



Housing Choice Voucher Program

Voucher Management System
Financial Management Issues
February 5, 2009

Voucher Management System – January 2009 Release

- **Processing Changes:**
 - All data entered for all prior months is unlocked and changes may be entered
 - Date Change Request process to correct data for prior periods is eliminated
 - All data changes are subject to on-line validation, in the same manner as new entries

Voucher Management System – January 2009 Release

Processing Changes:

- On-line validation protects the integrity of the database, because the data being revised has been previously validated**
- Error messages revised to more clearly state the type of potential error or variance**
- Discrepancies in the October 2008 release resolved**

Voucher Management System – January 2009 Release

Processing Changes:

- Outstanding issues to be resolved:**
 - Tenant Protection edits are only addressing initial funding**
 - Agencies with 5 Year Mainstream units only have temporary data entry work-around**
 - HAP After the First of the Month and FSS Escrow Deposits to be added to Total HAP**

Voucher Management System – January 2009 Release

- **New Fields:**
 - **FSS Escrow Deposits: Total HAP funds deposited by the HA for the month into the FSS participants' escrow accounts**
 - **Was previously reported within other HAP categories, and now is reported separately**
 - **Part of Total HAP**

Voucher Management System – January 2009 Release

- **New Fields:**
 - **HA-Owned Units Leased: Number of HA-owned units under HAP contract with the HA as of the first day of the month**
 - **Was previously reported under “Comments” – change due to the number of HAs with units to report**
 - **“Comments” for the months of July through November were lost in conversion – HAs need to report them anew in the correct months, as “Comments” – includes HA-Owned Units Leased**

Voucher Management System – January 2009 Release

- New Fields: Disaster Housing Assistance Program – Hurricane Ike:
 - DHAP-Ike Families Assisted: Total number of families assisted under the DHAP-Ike program for this month. These families are not reported on any other line
 - DHAP-Ike New Families This Month: Number of first-time families assisted under the DHAP-Ike program this month. This number is included in the number of assisted families reported above

Voucher Management System – January 2009 Release

- New Fields: Disaster Housing Assistance Program – Hurricane Ike:
 - DHAP-Ike HAP for Families Assisted:
Total rent subsidy payments made on behalf of DHAP-Ike families for the entire month, not just for the first of the month – costs are charged to the month for which the assistance was provided, regardless of when it is actually paid.

Voucher Management System – January 2009 Release

- New Fields: Disaster Housing Assistance Program – Hurricane Ike:
 - DHAP-Ike Security Deposits Paid: Total funds expended for DHAP-Ike security deposits during the month
 - DHAP-Ike Utility Deposits Paid: Total funds expended for DHAP-Ike utility deposits during the month

Voucher Management System – January 2009 Release

- New Fields: Disaster Housing Assistance Program – Hurricane Ike:
 - DHAP-Ike Security Deposits Returned: Total amount of funds returned to the HA during the month as refunds of DHAP-Ike security deposits
 - DHAP-Ike Utility Deposits Returned: Total amount of funds returned to the HA during the month as refunds of DHAP-Ike utility deposits

Voucher Management System – Coming Changes - February

- The following fields will be introduced to the system in February, 2009, to be used for January reporting:
 - Interest Income: Interest or other income earned this month from the investment of HAP funds and Net Restricted Assets
 - DHAP to HCV Vouchers Leased: Total number of vouchers from the 2009 DHAP to HCV award that were under lease for former DHAP families as of the first of the month
 - DHAP to HCV Vouchers HAP: Total HAP expenses for the DHAP to HCV vouchers leased

Voucher Management System – Validation Project

- HUD has calculated NRA balance for each HA for each quarter since 1/1/2005, based on adding each quarter's validated data to the calculations
- HUD has not revised calculations to reflect HA changes in reported data after the validation period
- HUD needs to update the calculations by adjusting for all VMS data changes made or required

Voucher Management System – Validation Project

- HAs have the opportunity to submit changes for data for any month from January 2005 through December 2008, to be used in the updated NRA calculations
- Changes are to be made on-line in VMS
- Explanatory letter has been sent to all HAs
- All changes must be completed by February 27
- Entries will be edited on-line, in the same manner as new monthly reporting

Voucher Management System – Validation Project

- HAs should enter changes in time for all edits to be resolved by February 27
- Data as of February 27 will be used for any required NRA calculations for 2009 funding
- In 2007 and 2008, HUD sent each HA their data of record for review prior to funding – that will not be done this year

Voucher Management System – Validation Project

- Data need only be changed for the categories used for calculations, as detailed in the letter
 - Unit Months Leased and HAP Expenses for all categories except Mainstream 5
- Data should only be changed or entered for 2007 and 2008 in those fields that were in place when the data was initially entered
 - Example: VASH reporting began for April 2008 – do not make entries for any prior months

Voucher Management System – Validation Project

- Data for changes for 2005 and 2006 may be made in any field available on the reporting form.
- HAs should report vouchers leased and HAP expenses for transferred vouchers only for the months the vouchers were in that HA's baseline
- Vouchers leased and HAP expenses should include leasing of vouchers for prior Voucher participants who had been in the Disaster Voucher Program and returned to the Voucher program, from the month their Voucher assistance resumed

Voucher Management System – Frequent Questions

- Definition of PHA-Owned Unit
 - Any ownership interest in a unit, no matter how small
 - Also includes and unit owned by an entity substantially controlled by the PHA
 - Citation is 24 CFR 982.352: a unit owned by the PHA that administers the assistance, including a unit owned by an entity substantially controlled by the PHA
 - Now reported in a field, but also included in the units leased and HAP categories – no separate reporting for HAP costs

Voucher Management System – Frequent Questions

- Voucher Expenses After First of Month:
 - HAP expenses for the month for contracts that were effective after the first of the month
 - When added to first of month total, should yield the total gross HAP costs for the month
 - Does not include any payments made after the first of the month for contracts that were in place on the first

Voucher Management System – Frequent Questions

- HAP Expenses Paid From Non-HCVP Sources:
 - Units Leased and HAP Expenses categories include all HCVP participants under HAP contract, and, therefore, funded with eligible funds, including BA, NRA, NUA
 - Includes participants currently receiving \$0 HAP assistance due to income
 - Reporting does not include participants that have been terminated from HCVP, even as a temporary cost-saving measure, and are being assisted under another program

Voucher Management System – Frequent Questions

- Total HAP Edits
 - For some HAs, a portion of 2008 total pro-rated eligibility was provided out of the HA's NRA balance, in lieu of new BA
 - In those cases, the portion provided by the NRA is included in the BA total used in the Total HAP Edits
 - This prevents an inaccurate distortion of the HA's utilization rate
 - Example: edit that compares HAP expenses to BA:

Voucher Management System – Frequent Questions

Total HAP Edits:

Pro-Rated 2008 Eligibility: \$1,200,000

Amount Provided via NRA Offset: \$400,000

Amount Provided via New Budget Authority: \$800,000

Monthly BA Amount to Compare to Monthly

HAP Expenses: \$100,000

Variance Limits for HA: 80% to 110%

Monthly HAP Expenses: \$90,000

Utilization Rate: 90%

Result: No Hard Edit Issue

Voucher Management System – Frequent Questions

- Billing for Portable Voucher Admin Fees:
 - Standard billing rate for portables is 80% of the Column B rate of the initial PHA
 - PHAs were advised in 2008 to use the first quarter's pro-ration factor for the entire year, to avoid re-calculating each quarter
 - PHAs may continue to bill and pay at that rate until 2009 fee procedures are known

Voucher Management System – Frequent Questions - Portables

- One of your participants has ported to another HA, and that HA is billing you for monthly HAP
 - This is a port-out
 - Your HA reports the voucher leased and HAP expenses on your VMS submittal under “Portable Vouchers Paid”
 - This participant is part of your HA’s program
 - Receiving HA does not report this participant in VMS – must report in PIC, however

Voucher Management System – Frequent Questions - Portables

- One of your participants has ported out to another HA, and that HA has absorbed him into their voucher program:
 - This is not a port-out
 - The receiving HA reports the voucher leased and HAP expenses on its VMS submittals as one of its participants
 - Your HA does not report this participant in VMS, as he has left your program

Voucher Management System – Frequent Questions - Portables

- Participant from another HA has ported to your HA, and you are billing the other HA for the monthly HAP:
 - This is a port-in
 - The Initial HA reports the voucher leased and HAP expenses on its VMS submittal, under the categories for “Portable Vouchers Paid.”
 - Your HA reports this participant under the “Regular Portables Administered” categories
 - Your HA does not report this participant as part of its vouchers leased or HAP expenses in any other category
 - Your HA reports this participant in PIC

Voucher Management System – Frequent Questions - Portables

- Participant from another HA has ported to your HA, and your HA has absorbed him into your voucher program:
 - This is not a port-in
 - Your HA reports this participant's voucher leased and HAP expenses as one of your participants
 - The initial HA does not report this participant, as he has left their program

Voucher Management System – Frequent Questions

- Use of VMS data in PIC:
 - PIC currently extracts from VMS the vouchers leased in each category and compares the total to the PIC family reports, to determine the HA's reporting rate.
 - Recent field additions to VMS have not been added to this extract, resulting in some discrepancies
 - In the April systems release, the PIC extract will be revised, to take from VMS the total vouchers leased on the last day of the month
 - This will become the basis for PIC reporting compliance

Voucher Management System – Frequent Questions

- Official e-Mail Address in VMS:
 - Header information in VMS includes a field for the official HA e-mail address
 - Address is extracted from PIC, and is the address entered there by the HA as the address of the executive director
 - Address cannot be edited in VMS, but in PIC
 - Once edited in PIC, there is a one-week delay before it is displayed in VMS

Net Restricted Assets Reconciliation Project

- HAs report program costs and other information to both VMS and FASS
- To date, HUD has used expenses reported in VMS to calculate NRA balances, per congressional mandate
- Accuracy is critical because it is anticipated that NRA balances may continue to be subject to offset, in lieu of providing new budget authority/funding

Net Restricted Assets Reconciliation Project

- In some cases the variance between the NRA reported in FASS and the NRA calculated on the basis of HUDCAPS funding and VMS expense data is significant
 - Even when data is adjusted for known differences in reporting requirements
- For quality purposes, HUD needs to reconcile the balances between the systems

Net Restricted Assets Reconciliation Project

- Will ultimately reconcile the balances for all HAs
- Immediately HUD will reconcile the balances for 400 HAs, selected on the basis of Voucher program size and the percentage variance between the NRA balance from FASS and the calculated balance based on VMS expenses

Net Restricted Assets Reconciliation Project

- Selected HAs will receive a report comparing their balances and adjusting for known items of variance (interest income, negative balances, for example)
- HAs are to review the data, provide any additional reconciling information concerning their reporting
- Critical for all selected HAs to respond

Net Restricted Assets Reconciliation Project

- Based on HA comments and HUD review, a balance will be determined
- HAs will make adjusting entries to their reporting as needed
- These selected HAs are also included in the VMS data review – revised VMS data is the same in both projects

2009 Voucher Funding - HAP

- No 2009 appropriations yet enacted
- HUD is operating under a Continuing Resolution (CR) until the earlier of March 6 or the enactment of appropriations
- CR allows expenditures at 2008 level and under 2008 appropriation provisions
- 2008 funding eligibility was based on FFY 2007 actual HAP costs – this is the basis for HAP disbursements made to date

2009 Voucher Funding - HAP

- Estimated HAP funding amounts disbursed for January and February
 - Based on December 2008 eligibility, before pro-ration and offset
 - Adjusted to include the renewal of units expiring for the first time on 12/31/08 or 1/31/09
 - Total 2008 required offset was taken off the top, rather than estimating the amount to apply to each HA
 - Funding amounts are pro-rated, based on funds available under the CR

2009 Voucher Funding - HAP

- January and February disbursements are estimated amounts only – they do NOT represent 2009 eligibility, which may be more or less
- Disbursements are advances against the ultimate 2009 eligibility
- Disbursements for March will follow the same formula

2009 Voucher Funding - HAP

- HAs that have insufficient funds from monthly disbursements and NRA balance may request that additional funds be advanced
- Any advances granted do not create additional eligibility for 2009 – just provides more of the eligible amount up front and will reduce disbursements later in the year
 - Request is submitted to the FMC for review
 - All approvable requests received to date are funded

Use of Net Restricted Assets

- In 2008, a portion of each HA's unusable NRA was used in place of new funding – done via offset
- This did not reduce an HA's funding eligibility – simply used in lieu of new dollars those funds on hand at the HA for which there was no eligible use – funds that exceeded what was needed to achieve 100% utilization

Use of Net Restricted Assets

- In years before the establishment of the NRA, these funds would have been recaptured
- Regardless of offsets, all NRA funds, those termed usable and unusable are available to support eligible HAP costs
- HUD calculations of BA utilization include as BA that portion of the NRA that was offset

Use of Net Restricted Assets

- NRA may only be used for current and future year HAP expenses
- NRA may not be used for:
 - Prior year deficits
 - Augmentation of administrative fees
 - Support of public housing expenses
 - Any other purpose

Use of Net Restricted Assets

- When HUD calculates the NRA balance for purposes of any required offsets, HUD does not allow for any ineligible uses – if funds have been used for ineligible costs they will still be offset, leaving the HA's Voucher program with insufficient funds

2009 Voucher Funding – Admin Fees

- Estimated admin fees have been disbursed for January and February based on 2nd quarter 2008 eligibility, pro-rated to funds available under the CR
- Front-loading may be requested if the HA has insufficient disbursements and Net Unrestricted Assets to meet critical needs
- All funds disbursed prior to the determination of eligibility are advances against that eligibility

2008 Admin Fees

- 4th quarter reconciliation to be completed as soon as December data is finalized
- Reconciliation will include any adjustments for prior quarters not previously calculated
- HAs should anticipate a pro-ratio of approximately 90 percent, as in prior quarters

2008 Admin Fees

- December advances were reduced to 75% to mitigate the potential for over-disbursement – reconciliation will provide for total pro-rated eligibility
- 2008 over-payments will be deducted from future disbursements
- HAP funding and NRA may not be used to augment admin fees

2008 Admin Fees

- HUD committed to provide fees for new HAP contracts, effective other than on the first of the month
- Funding will come from remaining amount of the fee set-aside
- New contracts will be identified from PIC entries
- HAs should anticipate a significant downward pro-ration, due to the minimal funding available
- Requests are due February 20 and must be submitted to
PIH_Financial_Management_Division@hud.gov

Voucher Management System and Financial Management Issues

- Please send any questions to your assigned financial analyst at the Financial Management Center or e-mail to ---
- PIH_Financial_Management_Division@hud.gov