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Modernizing Income Verification in Social Services

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EQUIFAX®

Reducing Friction, Increasing Impact:

Modernizing Income Verification
in Social Services

SEPTEMBER 2025

INTRODUCTION

Rapid changes in traditional workforce composition, a rise in alternate incomes, and reduced funding for social services are putting agencies in a squeeze as the systems and the people within them are stretched thin by insufficient resources and overwhelming demands. Caseworkers face rising caseloads, outdated tools, and complex eligibility determinations that often rely on time-consuming manual processes. These pressures not only delay benefits for eligible applicants but also erode the capacity of agencies to deliver timely, effective, and more equitable services.

At the same time, the Congressional reconciliation One Big Beautiful Bill Act (OBBBA)[1] is reshaping the landscape for social service agencies, introducing new requirements that significantly increase both financial and administrative pressures. Unless further changes are made, these requirements will cover a variety of factors. For Medicaid, OBBBA will mandate more regular address verification, monthly submissions of enrollee data to a federal system to identify duplicate participation, and the disenrollment of individuals determined to be residing in other states[2]. Agencies will also need to check the Social Security Administration's Death Master File quarterly to identify and remove deceased beneficiaries[3]. For SNAP, the requirements are equally challenging. For example, beginning in fiscal year (FY) 2029, states with a payment error rate (PER) above 10% will be required to cover 15% of their benefit costs – this is a new financial penalty that could drastically impact budgets already stretched thin[4]. Add to this an increase experts anticipate in state administrative costs, which will rise to 75% in FY26 from 50%, and the result is immense strain on an already burdened system[5].

> ### What is Alternative Income?
>
> Alternative income includes income outside traditional employment wages (salary), such as freelance, gig economy, or self-employment income, as well as unearned income like child support or pensions.

Against this backdrop, it is becoming clear that incremental fixes are no longer enough. Verification inefficiencies, once an administrative headache, now may threaten program integrity and financial stability. This white paper, based on a national survey of 250 federal, state, and county social service professionals and eight in-depth interviews, examines how secure, data-driven solutions can help agencies adapt to this new era—reducing friction for staff, improving experiences for applicants, and helping appropriately sized benefits get to eligible applicants.

METHODOLOGY

Market Connections and Equifax partnered to design an online survey of 250 respondents in federal, state, and county government, as well as in-depth interviews with 8 participants in state government, between April and May 2025. All respondents are involved in the verification of income.

[1] [2, 3, 4, 5] **One Big Beautiful Bill Act, H.R.1, 119th Congress. (2025)**

A SECTOR AT A TIPPING POINT

The demands on social service agencies have grown dramatically, driven in part by shifts in the U.S. workforce. Increasingly, applicants for benefits such as Medicaid and SNAP earn income from nontraditional sources that are far more difficult to verify than standard W-2 wages[6]. The vast majority (72%) of respondents report that between 11% and 50% of their applicants have at least one form of alternative income. These income streams are diverse: 68% of respondents frequently see income from part-time or temporary jobs, 48% report investment income, 30% see income from small business ownership, and 25% cite income from side gigs or freelance work.

Legacy verification tools were not designed for this complexity. Caseworkers, already short on time, must often sift through receipts, handwritten ledgers, or incomplete screenshots in an attempt to piece together an applicant's financial situation (53% of respondents indicate that they struggle with incomplete documentation). Seventy-three percent of respondents identify lack of access to nontraditional income records as a top challenge, while 62% say that determining accurate income amounts is a significant obstacle. The result is a system under intense strain—one where caseworkers do their best with incomplete information and applicants can face delays or, under impending requirements, even denials, due to lack of resources or data access when they otherwise may be eligible.

Given both the stark need and increasingly complex verification challenges, it is not surprising that over three-quarters (77%) of respondents say they are majorly or moderately concerned about incorrect income reporting. OBBBA's requirements, which directly tie payment accuracy to financial consequences for agencies, are both a challenge and a catalyst for change. Through mandating more intensive verification processes, the legislation is forcing agencies to confront possible gaps in their current systems. The agencies that act now—investing in modernized, data-driven tools—can turn compliance pressure into an opportunity to build toward a better future, improving caseworker capacity, targeting error rates, and strengthening their ability to serve eligible applicants who need their services.

THE HUMAN COST

For the caseworkers on the front lines, inefficient verification processes are not just frustrating—they are exhausting. Fifty-eight percent of survey respondents say that verifying alternative income significantly or moderately increases their workloads. Sixty-two percent link this complexity to staff dissatisfaction or

INCOME VERIFICATION
How do respondents verify alternate income?

66% already use bank APIs or alternate proofs, but manual cross-checking remains common

49% use receipts/invoices

41% use tax returns

38% rely on manual bank reviews

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[6] Economic Policy Institute, *National survey of gig workers paints a picture of poor working conditions, low pay*, June 2022.

turnover, and more than half (52%) report that their agencies spend an additional 15 to 29 minutes per application verifying alternative income.

These delays have financial costs as well. Fifty-five percent of respondents say that their alternative verification processes represent either a moderate or significant additional expense. When multiplied across thousands of cases each month, those costs add up, diverting limited agency resources away from other priorities.

The burden on applicants is equally heavy. Many are left waiting for decisions because of incomplete documentation, unclear processes, or repeated requests for additional proof. Caseworkers report that applicants—particularly those participating in the gig economy—often submit disorganized or irrelevant income records, or simply provide verbal explanations that require staff to act as auditors. "We're acting like their accountants sometimes," one state eligibility specialist says. "We're relying a lot on verbal reports from people who often don't know how to track or report income… we're under time constraints—we're supposed to finish intake interviews in 45 minutes to an hour, but it can easily take two hours."

These issues are exacerbated given the disproportionate representation of gig workers among benefit recipients. Recent studies show that gig worker are twice as likely to use SNAP benefits compared to traditional W-2 workers.[7] Thirteen percent of food delivery workers depend on SNAP[8], and more than a quarter of app-based gig workers rely on Medicaid for their health insurance. Many of these workers are underinsured and lack access to employer-sponsored safety nets, so they depend on social services to efficiently process their applications for benefits as they try to avoid gaps in coverage or support.[9] In 2022, 1 in 5 gig workers reportedly went hungry because they could not afford to eat.[10]

As the gig economy continues to expand (at three times the rate of the traditional workforce[11]), both the need for social services and breakdowns within the systems will likely only continue to magnify. Inefficiencies ripple outward, possibly creating backlogs, increasing error rates, and ultimately slowing down the delivery of vital benefits to eligible applicants. For all involved–caseworkers, recipients, and the taxpayers who ultimately fund these programs–the result is an avoidable loss of time, resources, and critically needed services.

THE NEED TO MODERNIZE

Agencies understand the need to modernize. Twenty-three percent of respondents say their agency is very or extremely motivated to adopt solutions specifically designed for verifying alternative income (including 36% of state respondents). When asked what they need most in a modern income verification solution, 79% of respondents identify

79%

OF RESPONDENTS CITE
AUTOMATED INCOME CALCULATION
WHEN ASKED WHAT THEY NEED
MOST IN A MODERN INCOME
VERIFICATION SOLUTION

[7] Economic Policy Institute, *National survey of gig workers paints a picture of poor working conditions, low pay,* June 2022.
[8] Center on Budget and Policy Priorities, *SNAP Helps Millions of Workers on Low-Paying Jobs,* July 2024.
[9] Aspen Institute, *Gig Worker Learning Project,* Sept. 2023.
[10] Economic Policy Institute, *National survey of gig workers paints a picture of poor working conditions, low pay,* June 2022.
[11] Fortune, *The gig economy is growing 3x faster than the traditional workforce, and Gen Z is leading the charge: 'They don't trust the old system',* April 2025.

assistance with automated income calculations, 71% point to direct access to applicant income data from banks and gig platforms, and 57% cite integration with their existing systems.

These priorities tell a clear story. Agencies are not asking for technology that replaces people; they are asking for tools that remove unnecessary complexity, reduce manual work, and help caseworkers make faster, more effective determinations. They also want solutions that are easy for applicants to use, to help reduce unintentional errors at the point of submission and minimize the need for repeated caseworker intervention.

As one state eligibility specialist put it: "If there was something that could verify self-employment income, that would be fantastic… there's really no system in place to catch unreported gig work or alternative income. That's the gap."

PROTECTING THE PERSONAL

Yet while improved tools can assist caseworkers to make their best data-driven decisions, the relationships between social service agencies and their populations must also begin with trust. In an era of heightened public scrutiny, agencies cannot afford to compromise on data security or privacy. Three-quarters (74%) of agency respondents cite data security and privacy as their top concern when considering new income verification solutions. Streamlining services rely heavily on trust from both applicants and caseworkers that this sensitive information will be handled securely and used only for its intended purpose. Without that trust, the adoption of new verification tools risks creating new barriers to participation rather than removing them.

Strong privacy protections help agencies foster integrity in their programs. In addition, secure data-sharing capabilities enable agencies to connect to a wider range of verification sources while prioritizing a limited exposure to risk. When implemented properly, these safeguards do more than protect information: they help reinforce the trust in the programs themselves, so that staff, applicants, and taxpayers can have more confidence in the overall system.

The Path Forward: Recommendations for Agency Leaders

Modernizing income verifications is not only about solving today's problems—it's about preparing agencies for what comes next. As social service programs adapt to legislative changes, workforce shifts, and rising applicant demand, agencies need flexible, forward-looking solutions that evolve alongside them.

PRIORITIZE PEOPLE-FIRST DESIGN.

Agencies should adopt solutions that remove administrative friction, reduce manual workloads, and improve the applicant experience. By embedding easy-to-use, applicant-facing tools these systems can help prevent unintentional mistakes before they happen and free up caseworkers to focus on high-touch, human-centered work. When technology is designed around staff and applicant needs, it helps strengthen trust in the overall system and ensures that modernization enhances—not disrupts—service delivery. This also enables caseworkers to focus on making nuanced decisions, instead of focusing on painstaking minutiae.

STRENGTHEN DATA INFRASTRUCTURE.

Future-ready eligibility systems must connect to a growing ecosystem of income sources. This means not only traditional payroll data but also gig platforms, banking or deposit records, and emerging forms of work and financial activity. As more of the economy shifts toward nontraditional income, agencies need tools that can seamlessly incorporate new data streams, help automate cross-checking, and deliver insightful information in a timely manner – all while putting the data privacy and security needs of the applicant at the forefront.

FOSTER ADAPTABLE AND FLEXIBLE ORGANIZATION.

The requirements introduced by OBBBA are only one piece of an increasingly complex landscape of funding, compliance, and regulation that continues to evolve. Agencies must think about what the verification needs of the future might look like, from changing eligibility requirements to new federal oversight mechanisms or greater pressures to deliver services faster. Agencies that invest in scalable, configurable verification platforms today will be able to better adapt to these changes without disruptive overhauls in the future.

Looking ahead, verification systems should not simply play catch-up with workforce changes—they should keep pace or even anticipate it. Imagine an environment where caseworkers receive automated alerts about high-risk discrepancies, where applicants can pre-verify their income data before even starting an application, and where program integrity is strengthened through proactive, data-driven monitoring rather than reactive audits.

By making these forward-looking investments, agencies can work to ensure that modernization is not a one-time project but a durable transformation—one that strengthens both the workforce that administers benefits and the eligible, vulnerable populations who depend on them.

CONCLUSION

Verification inefficiencies can impact everyone—caseworkers, applicants, and taxpayers alike. But they are not inevitable. With modernized, secure, data-driven tools, agencies can work to reduce friction, deliver appropriately sized benefits to eligible applicants faster, and strengthen public trust in the programs that help form the backbone of our social safety net. A safety net that supports millions of eligible Americans in need in every corner of the country.

OBBBA raises the stakes. Now is the time for agency leaders to invest in solutions that improve capacity, reduce administrative burden, and help get appropriately sized payments to the eligible applicants who need it most. ■

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Equifax helps social service agencies improve the timeliness of benefit eligibility determinations by combining the power of The Work Number®, the largest centralized commercial repository of payroll information in the U.S., with complementary Equifax data sources. We can help your agency break through its caseload backlog, so your staff can focus on those hard calls and expedite application reviews, whether that's at enrollment, re-enrollment or for a disenrollment, helping you foster continuity of support for communities.

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