing Programs,” HHS DIB Approval No. 0509, effective March 29, 2007 through March 28, 2008.
11. Computer Matching Agreement, “Verification of Eligibility for HUD Housing Programs,” HHS DIB Approval No. 0509, effective July 12, 2005 through March 28, 2007.
12. “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.

13. Memorandum of Understanding, "Measurement of Improper Payments," September 2006.
14. Memorandum of Understanding, "Measurement of Improper Payments," March 2005.
15. Memorandum of Understanding, "Measurement of Improper Payments," June 2004.

APPENDIX C

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

OMB CONTROL NUMBER: 2501-0014
exp. 10/2014

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

IHA 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(l)(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, 7420.8, & 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 (02/2007)

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 62 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 (02/2007)

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 (02/2007)

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 W2-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 (02/2007)

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 HUD-9887/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:

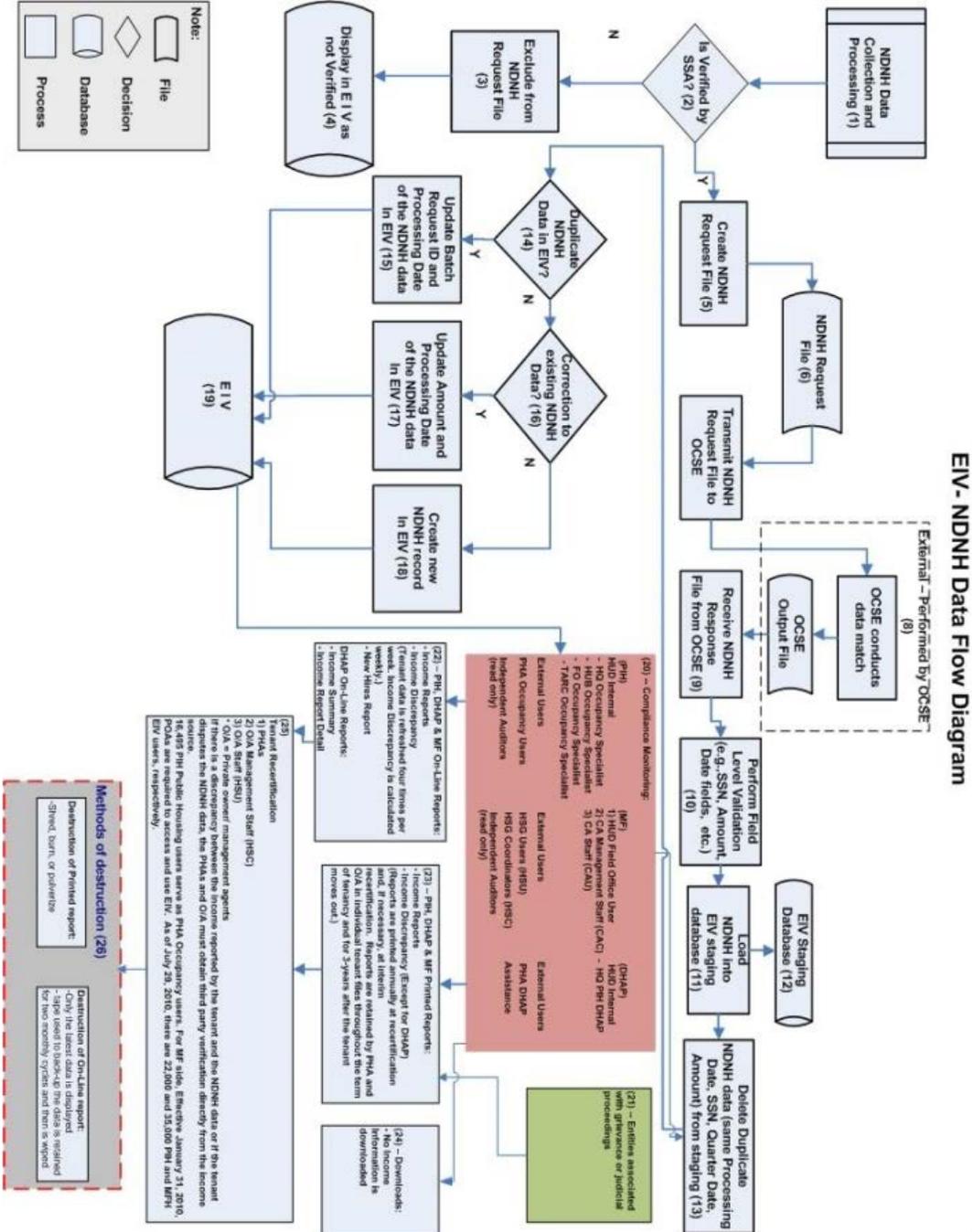
HUD, the O/A, and any PHA (or any employee of HUD, the O/A, or the PHA) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form.

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.

APPENDIX D

HUD EIV Data Flow Diagram



Appendix E

Authorized Users for Analyses of Employment and Income Reporting

The following authorized individuals may send and receive the files for comparison and use the results of the comparisons for the authorized purposes set forth in the HUD-NDNH computer matching agreement. Additional users may only be authorized by OCSE's written approval.

EIV Team

Ted Taylor, REAC

Metzy Martinez, EIV IT Manager

Steve Bolden, EIV Business Manager