



Food and
Nutrition
Service

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Center

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DATE: August 21, 2019

SUBJECT: Information from Third Party Payroll Sources

TO: All State Agencies
Supplemental Nutrition Assistance Program

This memorandum clarifies the use of third party payroll sources, such as The Work Number, for SNAP certification policy and Quality Control (QC) purposes. The first two sections of this memorandum apply to certification policy and the section titled Quality Control Considerations provides details on how to treat verification from a third party payroll source for QC reviews.

Third Party Payroll Sources Can Be Used to Verify Household-Provided Information

Third party payroll sources, such as The Work Number, can be used to verify information provided by a household (in writing or verbally). If a household provides information about its income and employment at initial application, recertification, periodic report, change report, or a voluntary report, the State can use a third party payroll source to verify the household's reported income and employment information.

When information provided by the household matches the information provided by a third party payroll source, the State must act on this information. If these two sources of information do not match, further clarification and verification is needed before a change may be made to the case. In a situation in which the two sources of information do not match, the next action taken by a State agency will depend on the point in the certification period that this occurs and the reporting system to which the household has been assigned:

- If this occurs at initial application, recertification, or a required report, the State agency would contact the household to seek further clarification and verification.
- If this occurs at a voluntary report during a certification period and the household did not provide verification (i.e., a paystub), the State would follow the procedures regarding *unclear information* (described below).
- If this information is received by the State agency outside of a household report and not during a scheduled contact, the State would also follow the process for *unclear information*.

Considerations for Using Third Party Payroll Information

While information from third party payroll sources can be used to *verify* household provided information, the State agency cannot take action on a case based solely on this information as it is not provided by a primary source.

The only exception to this policy is if an employer uses the third party payroll source as its legal agent to provide payroll services or respond to inquiries about employee records. In those circumstances, the State agency could consider information received from the third party payroll source the same as if obtained from the primary source. If, however, the information received from the third party payroll source is incomplete or otherwise questionable (for instance, if there is no start or end date or if a paycheck is missing), the State must clarify, using the procedures for unclear information.

When the State needs further clarification and verification from the household to make appropriate changes to a household's case, then the information is also considered *unclear information*. State agencies shall follow up on unclear information with a Request for Contact (RFC)¹ if the information the State receives is: (1) less than 60 days old and reflects information that, if true, was required to be reported under the applicable reporting requirements for the reporting system to which the household has been assigned; or (2) significantly conflicting with the information used at the time of certification. The State must pursue clarification and verification (if applicable) when unclear information meets one of these two criteria.

If the information from a third party payroll source does not meet these criteria, the State agency would follow up on this information at the next scheduled contact. The following examples further demonstrate how States should use information from a third party payroll source that is gathered during the middle of a certification period and outside of a household report:

- For a household on Simplified Reporting - if the information from a third party payroll source indicates the household has gross income over 130 percent of the Federal poverty level and the data is less than 60 days old, then the State would send an RFC. This is because the information is recent and required to be reported under Simplified Reporting.
- For a household on Change Reporting - if the information from a third party payroll source (from the last 60 days) indicates that a household income increased by \$40, the State would not act on that information or require the household to provide information until recertification, as it would not exceed the \$100 reporting threshold for Change Reporting households.

¹ More information on the procedures after sending an RFC can be found at 7 CFR 273.12(c)(3)(i)(A) – (C).

- If the information from a third party payroll source (from the last 60 days) indicates that a household has an increase in monthly income of \$115, but this increase would not increase their gross income above 130 percent of the Federal poverty level, the State's response would depend on the reporting system to which the household has been assigned.
 - For those on Change Reporting - the State would send an RFC because the change is more than \$100.
 - For those on Simplified Reporting - the State would not send an RFC and would follow up on this information at the next scheduled contact because the change does not indicate that the household would exceed 130 percent of the poverty level.

- If a household of three is certified with no earned income and the State obtains information from a third party payroll source 4 months into the certification period indicating that the household had earned income of \$1000 during the month used for certification, then this information would be significantly conflicting and the State would send an RFC.

Please see the attached Flow Chart for more information.

Quality Control Uses:

For QC review purposes, third party payroll sources may be used to verify information, including negative allegations for certain elements, provided directly by the household or a collateral contact, or to complete elements in a case where there is a failure or refusal to cooperate.

In the event that information gathered from a third party payroll source differs from what a QC reviewer has obtained from a household or collateral contact, it should be treated like any other conflicting information following the QC review procedures outlined in the Food and Nutrition Service (FNS) Handbook 310. Reviewers must be sure to accurately and thoroughly document how they resolve any conflicts and determine which information is correct following Section 513 of the FNS Handbook 310.

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Pursuant to the Congressional Review Act (5 U.S.C. §801 et seq.), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. § 804(2). If you have any questions regarding the processes laid out in this memorandum, please contact your FNS Regional Office.

Sincerely,

/s/ Ronald K. Ward
Director
Program Accountability and
Administrative Division

/s/ Lizbeth Silberman
Director
Program Development Division

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State Agency Procedures for Responding to Unclear Information During the Certification Period

