

CHAPTER 3 Data Collection, Analysis, and Documenting the Rent Calculation Process

Section 1 Introduction

- HUD programs rely greatly on voluntary disclosure by families of the factors that affect the determination of income and rent.
- There are several actions that PHAs can take to reduce their vulnerability in this area. Specifically, PHAs can:
 - Critically analyze their intake and reexamination processes
 - Work on improving the interviewing skills of their staffs
 - Train their staffs to analyze information critically
 - Develop comprehensive data collection and verification tools
 - Adopt policies that require relevant documents to be provided by families
 - Make maximum use of up-front income verification (UIV) tools to prevent and detect false statements and underreporting of income
- The rent calculation process consists of six steps, each of which is covered in greater detail in this chapter:
 - Gathering data
 - Interviewing
 - Verification
 - Review and follow-up
 - Data entry and calculation
 - Maintaining files

Section 1: Introduction

Notes

- The six steps in the rent calculation process are determined by the answers to three important questions:
 - What information is needed for correct rent calculations?
 - How will the information be verified?
 - How will the information be processed and recorded?

Section 2 Step 1: Gathering Data

- For most PHAs, the admission or reexamination process begins when a “forms packet” is provided to the family.
- The forms used for initial and annual reexaminations—i.e., application and recertification forms—are the most critical.
- Rental Integrity Monitoring (RIM) reviewers have found that many application and verification forms:
 - Fail to ask **all** of the necessary questions
 - Ask questions that are too vague to elicit **all** of the necessary information
- If a PHA’s forms do not ask all of the right questions clearly, PHA staff may be unable to make correct income and rent determinations.
- PHAs should review their forms for the “four C’s”:
completeness, clarity, and compliance with current requirements.

COMMON ISSUES

- RIM reviewers have identified several areas in which PHA forms may fall short of these requirements.
 - Noncash contributions: Some PHA forms ask only about regular payment of a bill.
 - Disability assistance expenses: PHA forms frequently ask only elderly/disabled families about disability expenses or neglect to ask about these expenses entirely.
 - Medical expenses: PHA forms do not ask for **anticipated** medical expenses and are not clear about what is to be considered a medical expense.

Section 2: Step 1: Gathering Data

Notes

- In addition, the questions themselves may be flawed in various ways:
 - Incomplete—e.g., “Does any employed family member pay child care expenses for work?”
 - Missing—e.g., A PHA form asks no questions about divested assets or about factors that might qualify an individual for the earned income disallowance (EID).
 - Vague or confusing—e.g., “Do you anticipate medical expenses in excess of 3 percent of your annual income for the 12 months following admission or reexamination?”
- The forms may also be out-of-date. For example, they may not have been revised to reflect changes in regulations governing such factors as:
 - The EID
 - Training program income
 - Imputed welfare income

PHA APPLICATION (OR REEXAMINATION) FORM

- It is essential that a PHA’s application form be comprehensive.
- The application form serves several important functions:
 - It is critical to effective interviewing.
 - It ensures that the same questions are asked of all families.
 - It provides a paper trail for false statements.
 - It is “proof” that questions were asked.

Section 2: Step 1: Gathering Data

Notes

Primary and Secondary Questions

- The application form should ask two types of questions:
 - **Primary questions:** These open up a topic (i.e., a factor that affects income or rent determination).
 - **Secondary questions:** These ask for additional information about a topic when it applies to a family.
- Following are two examples of how these questions might appear on an application form.

Section 2: Step 1: Gathering Data

Example 1

- In this first example, each primary question is a yes-or-no question, and the secondary questions need to be answered only if the response to the primary question is yes. (*Note: Only a few secondary questions on each topic are shown here. Additional questions would be required.*)
- The strength of this method is that the applicant or participant must affirmatively declare an answer to the primary question by indicating yes or no.

- Does any family member receive income from assets, including interest on checking or savings accounts; interest and dividends from certificates of deposit, stocks, or bonds; or income from rental property? (Yes/No) _____. If yes, provide:
Family Member Name: _____
Type of Asset: _____ Amount of Income/Interest Received: \$ _____
- Do any family members own a business or are any members self-employed? (Yes/No) _____. If yes, provide:
Family Member Name: _____
Business Name: _____ Business Address: _____

- Does any family member receive any type of military pay/allotment (including the Coast Guard, National Guard, and Reserve units)? (Yes/No) _____. If yes, provide:
Family Member Name: _____ Amount: \$ _____
Source of Pay/Allotment: _____
- Does any family member receive money to pay bills from someone outside of your household? (Yes/No) _____. If yes, provide:
Family Member Name: _____ Amount: \$ _____
Name and address of party paying the bills: _____

Section 2: Step 1: Gathering Data

Example 2

- This second example simply announces a topic and then uses a table to collect secondary information (details) about it.
- When this format is used, PHA interviewers must ensure that an affirmative response has been inserted, even if that response is “none.”

<ul style="list-style-type: none"> • Full-Time Students: List the family member name and school name, address, and telephone number of all family members who are attending school full-time: 	
a. Name of Family Member:	
School Name:	
School Address:	
School Telephone #:	
b. Name of Family Member:	
School Name:	
School Address:	
School Telephone #:	
c. Name of Family Member:	
School Name:	
School Address:	
School Telephone #:	
d. Name of Family Member:	
School Name:	
School Address:	
School Telephone #:	

Section 2: Step 1: Gathering Data

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Sample Primary Questions by Topic

- Following is a list of primary questions that should appear on an application form.
- Review the list and check any that are not included on your PHA's application form.

Part 1: Income Information

- Does any household member receive full-time or part-time earnings from any type of employment, including self-employment?
- (*Reexams only*) Has anyone in your household started a new job or had an increase in earnings? If yes, answer the following questions:
 1. Is this a person with a disability?
 2. Has this person been unemployed for one year or longer?
 3. Is this person participating in any type of economic self-sufficiency program?
 4. Has this person received TANF benefits in the past six months, including one-time cash payments?
- Does any household member receive cash, tips, bonuses, commissions, or any type of compensation for providing any type of services?
- Does any household member receive unemployment compensation, worker's compensation, or severance pay?
- Does any household member receive child support from a child support recovery unit?
- Does any household member receive child support directly from an absent parent?

Section 2: Step 1: Gathering Data

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- Does any household member receive alimony?
- Does any household member receive maintenance or in-kind support?
- Does any household member receive welfare benefits (TANF) or other public assistance?
- Does any household member receive social security (SS) or supplemental security income (SSI) benefits?
- Does any household member receive money from a pension or annuity?
- Does any household member receive regular contributions from any organizations or persons not living in your household?
- Did any household member file a federal income tax return last year?
- Does any household member receive income from any assets, including interest on checking or savings accounts and interest or dividends on certificates of deposit, stocks, or bonds?
- Does any household member receive income from the rental of property?
- Do any household members own a business or are any self-employed?
- Does any household member receive any type of military pay (including Coast Guard and National Guard Reserve units)?
- Does anyone outside your household pay for any of your household bills or living expenses?
- Does anyone in your household receive money from someone outside your household to pay bills or living expenses?

Section 2: Step 1: Gathering Data

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- Has anyone in your household applied for any of the following: work, TANF, unemployment compensation, SS, SSI, and pension or disability benefits?
- Does anyone in your household participate in a job-training program?
- Are there any family members who are temporarily absent from the home?
- Does anyone in your household receive any type of income, money, or financial support from any sources other than the ones we have asked about?

Part 2: Assets

- Does any household member have a savings or checking account?
- Does any household member own or have a legal interest in any type of real estate, property, or land?
- Has any household member sold or given away any asset in the past two years? (This includes real estate, stocks, bonds, property, jewelry, stamp collections held as an investment, etc.)
- Does any household member own stocks or bonds?
- Does any household member have savings certificates, money market funds, or trust funds?
- Does any household member have any type of retirement account (company, IRA, Keogh)?
- Does any household member have any inheritances, lottery winnings, or lump-sum payments from any other source?
- Do any household members have any life insurance policies?

Section 2: Step 1: Gathering Data

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Part 3: Expenses

- Does any household member have child care expenses for a child 12 or under?
- Is any portion of the child care expenses reimbursed by any person or agency?
- Do you pay for a care attendant or for any equipment for any household member with disabilities that is necessary to permit that person or someone else in the household to work? If yes, are any of these expenses reimbursed by any person or agency?
- Is any adult in your household a full-time student?
- Is any family member actively seeking work?

Questions for households whose head or spouse is 62 years of age or older or is a person with a disability:

- Does any household member pay for Medicare?
- Does any household member pay for any type of medical insurance?
- Is any household member paying on past medical bills?
- Does any household member anticipate any medical expenses during the next 12 months that will not be reimbursed by any source outside the household? (This includes prescription and nonprescription drugs and any other medical costs.)

Section 2: Step 1: Gathering Data

Notes

Tip

- Although it is not a requirement, many PHAs include questions on application forms pertaining to a family's current household expenditures (rent, electricity, gas, water, telephone, car payment, insurance, credit cards, medical bills, etc.). Collecting this information not only allows a comparison between expenditures and reported income but also creates opportunities for follow-up questions when:
 - The two are not compatible
 - Families report zero income

Section 2: Step 1: Gathering Data

LEARNING ACTIVITY 3-1 FIX THE QUESTION

Instructions

- On the following pages are five typical questions that could be asked on application or reexamination forms.
- Break into five groups. Each group will work on one question.
- Analyze the question assigned to your group by responding to the questions beneath it.
- Select a spokesperson to report your results.

Section 2: Step 1: Gathering Data

Question 1: Does any family member own assets worth more than \$5000? (Do not include personal property.) If yes, list assets.

1. What's wrong with this question?

2. How would the error(s) in this question affect rent calculation?

3. What question(s) should be asked about this issue?

4. What additional information would the PHA need for correct income and rent determination?

Section 2: Step 1: Gathering Data

Question 2: Medical expenses: Please list prescription costs for family members aged 62 and over.

1. What's wrong with this question?

2. How would the error(s) affect rent calculation?

3. What question(s) should be asked about this issue?

4. What additional information would the PHA need for correct income and rent determination?

Section 2: Step 1: Gathering Data

Question 3: Does any family member over 18 years of age attend an accredited junior college, 4-year college, or university? If yes, list name and school.

1. What is wrong with this question?
2. How would the error(s) in this question affect rent calculation?
3. What question(s) should be asked about this issue?
4. What additional information would the PHA need for a correct income and rent determination?

Section 2: Step 1: Gathering Data

Question 4: Answer only if the head of household or spouse is disabled: Does the disabled head or spouse incur costs for auxiliary apparatus in order to work? If yes, list and explain costs.

1. What's wrong with this question?
2. How could the error(s) affect rent calculation?
3. What questions should be asked about this issue?
4. What additional information would the PHA need for a correct income and rent determination?

Section 2: Step 1: Gathering Data

Question 5: Does any family member have child care costs to allow someone to work or actively seek work? If yes, list child(ren) and child-care provider(s).

1. What is wrong with this question?
2. How would the error(s) in this question affect rent calculation?
3. What questions should be asked about this issue?
4. What additional information would the PHA need for a correct income and rent determination?

Section 3 Step 2: Interviewing

- Interviewing is the most important skill in the housing process.
- Interviews may either encourage or discourage compliance, cooperation, and honest disclosure.
- The initial eligibility interview is the most crucial interview of all.
- All PHA staff who conduct interviews should receive training in this essential skill.

ENSURING CONSISTENCY

- To ensure consistency in the interviewing process, interviewers should use an interview checklist so that all families are asked the same questions and receive the same explanations.
- To ensure consistency, interviewers should also follow a planned approach consisting of four steps:
 - **Pre-interview:** During this step, the interviewer sets the tone, builds trust, and uses a checklist like the one on the following page to establish the ground rules for the interview.
 - **Data collection:** This step focuses solely on gathering information from the family. The interviewer:
 - Asks all of the questions pertaining to eligibility
 - Documents the answer to each question

Section 3: Step 2: Interviewing

Suggested Pre-Interview Checklist

- Request an acceptable form of legal identification.
- Explain the types of information that are needed to determine eligibility, and explain that the same information is required of all applicants.
- Explain that this information is kept in strict confidentiality.
- Explain that the PHA is required to thoroughly verify all of the information provided.
- Explain how information is verified (UIV, wage verification, credit reports, computer matching, etc.).
- Explain the importance of complete and accurate information.
- Explain the consequences if an applicant furnishes false information.
- Ask if there are any pressing or critical questions.
- Explain that you will answer additional questions after completing the paperwork.

Section 3: Step 2: Interviewing

Notes

- **Data analysis:** During this step, the interviewer:
 - Evaluates the information and documents provided by the family to determine what needs to be verified
 - Determines whether or not the family must provide any additional documents or information
 - Resolves any discrepancies between the family's statements and any UIV or other type of verification the PHA has obtained
- **Closing:** During this step the interviewer:
 - Reviews all forms with the family
 - Obtains consent forms as needed
 - Provides the family with written instructions about any further information or documents that it must provide
 - Answers any questions the family may have
 - Provides any information the family may need to understand the program rules and requirements

Section 3: Step 2: Interviewing

Notes

CONDUCTING AN INTERVIEW

- Some PHAs conduct reexaminations by mail.
 - There is no regulatory requirement that interviews be conducted face-to-face.
- If a PHA does not interview families in person, the completeness of the PHA's application and reexamination forms is critical to income and rent determinations.
- A PHA's application or reexamination form is generally used as the "template" for conducting an interview. The interviewer should:
 - Ask every question on the form
 - Make sure that every question on the form is answered
 - "N/A" ("not applicable") is not an answer and should not be used.
 - Make sure that the form is signed and dated by both the PHA and the family representative

Asking the Right Questions

- Use global (open-ended) questions to get explanations.
 - Who...?
 - What...?
 - Where...?
 - How do you...?
 - Why...?
- Use closed questions to get specifics.
 - Do you...?
 - Is it...?
 - How much...?
 - How many...?

Section 3: Step 2: Interviewing

Notes

- Use probing questions to get additional information about an issue, to clarify an answer, or to resolve a discrepancy.
 - Probing questions often begin like this:
 - What do you mean by...?
 - Could you explain how...?
 - Help me to understand this. How do you...?
 - Probing questions can be especially useful when UIV conflicts with statements or documentation provided by a family. For example, suppose a program participant reports no income, but a SWICA report shows that he was employed during the last two quarters. If you are unable to resolve the apparent discrepancy with more pointed questions (e.g., Where was the last place you worked? How long were you there? When did you leave?), you might get the information you need by asking a probing question: Could you explain why...?
- Avoid multiple questions—e.g., Do you have a checking or savings account or any type of investments, such as an individual retirement account (IRA) or certificates of deposit (CDs)?
 - Break multiple questions down into simple questions. For example:
 - Where do you bank?
 - What type of account do you have there?
 - What is the account number?
 - What is the account balance?
 - Do you have any other accounts at this bank?
 - Do you do business with any other banks?
 - Multiple questions confuse some people.
 - They give others the opportunity to avoid answering one part of a question by responding to another part.

Section 3: Step 2: Interviewing

Notes

- Avoid leading questions like these:
 - You don't have any income, do you?
 - Everything's the same as last year, right?
- Use "mirror" questions.
 - "Mirror" questions "reflect" or restate a response or scenario.
 - The purpose of "mirroring" or "reflecting" what an individual has said is to obtain confirmation, correction, clarification, or amplification.

Other Tips

- Allow adequate time for a response.
- Don't reword a question unless necessary for accuracy or clarity.
- Avoid technical language or jargon.
- Educate while interviewing.
- Learn to ask the tough questions in a nonthreatening way.
 - You don't have to act tough to ask tough questions.

Section 3: Step 2: Interviewing

Notes

DISCUSSION QUESTIONS

- Do interviewers have a planned approach to their interviews? (See the suggested pre-interview checklist on page 3-20.)
- Do interviewers ask open-ended, inclusive questions rather than specific questions when exploring a topic?
- Do interviewers apply questions to **all** family members, even those that are not present at interviews?
- Do interviewers review all types of income with families? For **all** family members?
- Do interviewers ask about excluded income? For **all** family members?
- Do interviewers review all types of assets with families? For **all** family members?
- Do interviewers make families aware of all possible allowable expenses? For **all** family members?
- Do interviewers ask secondary questions regarding reimbursement of expenses claimed?
- When increased earnings are reported, do interviewers determine:
 - Whether the individual meets any of the criteria to qualify for the earned income disallowance
 - Whether the individual is enrolled in a qualified training program

Section 3: Step 2: Interviewing

LEARNING ACTIVITY 3-2 SITUATION ANALYSIS

- Review the situation below and answer the questions that follow.

You are interviewing an HCV program participant who has reported \$300 per month in net income as the result of part-time self-employment as a seamstress. As part of the PHA's interview process, families are asked to provide basic information about their monthly expenses. The participant has reported household monthly expenses of approximately \$750.

Part A

- What facts would you need to reconcile this discrepancy? What questions would you ask the participant?

Section 3: Step 2: Interviewing

Part B

- What types of documents, information, or records would you request this participant to provide?

Section 3: Step 2: Interviewing

Part C

- What actions would you take to obtain additional information, if any?

Section 4 Step 3: Verification

- At this step of the rent calculation process, interviewers must be able to decide:
 - What additional documents are needed
 - What additional information the applicant must provide
 - What must be verified to comply with HUD requirements
 - What type of verification is needed
- We'll be discussing verification requirements in depth in the next chapter.

VERIFICATION FORMS

- Like applications forms, verification forms should be comprehensive but not complicated.
- In addition, verification forms:
 - Should ask secondary as well as primary questions—e.g., “Are the expenses reimbursed?”
 - Should include a “false statement” statement—e.g., “Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the U.S. government.”
 - Must include a signed authorization for release of information
 - Should capture the name, position, and telephone number of the individual providing the requested information
 - Should capture current and anticipated earnings as well as fluctuating pay rates and hours
- Some PHAs include a self-addressed stamped return envelope with each verification form that they mail out.

Section 4: Step 3: Verification

Notes

Section 5 Step 4: Review and Follow-Up

- Verifications received from up-front sources and third parties must be compared to information provided by a family at its interview or on its application form.
- In the case of conflicting information, PHAs **must**:
 - Resolve any discrepancies by following up, as necessary, with the third party, the family, or both
 - Document the resolution and leave a clear audit trail

DISCUSSION QUESTION

- What procedure does your PHA follow when documents provided by a family conflict with UIV or third-party written verifications obtained after the family has been interviewed?
- For example, suppose a third-party employer verification form shows a family member working 20 hours per week while the person's pay stubs show an average of 25 hours per week. Would you:
 - Always use the third-party verification
 - Always use the pay stubs
 - Use the higher figure to avoid an overpayment
 - Use the lower figure to benefit the applicant or participant
- What is the "right" answer? Again, when there is a conflict between family-supplied information and UIV or third-party written verification, a PHA **must**:
 - Obtain additional information from the family, the third party, or both
 - Resolve the discrepancy
 - Document the resolution thoroughly to leave a clear audit trail

Section 5: Step 4: Review and Follow-Up

Notes

Section 6 Step 5: Data Entry and Calculation

- Documentation is the key.
 - Anyone reviewing a file should be able to understand how the rent was calculated.
 - Calculation documentation could include any or all of the following:
 - Printout from software system showing calculations
 - Calculator tape
 - Narrative entry explaining calculations, as needed, and differences between calculations and verifications
 - Signed, dated notation attached to each third-party verification or UIV document if computer printout does not show calculations
- PHAs should develop methods for comparing information in applicant or participant files to the rents calculated by staff.
- PHAs need to be able to show the relationship between the figures that appear on a family's verification forms and the figures that appear on the corresponding Form HUD-50058, rent calculation worksheet, or printout for the family.
- HUD recommends having a printed HUD-50058 form in the file. However, because of PHA policy or software issues, staff may not be required or able to print a 50058 form for each completed rent calculation.
 - In that case, it is advisable to print a worksheet or summary.
 - However, it is essential to understand what the worksheet or summary shows and where (i.e., which data fields) the numbers come from.

Section 6: Step 5: Data Entry and Calculation

Notes

- Staff should verify each completed calculation in the computer or on the printed HUD-50058 by comparing it to file data and checking for:
 - Data entry errors
 - Transposed numbers
 - Incomplete information (e.g., an adult not coded as a full-time student)
 - Missing information (e.g., a second source of income)
 - Carryover of previous errors (e.g., birth dates, social security numbers)
- A worksheet may be completed by hand for comparison to a software calculation for some or all staff.
 - Manual calculations sometimes catch errors that otherwise might be overlooked.
 - Manual calculations also provide hands-on experience with the process of rent determination and thus help to familiarize staff with this process.
- PHAs should review and correct mistakes identified in Public and Indian Housing Information Center (PIC) error reports.

Section 7 Step 6: Maintaining Files

- A PHA's rent calculation procedures should include a standardized system for creating and maintaining all case files.
- In addition to ensuring consistency, a standardized filing system promotes efficiency in at least two ways:
 - It makes it easier for staff to fill in for one another during vacations and other absences.
 - It saves time during supervisory reviews, audits, monitoring visits, and the like.
- Every case file should follow a standard format so that a reviewer can find the same items—e.g, income verifications—in the same place in each one.
- Checking to ensure that staff members are following the standard file format should be part of a supervisory quality control review.
- Some considerations for file layout:
 - How will you divide sections—on the left and right sides of a folder, with tabs or colored pages, or by some other method?
 - Will you place frequently used items on the top (at the front) of the file or elsewhere?
 - How will you delineate between reexaminations so that it is clear which documentation goes with which reexamination?

Section 8 Conclusion

- PHAs need to do a step-by-step review and analysis of their rent calculation process as an error-reduction strategy.
- As part of this step-by-step review and analysis, PHAs should:
 - Identify policies, procedures, and all other tools (e.g., forms, interview checklists) involved in the rent calculation process
 - Determine whether those policies, procedures, and tools support correct income and rent determinations
 - Revise existing policies, procedures, and tools as needed
 - Create new policies, procedures, and tools when necessary
 - Ensure that staff are implementing PHA policies and procedures consistently and utilizing tools as needed