

RD AN No. 3647 (1930-C)
April 17, 2001

TO: State Directors
Rural Development

FROM: James C. Alsop *(Signed by James C. Alsop)*
Acting Administrator
Rural Housing Service

ATTENTION: Housing Program Directors

SUBJECT: Wage and Benefit Matching for Single and Multi-
Family Housing Programs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to encourage wage and benefit matching in the Single and Multi-Family Housing programs and establish guidelines for when and how often to conduct wage and benefit matching.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 3290 (1930-C) dated October 23, 1996.

IMPLEMENTATION RESPONSIBILITIES:

Effective immediately, State Office staffs will:

1. Develop a State issuance. Prepare State Supplements or other appropriate issuances as necessary to ensure proper implementation of the provisions set out in this AN.
2. Establish an agreement with State Agency. Execute a Memorandum of Understanding (MOU) or other appropriate agreement with the state agency charged with administering information required to be kept by the Department of Labor (DOL) on wage earnings and benefits. The purpose of the MOU is to carry out the objectives contained herein and provide third-party verification of wages and benefits. The Agency must obtain the advice and consent of the Office of the General Counsel (OGC) before entering into such agreements. Any charges

EXPIRATION DATE: April 30, 2002

FILING INSTRUCTIONS:
Preceding RD
Instruction 1930-C

assessed to the Agency for services may be authorized for payment in accordance with the provisions of RD Instruction 2024-A. State Directors must aggressively attempt to execute an MOU. Automation barriers and a lack of cooperation should be resolved to achieve the desired results. State Directors are encouraged to use the Agency's influence to the fullest to overcome resistance whenever existing State laws do not prohibit wage and benefit matching. The Deputy Administrator may be contacted if assistance is needed in overcoming implementation barriers.

3. Approve computer matching arrangements. The administrative oversight required for a fully interactive wage and benefit-matching system involves considerable resources to meet the stringent administrative oversight required by law. Where two or more Agency automated systems are anticipated to be linked to interact with each other in a manner in which databases can be linked to merge data, please contact the Deputy Administrator, Multi-Family Housing, or the Deputy Administrator, Single Family Housing, for advice and consent prior to pursuing implementation of such a system. For example, RHS may arrange to tap into a State Wage and Benefit Information Collection Agency's database and pull up information on Agency hardware platforms. RHS can then manually compare the results on screen or via a computer printout with Agency data. However, where the data from two or more Agencies is being merged to facilitate efficient comparisons between incomes and benefits reported via use of automated software routines comparing database records, rather than manual comparisons, approval by the Department of Agriculture's Data Integrity Board is required. In addition, publication of the action in the Federal Register and notification to Congress is required.

4. Determine when and how often to conduct wage and benefit matches.

a. Single-Family Housing (SFH) processing and servicing actions. Where there is a current MOU with the State Department of Labor or similar agency, RHS will randomly spot-check reported wages through wage matching for 10 percent of all loan and grant applications where all adult members of the household are employed full time, and wages have been verified through other sources, to ensure that all income had been reported. Wage matching will be conducted on an as-needed basis for servicing actions.

b. Multi-Family Housing (MFH). Where there is a current MOU with the State Department of Labor or similar agency, RHS will ensure wage and benefit matches are conducted for those residents scheduled to be interviewed prior to conducting supervisory visits requiring such interviews. In addition, State offices will establish routines to ensure that wage and benefit matches are performed each year on at least 10 percent of all the units in the State for MFH programs. Normally, wage and benefit matches will not exceed a 20 percent level for MFH programs. Wage and benefit matches are encouraged for initial tenant certifications of those moving into projects for the first time. Wage and benefit matching for MFH programs includes Labor Housing residents whose eligibility or receipt of subsidy is determined in whole or in part on wage or benefit data. Wage and benefit matching is not required for Housing Preservation Grant (HPG) recipients of repair work from the HPG grantee. However, it is possible to seek such information if desired.

5. Establish notification routines for initiating SFH and MFH wage and benefit matching. (Not applicable for those States who have already implemented an MOU on wage and benefit matching for those residing in SFH and MFH units). The attached notices to borrowers or management agents in Attachments A and B, and the notice to residents set out in Attachment C may be used as guides in implementing the wage and benefit matching system for the SFH and MFH programs. The guide in Attachment D may also be useful in recording amounts due. These notices may be useful in announcing the program prior to implementing wage and benefit matching for the first time.

6. Service suspected or confirmed abuses in the MFH program. Should the third-party verification reveal that tenant household incomes exceed that shown on the tenant certification form or forms by at least \$480 annually, the servicing staff is required by Exhibit B, paragraph (VII) (D) (5) to RD Instruction 1930-C to inform the borrower or borrower's representative in a manner similar to that contained in the guide notification letter in Attachment E. In addition, servicing officials may inform the borrower or borrower's representative of any discrepancies resulting in unauthorized assistance of \$1 or more annually and take steps to collect the unauthorized assistance.

7. Identify illegal or improper assistance in the MFH program. Normally, it will be sufficient to identify and correct the present improperly prepared tenant certification. In general, the Agency will be confirming that the benefits received under the current effective tenant certification period are accurate. The Agency does not intend to normally require past tenant certifications to be reviewed for accuracy by a third-party verification of income and enforcement of potential recovery efforts. This is a possibility, however, where substantial abuses are evident. In addition, any recovery efforts must not begin without first having been assured that tenants have had the opportunity to review the accuracy of the information and appeal any disagreements in accordance with the provisions of RD Instructions 1944-L and 1951-N.

Should area or servicing offices have questions regarding this issuance, please contact the State office. The State office staff may refer any issues needing further guidance to the National Office. Questions regarding policies in the Single Family Housing program may call 202-720-1474, and those affecting the Multi-Family Housing program may call 202-720-1060.

Attachments