



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

October 09, 2012

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AN AMENDMENT TO THE INDEMNIFICATION CLAUSE OF A CONTRACT WITH
TALX CORPORATION FOR ELECTRONIC EMPLOYMENT VERIFICATION SERVICES FOR THE
HOUSING CHOICE VOUCHER PROGRAM
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Housing Authority is seeking to enter into a five-year contract with TALX Corporation for electronic employment verification services for the Housing Choice Voucher (Section 8) Program. TALX is the only qualified provider that can meet the needs of the Housing Authority and has requested the inclusion of a mutual indemnification provision. This letter requests approval of an amendment to the indemnification clause of the Housing Authority's contract with TALX.

IT IS RECOMMENDED THAT THE BOARD:

Approve and authorize the inclusion of a mutual indemnification provision in the Housing Authority's contract with TALX Corporation, in the amount of \$60,000 per year, for electronic employment verification services for the Housing Choice Voucher Program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Housing Authority administers the Housing Choice Voucher (Section 8) Program, which provides rental assistance vouchers to qualified low- and moderate-income families. The U.S. Department of Housing and Urban Development (HUD) regulations set forth in Title 24 Code of Federal Regulations, §§5.240(c), 5.210, and 982.551(b), require housing authorities to verify factors of eligibility for Section 8 program applicants and participants. The Housing Authority's verification requirements are designed to maintain program integrity.

Since 2006, TALX has provided electronic employment verification services for the Housing Authority. Prior to utilizing TALX's services, the Housing Authority sent letters to employers requesting completion and return of employment verifications forms for its Section 8 applicants and participants. This process generally took at least seven days; however, employers were often unresponsive and/or several attempts were required before the information provided by the client could be verified.

TALX's service has allowed the Housing Authority to significantly reduce the time required to verify employment information. The primary reason for this significant reduction is that TALX is the only on-line employment verification service that obtains information directly from employers, reducing errors and instances of fraud, and overall program costs.

The Housing Authority has attempted to identify other providers that provide the necessary electronic employment verification services. Recently, on August 22, 2012 the Housing Authority conducted a Request for Quotes (RFQ) to determine if price and performance competition were available. TALX was the only firm to respond to the RFQ by the August 30, 2012 deadline. The Housing Authority has determined that price and performance competition do not exist. TALX is the only electronic employment verification service that receives employment records directly from employers. TALX contains approximately 190 million records; all records are updated directly from employers' payroll records each pay period.

The Housing Authority is seeking to enter into a five-year contract with TALX for electronic employment verification services. TALX had previously provided this service for the Housing Authority pursuant to the Housing Authority standard contract that included an indemnification clause. However, while it was previously an independent company, TALX is now a subsidiary of Equifax. As a consequence of the change in corporate organization, TALX will no longer agree to execute the Housing Authority's standard contract unless the indemnification clause is amended to include mutual indemnification language.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The Housing Authority will fund the contract with up to \$60,000 per year in Section 8 administrative funds included in the Housing Authority's annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Executive Director is generally authorized to execute a contract for services in an amount not exceeding \$100,000. However, the approval of your Board is required to amend the indemnification provision.

Because of the unique nature of the service and its critical importance to maintaining program integrity, the Housing Authority is willing to execute the contract with a mutual indemnification clause in this specific case. The potential exposure to the Housing Authority is minimal. TALX provides an on-line verification service that confirms client-provided information. In the event of information discrepancies, clients will be provided the opportunity to clarify any discrepancy. Additionally, standard insurance requirements are enforced, providing for coverage afforded by General, Professional, and Workers' Compensation insurance.

Additionally, the Housing Authority's Risk Management department and County Counsel have been intimately involved with the details surrounding this request. They have jointly agreed that approving the amendment to the mutual indemnification clause will not expose the Housing Authority to unnecessary risk.

On September 26, 2012, the Housing Commission recommended approval of the Executive Director's request to amend the indemnification clause.

ENVIRONMENTAL DOCUMENTATION

This activity is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it involves administrative activity that will not have a physical impact on or result in any physical changes to the environment. The activity is also not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

TALX provides the most expansive and up-to-date employment records. Utilization of the TALX database will maintain compliance with HUD regulations, aid in the prevention of fraud, and maintain program integrity.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", with a horizontal line extending to the right.

SEAN ROGAN

Executive Director

SR:lo