Public Law 113-2

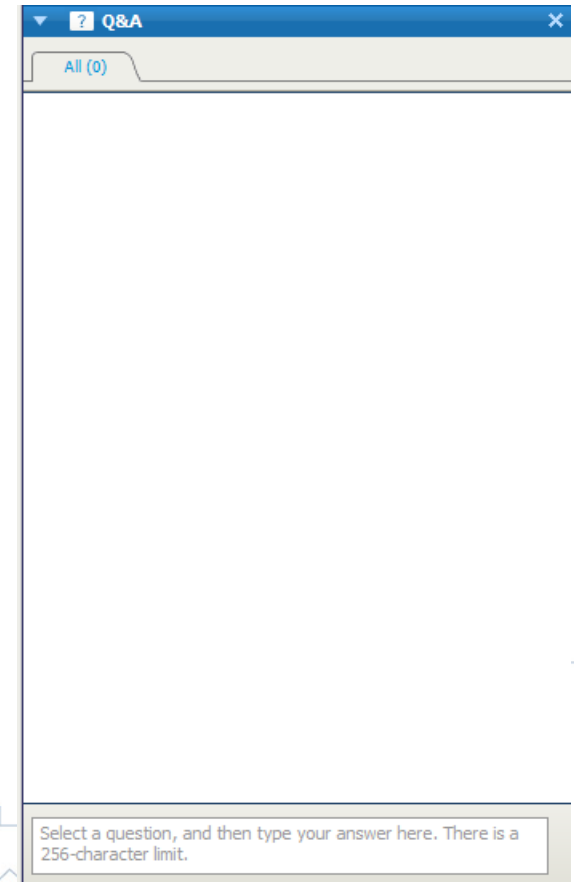# New Expenditure Deadline Tracking

February 23, 2017

U.S. Department of Housing and Urban Development

Welcome and Speakers

- Welcome to HUD's webinar on New Expenditure Deadline Tracking for PL 113-2 Grantees
- Speaker:
  - Phyllis Foulds, U.S. Department of Housing and Urban Development (HUD)
- Questions:
  - Tyler Bridges, U.S. Department of Housing and Urban Development (HUD)
- Technical Support Management:
  - Chantel Key, ICF

Webinar Logistics

- Submit content related questions via the WebEx Q&A box - submit to All Panelists →

- Submit technical issues related to WebEx via the Chat box – submit to Host

Questions

- Submit written questions at anytime during the webinar

- Questions will be answered at designated times throughout the webinar

- Remaining questions and answers will be provided post webinar in frequently asked questions

P.L. 113-2 Background Information

- $15.2 billion awarded
  - 47 grant awards (including NDR)
  - Over $13.5 billion has been obligated to grantees
    - Approximately 160 partial obligations
- All funds must be obligated by September 30, 2017
- All obligated funds must be disbursed within 24 months of obligation ("disbursement deadline")
  - Unless a disbursement deadline extension is granted
- Disbursement = "Expenditure" or "Drawdown"

CHALLENGE
Managing Disbursement Deadlines

- For each partial obligation, grantees must:

  – Disburse funds by program category defined in the grant conditions budget tables to meet each disbursement deadline

  – Grantees must set-up separate projects and activities in DRGR

- To meet disbursement goals:

  – Existing grant condition budget tables may have to be amended

  – Grantees may need to process DRGR voucher and budget adjustments

  – CPD Reps / Financial Analyst must carefully oversee any adjustments and process amendments

CONTRIBUTING FACTORS
Managing Disbursement Deadlines

- How funds are defined within Grant Conditions

- How disbursements are tracked against Disbursement Deadlines

Both of these factors dictate how funds are established and managed in DRGR.

Existing Grant Conditions

- Currently, grant conditions establish:

  - ✔ Amount of funds obligated

  - ✔ Amount of time the funds will be available (always 24 months)

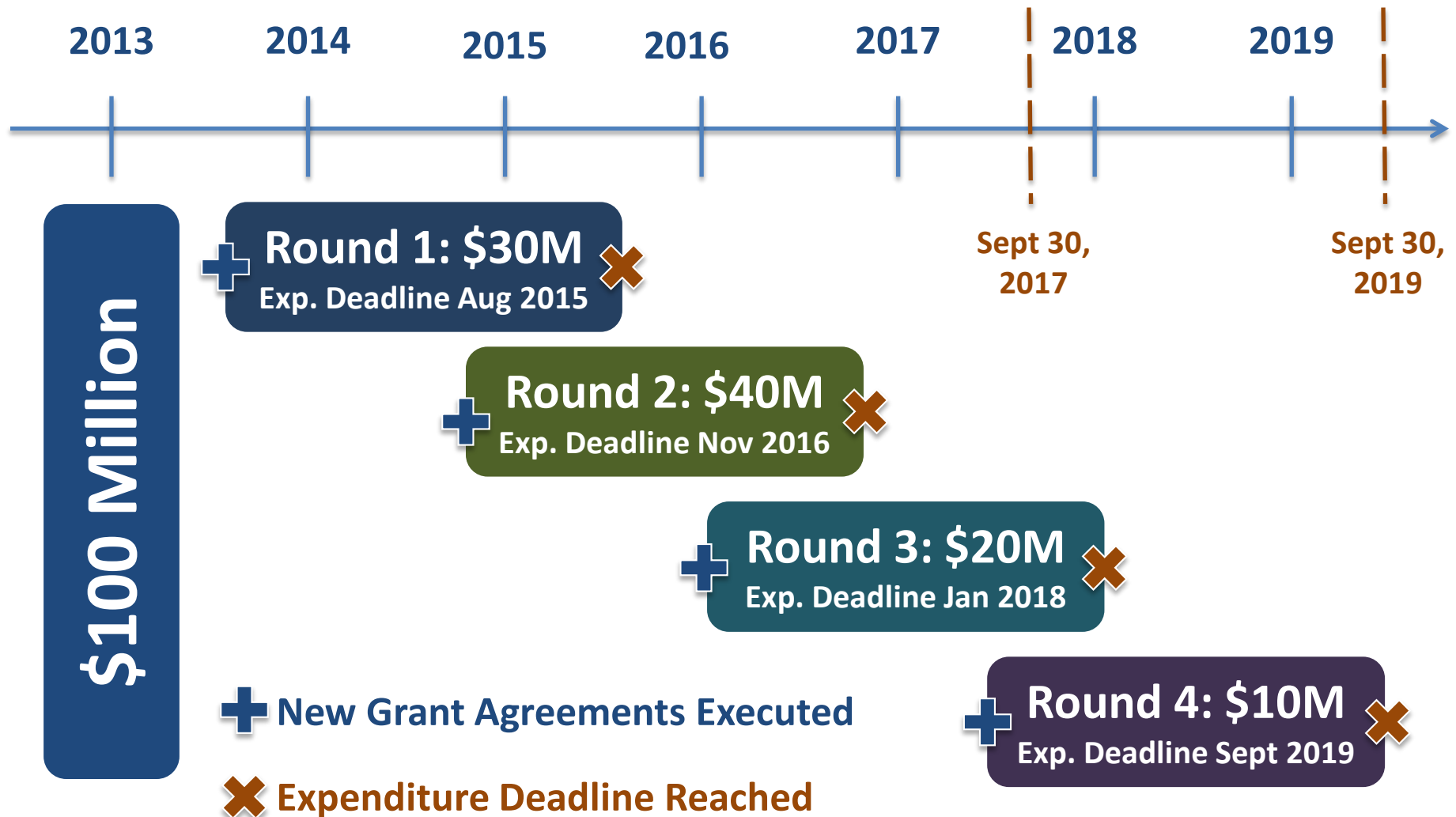 - ✔ Programs categories under which obligated funds must be spent

Current Grant Conditions Budget Table

PROGRAM CATEGORY	Amount Previously Obligated	Current Obligation	Total Amount Obligated
Admin	$30	$20	$50
Housing	$300	$200	$500
Economic Development	$100	$100	$200
Public Facilities and Infrastructure	$170	$80	$250
TOTALS	$600	$400	$1,000

Current Disbursement Tracking

- The following is an example of the <u>current</u> disbursement tracking process:

  - Each obligation is tracked separately

  - Grantee is working toward multiple disbursement goals

  - Each obligation was defined at the program category level within the respective grant agreement conditions

Current Disbursement Tracking

2013 2014 2015 2016 2017 2018 2019

Sept 30, 2017

Sept 30, 2019

$100 Million

Round 1: $30M
Exp. Deadline Aug 2015

Round 2: $40M
Exp. Deadline Nov 2016

Round 3: $20M
Exp. Deadline Jan 2018

Round 4: $10M
Exp. Deadline Sept 2019

➕ **New Grant Agreements Executed**

✖ **Expenditure Deadline Reached**

Current Disbursement Tracking

ALLOCATION		OBLIGATIONS			DISBURSEMENTS			
Allocation Amount	% Obligated	Round	Obligation Amount	Execution Date	Disbursement Goal	Block Date	Grant Funds Disbursed	% Disbursed
$1,000	100%	R1	$400	12/30/14	$400	12/30/16	$200	50%
		R2	$200	4/30/15	$200	4/30/17	$150	75%
		R3	$400	9/30/16	$400	9/30/18	$100	25%

SOLUTION
Managing Disbursement Deadlines

- Use "cumulative disbursements" across multiple obligations to meet expenditure deadlines

  - No longer define funds at program category level within grant conditions

  - Program category budgets will instead be tracked in the Published Action Plan

  - Modify DRGR tracking of disbursement deadlines to allow for "rolling block dates" for activities

New Grant Conditions

- New grant conditions will establish:

  - ✔ Amount of funds obligated

  - ✔ Amount of time the funds will be available (always 24 months)

  - ✔ Cumulative disbursement schedule

  - ✔ Extended activity disbursement schedule

- New grant conditions will <u>no longer</u> contain:

  - ✘ Programs categories under which obligated funds must be spent

New Grant Conditions Budget Table

Cumulative Disbursement Schedule

Obligation Dates	Disbursement Deadlines	Minimum Cumulative Disbursement Amount
12/30/14	12/30/16	$200
4/30/15	4/30/17	$400
9/30/16	9/30/18	$800

Extended Disbursement Schedule

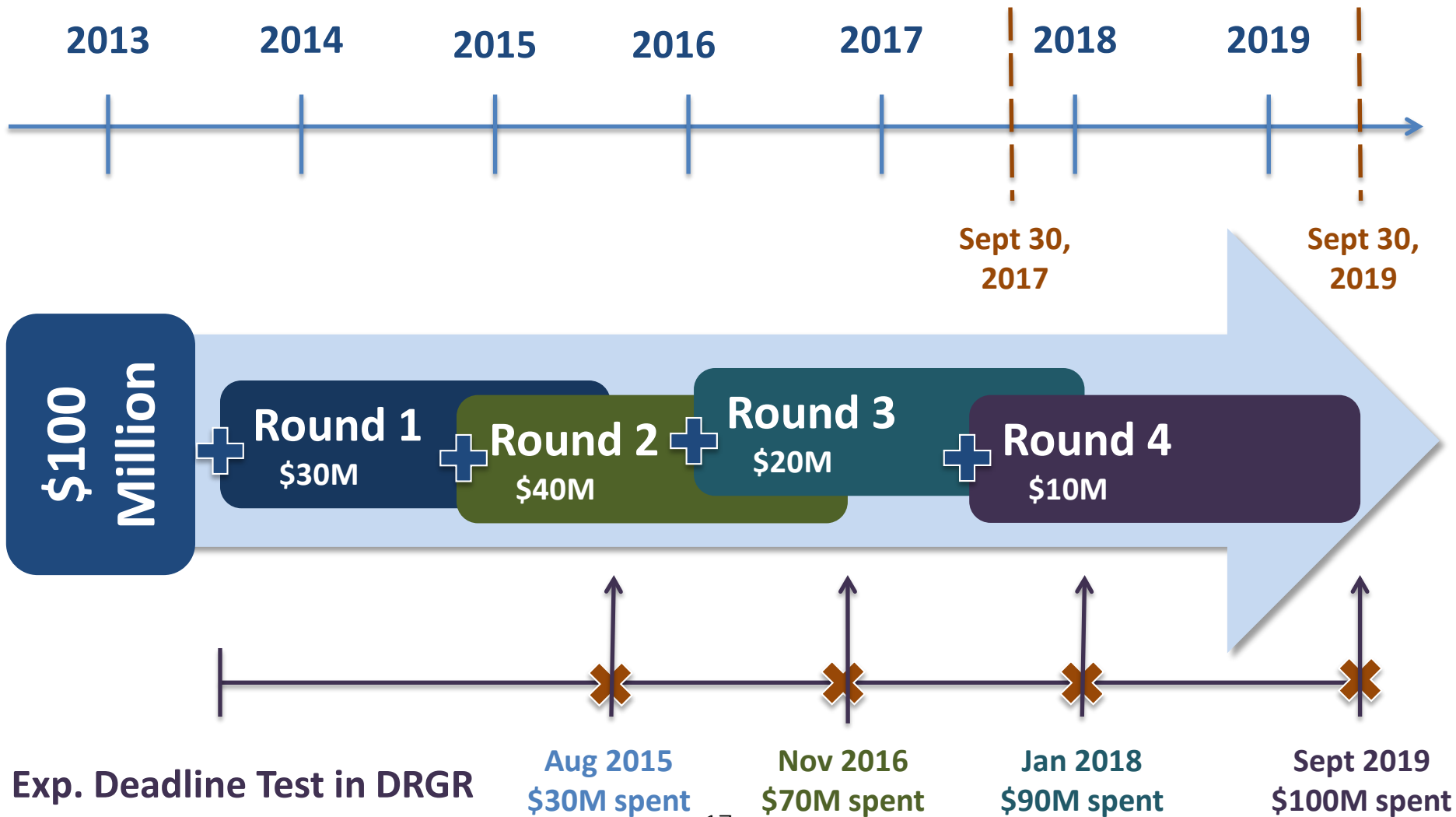| Obligation Dates	Extended Disbursement Deadlines	Minimum Cumulative Disbursement Amount
12/30/14	12/30/17	$200

* The first obligation (Round 1) on 12/30/2014 obligated $400, of which $200 was extended. Round 2 on 4/30/15 obligated an additional $200, and Round 3 on 9/30/16 obligated an additional $400.

New Disbursement Tracking

- The following is an example of the <u>new</u> cumulative disbursement tracking process:

  - Cumulative disbursement goals are established with each new partial obligation

  - Cumulative sum of grant funds disbursed are counted toward each successive cumulative disbursement goal

  - Funds granted a disbursement deadline extension are "carved out" and tracked separately against the respective, extended deadline

New Disbursement Tracking

2013   2014   2015   2016   2017   2018   2019

Sept 30, 2017

Sept 30, 2019

$100 Million

Round 1 $30M

Round 2 $40M

Round 3 $20M

Round 4 $10M

Exp. Deadline Test in DRGR

Aug 2015 $30M spent

Nov 2016 $70M spent

Jan 2018 $90M spent

Sept 2019 $100M spent

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New Cumulative Disbursement Tracking

ALLOCATION		OBLIGATIONS		DISBURSEMENTS				
Allocation Amount	% Obligated	Round	Obligation Amount	Cumulative Disbursement Goal	Benchmark Date	Grant Funds Disbursed	Remaining Balance Toward Benchmark	Days Remaining
$1,000	100%	R1*	$200	$200	12/30/16	$200		
		R2	$200	$400	4/30/17	$350	$50	80
		R3	$400	$800	9/30/18			
		R1-ext*	$200	$200	12/30/17	$75	$125	324

How it will work in DRGR

- DRSI will compare cumulative disbursements in DRGR to cumulative disbursement goals established in the grant conditions

- All activities will carry the next scheduled disbursement deadline block date (rolling block dates)

  - Rolling block dates are based on the earliest disbursement deadline that has not passed

- Projects and activities will no longer need to be separated (and labeled) by round of funding

How it will work in DRGR
(When Deadlines are Met)

- If a grantee achieves the disbursement goal PRIOR to the block date, the block dates in DRGR will be updated to the NEXT scheduled block date (example follows)

Example Rolling Block Dates

Cumulative Disbursement Schedule

Obligation Dates	Disbursement Deadlines	Minimum Cumulative Disbursement Amount
12/30/14	12/30/16	$200
4/30/15	4/30/17	$400
9/30/16	9/30/18	$800

Block Date	Benchmark Achieved
12/30/16	Obligation #1: Initial DRGR Block Date for all activities. Grantee must disburse $200 by DRGR block date of 12/30/16
4/30/17	Obligation #2: When grantee achieves goal (disburses $200 by 12/30/16) DRGR block date is reset for all non-extended activities to 4/30/17
9/30/18	Obligation #3: When grantee achieves NEXT goal (disburses $400 by 4/30/17) DRGR block date is reset for all non-extended activities to 9/30/18

How it will work in DRGR
(When Deadlines are Missed)

- If a grantee does NOT meet the disbursement goal, the following actions will take place:

  - Grantee will be unable to submit new voucher for any activity since ALL activities will be blocked

  - DRGR Super User (Tyler) will increase restricted balance project by the amount of funds that missed the goal

  - Grantee will need to reduce project and activity budgets by the unexpended amount moved to the restricted balance project

  - DRGR Super User (Tyler) will adjust the activity block dates to the next scheduled disbursement deadline

  - Grantee can resume voucher submissions

  - DRSI Financial Analyst (Phyllis) will coordinate the deobligation of funds with OCFO

Launch Schedule for New Cumulative Disbursements Process

Date	Milestone
2/23/2017	Grantee Training: Webinar for P.L. 113-2 Grantees
3/1/2017	DRSI will issue transition documents: • Cover letter/acknowledgement form sent to grantees • New grant conditions including cumulative disbursement goals
3/20/2017*	Upon receipt of signed acknowledgements from all P.L.113-2 grantees: • DRSI will adjust DRGR block dates for all non-extended projects and activities and begin implementation tracking process

* Allows updates to be implemented before 3/31 quarter end date.

Consolidating Projects and Activities

- DRSI will assist grantees with consolidating projects and activities that are currently separated by multiple rounds of funding

  - Grantee identifies projects and activities that should be consolidated

  - For each "group" of projects and activities separated by round of funding, financial and performance data will be consolidated under a single DRGR project and activity

  - Grantee will need to perform QA/QC to ensure data is accurate

Consolidating Projects and Activities

- Benefits
  - Fully automated by DRGR contractor
  - Makes DRGR Action Plan easier to understand
  - Simplifies management of grant
  - Simplifies DRGR reporting and drawdowns
- Grantee's that do not want to consolidate will be considered on a case-by-case basis
- More information will be released in April 2017

Impact of New Cumulative Disbursement Process

- New Obligations
  - No impact, other than simplifying the grant conditions
  - Grantee no longer must create new projects or activities for each obligation
  - Grantees should "plus up" existing projects and activities where applicable

- Budget adjustments to prior obligations
  - No longer needed!
  - Grantees can move funds in DRGR more freely without impacting grant agreements conditions, provided the changes match the Published Action Plan

Impact of New Cumulative Disbursement Process

- Disbursement deadline extensions

  - Should not be needed as often

  - Grantees will have more flexibility with extended funds

  - An amendment to grant conditions will be necessary to update the disbursement goal table and "carve out" funds granted a disbursement deadline extension

- Voucher adjustments to meet disbursement deadlines

  - No longer needed!

Ultimate Impact of
New Cumulative Disbursement Process

"The quieter you become, the more you can hear."

zen frog

Questions?

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