HOME IDIS Webinar: Grant Based Accounting Changes for FY 2015 and Onward, 8-12-15

Chantel Key: Hello. This is Chantel Key. I want to provide you some guidance for the questions during the session today. Please use the written questions at the text box in your go-to webinar toolbar. And you can answer your question at any time during this presentation, and we will answer all questions at the end of the power point.

Vashawn Banks: Okay, folks. So just a quick introduction and going over the agenda. I do want to second what Chantel said – please get your questions in. We really want to make sure that we make you feel comfortable with all the changes that are going on with IDIS and that you don't get caught unawares; so please get your questions in. We should have lots of time towards the end in order to answer all of your questions, so please get those in.

We're going to be here today, talking about the transition from FIFO to grants-based accounting. While it's not that complex – in many ways it will simplify things, actually – but it can have significant changes on what you're doing and the processes, especially in terms of IDIS.

So specifically we're going to talk about how it will affect funding activities in IDIS with HOME dollars, and also how it will affect your draw down process in your HOME funds.

A lot of you are concerned about your HOME commitment test. It will definitely have an effect on that; that's actually one of the reasons this whole change to grants-based accounting came about, so we'll spend some time talking about that. And we'll wrap up – just giving you a couple reminders, some things to think about, some next steps, and also some resources that will help you manage the transition from FIFO to grants-based accounting.

So throughout the webinar we will do a couple polls, a couple quizzes to keep you engaged. So make sure you turn off Facebook, get off Amazon, stop shopping; and please participate in the polls. It will help us determine how fast to go, how slow to go, and what questions you have.

So with that, we're going to go straight to poll question number one. Which answer best describes your role in the HOME program? So your choices are; A, a staff member - the state or local PJ; B, a state recipient or subrecipient of HOME funds; C, member of a CHDO; D, a HUD employee; or E, a concerned citizen who enjoys listening to IDIS calls on a random weekday. I guess that would include TA providers and consultants as well.

Chantel is going to throw up that poll, and the questions might look a little different on the polls, I think we had to cut them a little down. Chantel will read it one more time for you as well.

Chantel Key: Again, we have which answer best describes your role in the HOME program? Staff member of a state or local participating jurisdiction; state recipient or subrecipient of HOME funds; community housing development organization employee; HUD employee; a concerned citizen who enjoys listening to IDIS calls on a random weekday.

Okay. We have about 87 percent have voted so far. We're at 90 percent, and I'm going to go ahead and close it. We have 78 percent have voted as a staff member of a state or local participating jurisdiction; 10 percent have voted state recipient or subrecipient of HOME funds; only 1 percent have voted a community housing development organization employee; 7 percent at HUD employee; and 4 percent at a concerned citizen who enjoys listening to IDIS calls.

Vashawn Banks: All right. Thank you, Chantel. Can you see our screen again; just verify?

Chantel Key: Yes.

Vashawn Banks: Okay. Great. We're going to go straight into poll question number two, just a little follow up, just to get a little bit more idea of who's on the phone. How would you describe your level of experience with IDIS used in the HOME program? A, beginner with less than 1 year of experience; intermediate user with 1-3 years' of experience; proficient user with more than 3 years' experience; or d, an expert who should be facilitating this webinar. So please go ahead and open up poll question number 2, please.

Chantel Key: And to read the answers again; beginner with less than 1 year of experience; b, intermediate user with 1-3 years' experience; c, proficient user with more than 3 years' experience; and d, expert user who should be facilitating this webinar.

So far we have 89 percent have voted. Now we're at 90; and I will close in a few seconds. Okay. So our results are 21 percent have voted at beginner with less than 1 year of experience; 29 percent voted at intermediate user with 1-3 years' experience; 46 percent have voted as proficient user with more than 3 years of experience; and 4 percent at expert user who should be facilitating this webinar.

Vashawn Banks: That is fantastic; thank you, Chantel. So based on the survey, it appears that the majority of you have a ton of experience using HOME IDIS.

I imagine that you're familiar with the term "FIFO." FIFO stands for "first in first out" and that's the accounting method used by the HOME program since 1996. I wonder how many of you were around for the migration from CMIS to IDIS. Now that should have been a poll question.

Under FIFO, IDIS identifies the grants with the oldest available balances, and automatically commits those monies each time a PJ funds an activity. The same thing happens when PJs create its vouchers. The system's going to search for the oldest, undrawn balances, and then disperses funds from those grants, prior to drawing funds from the newer allocations. The net result is that the activity commitments will be from one grant year, and the draws will likely be processed from another.

Well, that all changes under grant-based accounting. Starting with fiscal year 2015's HOME allocations, commitments and draws will be grant-year specific. Simply put, when PJs commit FY 2015 funds to an activity, FY 2015 funds will be drawn for that activity – straightforward, no frills, no guesswork.

FY 2014 and prior years will continue to be processed under FIFO until those entire balance of funds have been fully dispersed. Several resources on grant-based accounting are now available on the HUD exchange. So folks, if you haven't already done so, I highly recommend you review the materials, which include general factsheets and a matrix of key changes that are separated by program office.

Now, as Bill will demonstrate in a few moments, IDIS now allows PJs to select which funding source it will use to commit to activities. If an activity is funding from a FY 2015 or later grant, then IDIS will disperse funds from that same year. If pre-2015 funds are committed to an activity, then the system will draw the oldest month available during the voucher creation phase.

Now some of you might know that Bill and I have the privilege of responding to the HOME IDIS questions you submit through the HUD exchange. One of the most frequently asked questions that we're getting these days is, "What in the world is going on with 2015 program income?"

Well, for those of you who have no idea what I'm talking about right now, let me explain. HUD recently made three significant changes to how HOME program income is processed in IDIS. Program income change number one: PJs program years will be pre-populated each time we create a program income receipt in IDIS. For example, let's say the city of Denver started their 2015 program year on August 1, 2015. If that were true, all receipts created by the city between August 1, 2015 through July 31, 2016 would be assigned to the 2015 program year in IDIS.

Now I want to reassure everyone on this call, do not be concerned if your jurisdiction recently began their 2015 program year, and has receipts that should have been assigned to the prior year. Simply use the comments section located on the add receipt screen to state that receipt should have been assigned to 2014.

That's important; so let me repeat that. PJs should use the comments field on the add receipt screen to indicate that a receipt should be assigned to a year that's different then what is prepopulated in IDIS.

We should also remind everyone that CPD notice 97-09 requires PJs to receipt HOME local funds in intervals not to exceed 30 days; so please keep that in mind.

Program income change number two: IDIS will not give PJs the option of replacing FY 2015 HOME entitlement funds with the uncommitted balance of 2015 program income during the voucher creation phase. However, the system will continue to allow PJs to replace pre-2015 EN that's your 1992 through 2014 EN with pre-2015 PI, with drawing down funds.

Question: does that mean that PJs can ignore the requirement to draw down all HOME funds in their local account before dispersing HOME treasury funds? We only wish; but of course not. But PJs should be aware that they may need to manually adjust existing activity funding in order to draw down program income first.

Program income change number three: Committing 2015 program income to an activity will result in 2015 program income being dispersed for that same activity. So think of it this way: 2015 and later PI is program year-specific; and 2015 and later treasury funds are grant-year specific; different sources, but the same result. Hopefully these changes will make it easier for PJs to reconcile their local ledgers against IDIS.

Now as far as HOME deadline compliance is concerned, all grants through FY 2014 will continue to be measured cumulatively. So PJs should not expect any changes to how their requirement amount is calculated for deadlines in FY 2016. We'll talk a little bit more later about how commitments will be measured under grant-based accounting later on in the presentation.

All right, folks. We ready for a quiz? Quiz number one: starting in FY 2015, HUD will allow PJs to fund HOME activities in which of the following ways? A, commit only FIFO funds, as FY 1992-2014 to activities set up under program years prior to 2015; B, commit both FIFO and grant-specific funds FY 2015 and onward to the same HOME activity, regardless of program year; or option C, commit both FIFO and grant-specific funds FY 2015 and onward to the same activity on a case-by-case basis, and a waiver is required. Chantel, can you please launch that question?

Chantel Key: Okay. The polls are now open. And I'm just going to read A, B, and C again, since the answers are somewhat condensed. We have a at commit only FIFO funds fiscal year 1992-2014 to activities set up under program years prior to 2015; B, commit both FIFO and grant-specific funds fiscal year 2015 and onward to the same HOME activity regardless of the program year; and then we have C, at commit both FIFO and grant-specific funds fiscal year 2015 and onward to the same activity on a case-by-case basis, and a waiver is required.

We have about 60 percent that have voted so far, and I'll wait a few seconds before I close the poll. We're at about 80 now. All right. The polls are now closed, and I'm sharing the results. We have 41 percent have voted at commit only FIFO funds; 53 percent voted at commit both FIFO and grant-specific to the same HOME activity, regardless of the program year; and 6 percent voted at commit both FIFO and grant-specific funds to the same activity on a case-by-case basis, and a waiver is required.

Vashawn Banks: Okay. Thank you, Chantel. And everyone on the call is just dying to know the real answer, so let's get to that with no further adieu. B; as long as an activity is included in the PJ's consolidated plan and action plan for the appropriate program year, both FIFO and grant-specific funds can be committed to the same HOME activity. So the 51 percenters had it right. Okay.

Bill Kubal: All right. Thank you, Vashawn. So we're going to go ahead and talk about some of the mechanics on how to do this in IDIS. We're just going to stick to the slides; we're not going to go live in the system.

Just to note, a lot of these materials, a lot of these processes are covered in a lot greater detail in the actual HOME facts. So if you want more detail than what's in the slide, go ahead and please use that resource.

It's basically a four-step process – it's always been a four-step process to fund a HOME activity. Number one, you select which HOME activity you want to fund. Number two, you select the funding source – so entitlement, program income, CHDO reserve, what have you. You complete the HOME activity funding certification – that's one that says, yes; this is a valid commitment; it qualifies as a commitment. And then number four –this is what's changed. This is where you're going to see both the FIFO until all your 2014 funds are gone, and the new grants-based accounting. This is where you actually put in the money amount for an activity.

So let's walk through those steps. The first step is simple; you guys have all been through this. You've just go to log in. Go to that funding draw-down tab across the top, and basically everything we talked about today is going to be under that funding draw-down tab. You would enter the IDIS activity number, search for it, and then from the results you're going to hit, "Add edit."

So this is what the screenshot looks like. Again, up at the top you're going to go to funding drawdown. The easiest way to do it is just to plug in that IDIS number if you know it; otherwise you can search for it using the other fields. You go ahead and hit search, and then you come over here and click add edit. This is a screenshot directly from that guidance, folks. So as you can see, it's going to walk you through step-by-step on how to do this.

Number two, you want to identify the right fund type. Where are you going to fund this activity out of? Is it going to be entitlement, is it going to be a subrecipient, subgrant; what's it going to be? This is what the screenshot looks like. If you're a state, you might have pages and pages of different fund types and different line items, so be sure to use this filter here under c. Otherwise, you should just be able to identify it by using the fund type column, the recipient name if it's a subgrant, and then over here you'll go ahead and click on add edit.

So one thing I did want to point out here on this screen, folks, is that the process is going to be the same for all of your different fund types. It doesn't matter if it's a subgrant, it doesn't matter if it's entitlements; it's all going to be treated the same under grants-based accounting. You'll still need to go in, and for subgrants have to come over to the grants menu to do subfunds and subgrants, but otherwise on the funding screen the mechanics are going to be the same.

All right. Step number three. Step number three is actually the funding certification. We all know that you guys have memorized that and know that by heart. Just make sure that you read through it, and you understand and agree to what the certification says. Otherwise, you shouldn't be funding the activity; right? Because when you fund it in the system, it's counting as a commitment.

So we're going to go ahead and skip on to step number four, which is really where you're going to see those changes between FIFO and the grants-based accounting. So this first slide is if you want to fund it out of these old funding sources. So anything pre-2015 – 2014 and older. So number one, you can just verify that there are sufficient funds available in the available for funding column.

And remember, under FIFO that's just going to show you one amount. It's not going to break it out allocation by allocation. Under the grant year, that's just going to be optional, folks. And this is what has thrown off a lot of people in the past, is they thought they could go ahead and indicate what year those funding sources – what year you're going to commit those funds from.

But that's really – it's almost fool's gold because the system makes you think that you are specifying a specific year, but the system actually doesn't pay any attention to that. It was really for your own good, for your own records. You also have the option of splitting it between different years.

And finally, you would enter the amount and then click the save button. So let's see what that would look like in the system. This is kind of the screenshot of the top of this funding screen, the add edit funding line item screen. Just going to give you a summary of the information at the top. And again, for all your FIFO funding sources – all your pre-2015 – you see those are all lumped together into one pot. In this case, the available for funding is right here; it looks like they do have some money available. And then down here in e.g.; this is where you would go ahead and put in the grant year.

And again, this is the part that IDIS pretty much ignores, this is only for your own benefit, and you would put in the funded amount. So if you wanted to split that across different years – again, for your own purposes, nothing that IDIS is going to pay attention to – you could add additional grant years. So let's say you have a really large repo project – it's going to be funded out of three years of funding, so you could reconcile with your internal budget – you could split that out by grant year here.

So this is how you guys have been doing it for awhile; most of you should be familiar with this. This is what's going away though, eventually.

Okay. So some of you have now received your 2015 grants, so you should see this in the system. This is going to be the bottom half of that same screen, where it will go ahead and list out each allocation and you will get to specify how much money is coming out of each allocation. And this is where the system will pay attention, and this information will carry over to the drawdown screen as well.

So again, this is the bottom half of that same exact screen. You can actually see some of the fields we were just talking about up here, but we're going to talk about this area highlighted in green down here. So this is a screenshot from the testing region, so you can see that the grantee actually has '15, '16, and '17. Hopefully nobody has their '16 and '17 allocations quite yet.

But this is what it will look like two or three years down the road, where there's going to be a balance available for each one of those separate allocations. It's no longer grouped together into one pot up here. It will give you that information, it will tell you if it's already been funded and drawn from those allocations. And then down here, the wording may have been changed a little bit, but don't worry about that. The concept's the same, where you can go ahead and specify funds coming from each one of those allocations.

So again, what we said earlier is, for the most part, this should line up with the information from your action plan. So once we go ahead and save that – we would go ahead and hit save down at the bottom – and essentially, that is the big difference in terms of the FIFO and grants-based accounting.

As you can see, it's not too complex, but it will have an effect on how you allocate your funds, the mechanics in terms of how you enter the data into IDIS, and it will also have an effect on meeting and complying with your commitment tests.

So if you're ready, we're going to do quiz number two. True or false; under first in first out – better known as FIFO accounting – PJs may enter the grant year on the activities funding screen and IDIS will disperse funds from that grant year indicated? So if we could go ahead and open up that poll, Chantel?

Chantel Key: Okay. The polls are now open. We have about 63 percent voted so far. About 83 percent, I'll give it another second or two. Okay. The poll is now closed. We have 12 percent voted at true, and 88 percent voted false.

Bill Kubal: Okay. Well, the majority rules in this case; the answer is false. We just talked about this; the PJs have the option of specifying the year – and it is optional, you don't even have to put in a year when you're dealing with FIFO – because remember, the system's going to pull that oldest year first, regardless of what we put in there. That's the whole point of FIFO. But with 2015, that's when it's going to start paying attention. So if I just back up a couple screens here.

So this right here, under "E" in the red, they're not going to look at that at all. That's just for our benefit; remember that. Down here, this will have an effect on where the money's coming from. If I fund it out of 2015 here, the system's going to draw it out of 2015. If I fund it out of 2016, it's going draw from 2016, so on and so forth. So that's one of the key differences between the FIFO and the grants-based accounts.

All right. So now we're going to go ahead and move on to drawing the HOME funds, and Sean's going to walk us through that part.

Vashawn Banks: Fantastic. Thank you, Bill. Folks, before we dive into the draw down section here, we have a couple of questions that came in, and we want to address those. The first question being from Janet Macoupin [ph], and she's asking, "Will we be able to carry over excess HOME match from one year to the next year?" And Janet, absolutely. Yes. HOME PJs will be able to carry over excess match from one year to the next under grant-based accounting.

The next question came in from April Phillips. April's asking, "Is FY – fiscal year in the presentation – the same as program year?" And April, no; the answer's no. FY stands for federal fiscal year, or the year of the grant in this case. And then PY is the PJ's program year. So those will typically – those will be different.

Definitely keep those questions coming in. We will answer them again towards the end. So we look forward to those.

The steps required to draw down HOME funds, just so everyone's on the same page, know that that did not change in the transition from FIFO to grant-based accounting. But please remember two things: A, vouchers can only be requested by PJ users that have the request draw down privilege enabled in IDIS; and B, the user that approves the voucher must be different than the user that created the voucher. So if you're not sure who these users are in your office, you can run a PR30, security administrator report list in IDIS, or simply reach out to your CPD representative in the field office.

With that said, drawing HOME funds in IDIS is a five-step process, as you can see on the slide. Step number one, PJ users will begin by selecting IDIS activities to include in the voucher; step number two, select one or more HOME grants and enter the amount for each activity; step number three, complete the HOME certification stating that the funds being drawn meets all required criteria; step number four, generate the voucher; and finally, step five, search for and approve the voucher that was created.

So folks, just a logistical thing here; I think it would be easier to follow along if I displayed the screenshots while describing each step, instead of describing each step and then showing the screenshot. So with that in mind, let's go through the draw down process together by skipping the narrative and focusing on the screenshot. You might want to download the slide – they should be available in the presentation – and place the descriptive slide next to each screenshot if you haven't done that already. That may help out a little bit.

Okay. So again, we're going to go ahead and skip this slide. So the first step to drawing down money in IDIS is to select the activities funded from one or more HOME grants. Here, the PJ will start by clicking the funding draw down tab located across the top ribbon where the letter "A" is shown. Next, click the create voucher link located on your left side, under the draw down menu where the letter "B" is shown. If you thought that was exciting, then this really picks up when we get to letter C, with a "voucher created for" drop box is shown.

I want everyone to notice that the box is prepopulated with the PJ's name; so in this case, it's the state of Illinois. PJ users don't have to touch this field if they're drawing HOME entitlement, administration, or any funds that are not subgranted; however – and this is very important – if the activity is funded with CHDO reserve, or any other type of subgrant, PJs must click the "voucher created for" drop box, and select the name of the recipient.

Also keep in mind that PJs cannot draw down funds for different recipients on the same voucher. So for example, if you have two different CHDOs that you're drawing down HOME funds for, those have to be processed as two different voucher instances in IDIS.

Moving right along, PJs will enter all activities they wish to create under this voucher next to letter D. As we can see here, there are enough cells for PJs to enter up to 60 activities at once. But yet here again, the PJ will want to make sure that the activity funding is for the same recipient for all activities. But don't worry; IDIS will give us a friendly error message if something is not quite right. Finally, PJs will click the continue button next to the letter E. Okay. Again, we're going to skip slide 26.

For step number two, PJs will select the grant year and enter the amount for each activity. Start by verifying the correct activity was entered. Specifically, PJs will examine the fields captured under section A near the top of the page. Next, eyeball the fields marked B, C, and D to make sure the grant year, fund type, and amount available to draw matches what was entered on the activity funding screens that Bill described to us earlier in the conversation. If everything looks accurate, the PJ will enter the amount that it needs to draw down from the corresponding line item under letter E. If the voucher is only being created for one activity, the PJ will click letter G to confirm its entries; however, if the voucher contains multiple activities, then click the letter F and proceed to the next activity.

Okay. Folks, again, we're going to skip slide 28. Step three takes PJs to the draw down certification screen. The first thing to note is that this screen will only appear when PJs are drawing down HOME entitlement funds – EN. However, the certification is applicable whenever PJs disperse HOME funds from their HOME treasury account, regardless of fund type, so please keep that in mind.

And the reason for this is the PJ is certifying that its expenditures are in compliance with HOME regulations. It's also certifying that it's dispersed all funds in its local account; the dispersement is consistent with HUD uniform administrative requirements; and it will not exceed its HOME line of credit; and finally, you're saying that all of these statements are true to the best of your knowledge – they're true.

Listen. I'm not trying to downplay the importance of this certification. In fact, PJs should simply cancel the voucher and return later if it needs to verify it is in full compliance with the certification. But once confirmed, the PJ should click the "continue to confirm this voucher" button, and then proceed to the next step.

Okay. Skip the narrative. Okay. Step four. So we've come to the final screen required in order to create a voucher. Essentially, the PJ verifies one last time that all of its entries are correct. Now folks, I know that this may seem repetitive, but you would be surprised how many voucher errors we fix every single year; so PJs must not overlook this screen. Once entries are confirmed, click the "generate voucher" button that's located on the left side, beside the letter E.

All right. Ready for another quiz? True or false; PJs no longer have the option to disperse program income – PI – in place of 2015 entitlement funds – EN – on the voucher creation screen. This is because PJs no longer have to draw down HOME funds in their local account prior to dispersing HOME treasury funds. If you folks were listening really closely, I may have dropped a nugget or two on this earlier in the presentation. Okay. Chantel, please launch the quiz question.

Chantel Key: Okay. The polls are now open, and we have about 38 percent have voted so far. We're at about 70 percent, and I'll keep it open for a few more seconds. Okay. I'm closing the poll. We have 13 percent voted at true, and 87 percent voted false.

Vashawn Banks: Okay. Great. Thank you, Chantel. The correct answer is false. Program income must be used prior to drawing entitlement funds from the U.S. Treasury. In addition, PJs must now manually increase PI and decrease EN commitments on the funding screen before creating the draw.

Okay. Now folks, we have gotten a few questions regarding PI, so at the end of the presentation we'll go back and just make sure that we've addressed those in addition to giving you the three highlighted points on the program income changes for 2015.

Okay. So we've come to the final screen. Actually, let me see, we're on slide five. Here we go. Right before the quiz we generated a voucher, which is one half of the draw down process. The final step here is for PJs to approve the voucher. But here again, we're going to use the screenshot to walk through the process together.

Now as a reminder, only PJs with the draw down approval privilege in IDIS can approve vouchers. So again, if you're not sure who that person is, go ahead and run a PR30 security administrator list, or contact your CPD rep and they'll be able to point you in the right direction.

The first step in approving a voucher is to select the funding draw down link located across the top ribbon. So folks are starting to see a theme here, but I want to repeat this because I know there's going to be a lot of folks who are going in after the fact. So you're not going to be doing this in one complete sequence, you've got a separate user who's going to log in to IDIS to create the voucher, and then another one to approve, so I think it's important to keep that in mind.

The next thing you're going to do after you click the funding draw down link is to select the search voucher link under the draw down section on the left, next to the letter "B." Now let's take a look at the search criteria section that's identified under letter "C." Here, PJs can enter as many or as few fields as they choose, and all that's going to do is further filter down or limit the results. If you know the activity number or voucher number, simply enter that information and click the search button. Once the results set appears at the bottom of the screen, click the main chain approve link located under the action column.

The system's going to give the PJ two choices at that point: number one, they can approve all line items in the voucher at the same time, or number two, they can approve each line item individually. The funds drawn from the HOME treasury account will be transferred from LOCCS to the PJ's bank account in 24 to 72 hours. But please keep in mind that program income draws, or any other draws from your local account will not be transferred from LOCCS. Why? Because those funds are kept in PJ's local account. That's another frequently asked question that we get.

All right, folks. Let's shift gears and go back to our discussion on the HOME commitment deadline. HUD requires HOME funds to be fully committed to activities by no later than the end of the month 24 months after the execution date of the grant agreement. HUD will de-obligate any funds in PJ's HOME treasury account that are not committed by PJ's respective deadlines. HUD will continue to use the cumulative method to determine compliance for fiscal years 1992-2014 HOME allocations.

So in other words, HUD gives PJs commitment credit for all grants where funds have been committed to activities, including newer grants that have commitment deadlines in a future year. What do you mean? Well, for example, for the majority of FY 2013 HOME grants have commitment deadlines this year, in 2015. But HUD gives PJs commit credit for all commitments entered in IDIS for fiscal year 2013 grants, plus commitments made from fiscal year 2014 HOME grants.

Now what about FY 2015? For those grants, HUD will be changing its method for determining PJ's compliance with the commitment requirement. These changes are subject to rulemaking, and unfortunately, we are not at liberty to provide details until the revisions are finalized. But in the meantime, PJs will be subject to meeting the commitment and dispersement requirements, based on existing HOME regulations.

I should also mention that HUD will be publishing a new grant-specific deadline compliant status report in the fall of 2015. That can be found on the HUD exchange, so be on the lookout for it. This report is going to show PJ's requirement amounts and totals based solely on their fiscal year 2015 HOME allocations – remember, grant specific at that point.

But we understand this information is limited and may be a little confusing, so we look forward to providing some additional guidance as soon as possible.

Okay. Folks, quiz time. True or false; all FY 1992-2014 HOME funds must be committed to activities by no later than PJ's commitment deadline in 2016? True or false? Chantel, would you please launch the quiz question?

Chantel Key: The poll is now open. We have about 55 percent that have voted so far. 80 percent, and I'll keep it open for another couple seconds. Okay. The poll is now closed. And 89 percent have voted true, and 11 percent at false.

Vashawn Banks: Okay. Thank you, Chantel. And the answer to quiz number four is true; 88 percent win. HUD will use the cumulative method to determine PJ's compliance with a 24-month commitment and 5-year dispersement requirement for all HOME grants through federal fiscal year 2014.

In addition, the 2016 commitment deadline will be based on amounts received by the PJ in FY 1992-2014. Finally, the 2019 expenditure deadline will be based on the amounts received by the PJ in FY 1992-2014.

All right. Over to you, Bill.

Bill Kubal: Thanks, Sean. All right, folks. We're going to wrap up by covering a couple useful reports out there that will help you in this transition time; and we'll also talk about some resources; and then I believe we have quite a bit of time left for some questions. So if you have something that's confusing you – something we said that needs clarification – make sure to please get those questions in there, and we will try to address them by the end of the call.

So some of the useful reports out there – there's a couple standbys here and a couple relatively new ones. The PR22 and the PR48. These are both what we call activity-level reports, where each line item – the reports are essentially going to give you information at the activity level.

The 22 has been around for a long time; it's an old standby. It's a nice simple list. It's going to include all of your activities that are not administrative of nature, and it's going to include completed activities. It will give you a lot of good details.

The PR48, on the other hand, that's only going to show you your open activities, so what's currently on your list of things to do, kind of what's on your plate. It will also give you information in terms of if an activity is going to be flagged, or has been flagged. So if you are monitoring that. Either one of these reports is a great report to run on a regular basis, maybe on a monthly basis, to just find out what IDIS is showing. Because that's what HUD's going to be looking at, that's what your rep's going to be looking at, so it's a good idea to make sure that IDIS reflects the actual reality in your world.

PR27 and PR35; as opposed to the other reports which are activity level, these are grant level reports. So PR27 – status of HOME grants – this is going to give you a breakout, grant by grant, and you are going to start to see the grant-based accounting changes on this report. If you're familiar with this one – you used to be able to see FIFO happening on that report, where all the money would be committed out of one grant before it touches the next within the different subfunds and subgrants. You're going to start seeing when you start committing funds from 2015, and maybe you leave some 2014 in there, you're going to see this report make those – basically reflect the changes in the system. So this is a good report to review on a regular basis for the purpose of identifying any older balances that might be left in some of those older years, and it will also tell you, in a sense, where those balances are by subfunds; whether they're in admin, whether they're in CHDO reserve, or in operating, or in the subfund. It's a great report. It's very detailed, you may not use all of it, but again, it's a good report to review on a regular basis.

The PR35 goes down to a little bit more detail. It provides the same type of information, in terms of how much has been allocated to different subfunds and subgrants, how much has been committed from those subfunds and subgrants, and then the available balances as well. So this will actually get down to the subgrant level, so it goes to a little bit more detail in the status of HOME grants. It's one of my favorite reports in terms of trying to locate those older balances.

So one of the recommendations we are going to make is before we start getting into the 2015 and getting into the grants-based accounting, just have a good sense of how much money you guys actually have out there in those older balances. That means reconciling; making sure that your local budgets are accounting for those older funds that might have shown up because of a cancelled project, or because unexpected program income – for whatever reason. A lot of you need to get a good handle on how much funds you actually have out there in those older years.

Two more reports. The deadline compliant status report. This report is both available on the HUD exchange and in IDIS. So the one on the HUD exchange, they update that on a monthly basis; and the one on IDIS, that one will actually be current as of yesterday. So just like all of the other IDIS reports.

Now the coming changes, however, I think they're going to show up first on the HUD exchange. So if you're used to looking at the one from Microstrategy [ph] from IDIS, you might on a regular basis come in and look at the one off the HUD exchange as well, since the changes might come there first.

Until that's updated – and Sean wanted to add something here, too.

Vashawn Banks: Yeah. Thank you very much, Bill. So just real quick, folks, on the deadline compliant status report. I wanted to mention that the report that's posted on the HUD exchange every month, that's the official record. So if you're looking at the PR49 and trying to compare that to a monthly report and seeing discrepancies if they're ran on the same date – specifically the first of the month – please know that the report that's posted on the HUD exchange is the one that HUD uses – that's our internal report that we run.

And any discrepancies on the PR49, we will need to address on our end. So shoot your field office an e-mail, shoot us an e-mail, or submit something through the HUD exchange through "Ask a Question," and we'll make sure that we reconcile those two reports. But be mindful that the one on the HUD exchange is, in fact, the official record.

Bill Kubal: That's a great point.

Vashawn Banks: Okay. Thank you, Bill.

Bill Kubal: Sure. And just one more thing on the deadline compliance report; until that one is updated to cover the grants-based accounting, you can still get a good eyeball, a good feel for where your 2015 commitments will be by looking at the 27 and the 35. You can still kind of use those to [inaudible]. And it's not going to be the official deadline compliance report, but you can still find out where you are in terms of your shortfall.

Finally, we have the expiring funds report. The expiring funds report deals with that 8-year rule, where you cannot have grant balances older than 8 years in LOCCS, in the treasury account. This is only available on the HUD exchange, so this is not coming out of IDIS; make sure you get to the HUD exchange every once in awhile to look at that. The deadline's always the end of September, which is the end of the fiscal year. And this, again, will identify any balances that are going to be subject to basically recapture under that expiring funds rule. It will identify whether the funds are in a subfund or a subgrant.

And please do not wait until the last day. As Sean mentioned earlier, it takes 2 to 3 business days to draw these funds, and I do know grantees who have tried to draw on September 29 and since it took 3 days to process, they ended up losing those funds. So do not wait until the last day to do that.

All right. Again, this is just a quick rundown of some useful reports. This is by no means a comprehensive list of all the HOME reports out there, but these should help you in relation to transitioning to grants-based accounting.

All right. Our final quiz. So if you missed a couple of the early ones, you can make up with this one. What is the purpose of running a report such as the PR27 or the 35, prior to drawing down HOME funds? So we've got four choices here: A, to confirm the funds will be drawn from the correct grant years; B, to ensure that there are no uncommitted funds available to draw in earlier grant years; C, to verify that all HOME funds in the local account have been fully dispersed prior to drawing HOME treasury funds; or D, all of the above. So if we can go ahead and open up that poll question, Chantel. Thank you. We'll give you a few seconds to answer.

Chantel Key: About 70 percent have voted so far. I'll keep it open for a few more seconds. All right. 83 percent have voted; I'm going to go ahead and close at this time. We have 1 percent voted confirm funds will be drawn from the correct grant years; we have 3 percent voted to ensure there are no uncommitted funds available to draw in earlier grant years; 1 percent voted to verify that all HOME funds in the local account have been fully dispersed prior to drawing HOME treasury funds; and 94 percent voted all of the above.

Bill Kubal: Yeah. Well, you're all right, in a sense. There's no definite right answer to this; but again, these reports can be helpful to just make sure that you're staying on top of things, identifying those older balances. Those are going to be subject to recapture the first, so you want to make sure you take care of those, and you're on top of correctly budgeting and using those funds. And then of course, we want to make sure that any local funds that have been reported into the system are used before the treasury draws.

Just a quick reminder. Nothing beats actually looking in the system to see what your balances are for local funds, and things of that nature. Because the microstrategy reports will always be one day old. They're always going to be based on the data as of yesterday; basically the close of business yesterday. So just keep that in mind, especially if you're not handling the receipts, and the data entry for the receipts.

All right. So finally, reminders and next steps. So the change from FIFO to grants-based accounting, it's going to change definitely on the mechanics in terms of funding and drawing down in IDIS. It will have an effect in how program income is handled in IDIS – and we're going to circle back; a lot of you guys had questions on that, we're going to circle back on that.

It's not rocket science, but it's important to understand these effects and the changes it's going to have on your grants administration, your processes, and things like your HOME commitment.

Again, just a quick review, the funding for each HOME grant year should generally be consistent with the information presented in the annual action plan. Generally is a key word there. Because FIFO – some grantees have a hard time tracking those older balances. But basically, if you report it in the action plan and you tie it back to that prior year resource field – basically you're carrying funds from an older year and reprogramming them in the current year annual action plan – you're going to have more budgeted than you have in your allocation. So there might be some inconsistencies there; don't worry about that too much. But generally try – you know, if you try it in your '15 action plan, it should probably be coming [inaudible] on your '15 allocation. It's not hard and fast, but in general.

When you're doing these processes, make sure that you're using the correct year that you want, now that you have that control, when you're committing and drawing funds, whether it's coming from that pre-2015 or 2015. Again, this is going to have an effect on which commitment test you're meeting.

And finally, when you make an error in funding the activity, that's going to be easily fixed. But as soon as you draw down that money, it's going to be more difficult to correct that information. So try to identify, try to be a little vigilant, especially as we start getting started with these processes, that you're kind of double checking and triple checking the information is correct before you do these draw downs.

So those are our reminders, our next steps. Just try to get a good handle on what funds you have out there. And plan for all of your money, not just the money that's at stake of the deadline.

Okay. So finally, our resources available to us. Number one, it all starts out there, the field office CPD representatives. Make sure that you have a good working relationship with them. If you have any questions regarding the move to grants-based accounting, be sure to call your local friendly CPD rep, and they can help point you in the right direction.

The HOME facts. Like 97 percent of the information we covered in this webinar is coming directly out of this HOME facts called HOME IDIS Grants-Based Accounting Changes. It's volume 6, number 2; it is currently posted to the HUD exchange. So if you have not yet downloaded that, please download it. Share amongst your colleagues in your office, and just review it, make sure you feel comfortable with it.

And finally, we have the IDIS Ask A Question. This is also available on the HUD exchange. So if you're having any problems, any issues working with the change from FIFO to grants-based accounting, use that resource available to you – the Ask A Question – the good folks on the AAQ will help get your answers to you.

We have a couple more resources we just thought we'd throw out to you because they're coming up, just to keep an eye out. We are going to have an updated HOME IDIS manual, which is pretty much going to reflect the changes to grants-based accounting – the ones that we just went over.

And also, some really interesting changes – changes I hope you'll like – regarding receipting local funds. So instead of just being able to receive program income, we'll now be able to differentiate between program income, repayments to a local account for excessive draw or maybe for an ineligible use, or recaptured homebuyer funds.

So there was always some kind of wiggling around we had to do to make sure how much we could charge to [inaudible] of our program income; this should help clarify and simplify things with these upcoming changes. So keep an eye out on some of those resources. The HOME IDIS manual and that HOME facts hopefully, we should have it out in the next month-ish. Month-ish.

All right, folks. That's all we have for our presentation. We do have quite a bit of time for questions. So again, if you haven't got your question in, go ahead and type it in right now. I believe we're going to tackle some of the ones you've already submitted.

Sean, do you want to do one or two?

Vashawn Banks: Absolutely, Bill. I'll go ahead and get us started. So multiple folks have asked us to restate the three program income changes that we described earlier. So I'm going to go back through those again.

Program income change number one is that PJ's program year will be pre-populated each time they create a program income receipt; so this is based on your actual program year. As far as any edits that need to be made to that – say, for example, the system says you start at 2015 but the receipt really should have been credited to your 2014 program year, just indicate that in the comments section on the add receipt screen, and you're good to go.

The sticker here, folks, is that we draw program income first. That's really the only indicator. But HUD understands that this may create a discrepancy between your local records versus IDIS; that's why it's important that you indicate it through the note.

The second change is that IDIS will not give PJs the option of replacing FY 2015 HOME entitlement funds with uncommitted balances of 2015 program income during the voucher creation phase. So for those of you that were around right around 2012, before IDIS released 11.4, you will remember that this is the old way that IDIS required you to – where you had to manually fund activities with program income.

So essentially what's happening here is it's a return to the old, but in addition program income is no longer FIFO – first in, first out. It really is tied to your actual program year. So just be mindful of that.

Program income change number three: committing 2015 program income to an activity will result in 2015 program income being dispersed for that same activity. And this is the term I threw out earlier: program-year specific PI, whereas your treasury funds are grant-year specific.

So I hope that helps clear things up there. Let's see if we can tackle a couple more of your questions.

Bill Kubal: Let me just add onto that. So what I did is I backed up to one of the slides we covered during the presentation. And I'm sorry, I don't know what slide number this is. But basically, this is when you're creating the drawdown. And so you can see in this particular case, this activity is funded a little bit out of that FIFO money entitlement, and then it's also funded out of entitlement and PI from 2015.

So what Sean's saying is basically, this PI right here, under FIFO it used to automatically show up, whether this activity was funded with PI or not. Now with 2015, it's not automatically going to show up here. Okay? You're going to have to manually commit it to this activity –

Vashawn Banks: Correct.

Bill Kubal: – in order for it to show up on this drawdown. So that's one of the big changes, folks. And this is one of the ones that can really catch you; right? If you're used to having that program income pop up and say, "Hey, the system is telling me I need to use PI," and that's your flag, you can't rely on that anymore. You need to actually go to the funding screen, look if there's available funds there first, and then go ahead and do the draw – make any changes to the funding first, then do the drawdown. So don't rely on this PI to be showing up on this screen, otherwise you might have balances of PI in your accounts, and you're still drawing funds from the treasury.

One other point I wanted to raise – basically that when you're creating the receipt and you're not going to be able to choose your program year – again, it's not going to be a big issue, but a good practice for you to be following will be anybody – the person's who's assigned with creating the receipts in IDIS, just have them circle that last day on their program year.

And they go into IDIS on that last day, and if you have any income in your local accounts that need to be receipted into IDIS, go ahead and do it on that last day of the program year. And then reconciliation will be really simple, and you'll be able to basically credit back to the right admin account if you're taking PI for admin. So just a couple points there to add.

Vashawn Banks: Fantastic. Thank you so much for that, Bill. So we've got a few other questions – actually, a large number of questions here, folks. So we're going to put our heads down and see how many we can get through for you.

Michelle Martinez asked, "Can program income be used for admins? I was led to believe that we can only use program income for the next eligible activity."

Bill Kubal: Chantel, how are we doing out there? Is that buzzing sound apparent on your end? Much better. Thank you.

Vashawn Banks: Let me just repeat the question that Ms. Martinez raised. "Can program income be used for admins? I was led to believe that we can only use program income for the next eligible activity."

So Michelle, absolutely. Program income can be used for administrative costs, but there's something you need to do in the system, which is create a PA subfund based on the total amount – up to 10 percent of the program income that you receipt.

So what will happen is for any year – let's say when starting with your 2015 program year – you would set aside 10 percent for PA, by creating the PA subfund – and there's a HOME facts out about this, it may be volume 4, number 2; I can get that to you later. But you're essentially setting up the subfund, and then it allows you to increase the balance of the PA subfund by up to 10 percent of the program income that's receipted in that program year.

The trick here is to make sure that you are increasing the authorized amount of the PA subfund each time you receipt PI. Because what PJs often run into is that they'll spend all of the PI that they have on hand on activities, and they won't subfund the PA – the program income for administration – until after the PI is gone. And by then it's too late to set those monies aside in the system. So just make sure that you're doing that on the front end – and it's permissible, according to regulations, to use up to 10 percent of your program income for admin.

The next question that we have – actually, quite a few folks have raised this. Katrina Gonzalez, Jan Stussey, and Amy Schabb – they all want to know, will this change affect CHDO reservation requirements – the change in the transition to grants-based accounting – in terms of using an aggregate to meet the minimum 15 percent CHDO set aside. And folks; absolutely. HUD will no longer be able to determine compliance with the PJ's 15 percent CHDO reservation requirement on a cumulative basis. This change is subject to rulemaking, and it would first impact HOME PJs in 2017 for 2015 grant deadlines.

So just to put a bow on that, what we're saying here is that your 2015, '16, and '17 grants we can no longer process, first of all your CHDO reservation set aside – CHDO reservation subfund reductions – and in addition, you will need to meet that 15 percent requirement for each fiscal year, starting with 2015. So for those of you that want to get these CHDO reservation subfund reductions in because you've cumulatively exceeded the 15 percent requirement; HUD highly recommends you put the pedal to the metal and get those requests in for any grants between 1992 and 2014.

Bill, do you want to tackle a couple?

Bill Kubal: Yeah. Let me tackle a couple; thanks. So a couple quick one hitters. Laurie Threadgold [ph] was asking, "We are looking for a way to run a report to show how much money we have drawn for a specific period of time for our auditors; what report would you recommend we run to give all allocation dollars plus recap for a specific time period?" Laurie, the best report out there for that specific function would be the PR07, which is draw down by voucher.

What's nice about that report is that you can go ahead and download it into Excel and once you have it into Excel, you can go ahead and filter by those dates that you want. A couple pointers there; make sure you filter out any draws that have been canceled or revised. You basically just want to look for all of your completed vouchers.

And there's two different versions of those reports: one is all vouchers, which would include program income vouchers; the other one is one processed by LOCCS. So if they're looking all payments, make sure you do the all vouchers version; if you're just looking for the ones coming from LOCCS, you can do the one from LOCCS. So the PR07 is a great report for that purpose.

Quick reminder. We said that CPD – Yvonne Segovia; I hope I'm saying that right – she wanted to know what is the CPD notice number that indicates program income should be receipted within 30 days? I think the suggestion was it's receipted at least every 30 days, and that's CPD notice 97-09. 97-09.

All right. And finally, one more, and then I'll switch back to Sean. Eric Kaiyaya wanted us to discuss how a PJ could be in compliance with their commitment deadline but then fall out of compliance if they do a large draw using program income. Yeah. This is a tricky one, folks. Basically, the commitment test is based only on entitlement and your grant funds; it doesn't really account for program income. On the other hand, program income can adversely affect your ability to meet that compliance test.

So let me give you an example. Let's say your commitment threshold is you needed to have $1,000,000 – and again, we're talking on a cumulative basis – so you had to commit $1,000,000 by the end of the month. And you went ahead and did that; you met your commitment deadline. And then you had a drawdown, let's say, for $10,000, but you had some program income available.

But what happens when you use program income is you basically are supplanting the entitlement dollars with program income. You no longer need those entitlement dollars committed to that specific activity, and you use program income instead. So that entitlement then becomes available to commit, and it actually has an adverse effect on the amounts you have committed – your entitlement amount committed.

So a really good rule of thumb, folks, is let's say your commitment deadline is the end of September. Don't manage just to the shortfall. Let's say you need to have another million dollars committed between now and September. What you really should do is look at that one million dollars, and then come up with an estimate of how much program income you think you're going to spend between now and September, and that's going to be the number you really should have committed by that deadline. Because, again, as you drawdown program income, you are essentially un-committing entitlement.

So just keep that in mind, with these upcoming commitment deadlines. Good question.

Vashawn Banks: Absolutely. Great questions. We've got quite a few more. So let's keep it moving. Jan Moderbach has asked, "We have an unspent subfund balance from 2010; if we release the funding, will it return to pre-2015 EN, and can it be spent?" So Jan, I think what you're getting at is that you either have a pre-2015 subgrant to a CHDO or a subrecipient, or you just have the money sitting in a subfund – maybe CR, maybe SU [ph]. So yes, if you were to release that money it would go back into EN, but it depends on how it's done.

So let's say, for example, that it is in CR, and the subfunded amount is right at your 15 percent CHDO requirement for the year. In order to transfer that money back to EN, you would first and foremost have to reduce the subgrant, if the subgrant exists to a specific organization. The next step would be to get in touch with HUD – contact your CPD rep – and submit what's called a CHDO reservation subfund reduction request. And that is HOME facts volume 1, number 2 that talks about it.

And you would just specify, hey, here's the amount in, let's say, 2010 in our CR subfund that we want to reduce. HUD will review documentation, including your PR25 CHDO reservation report, your PR27 status of HOME grants, make sure that your jurisdiction is moving along with [inaudible] CHDO project, you've exceeded the requirement. If we grant the CHDO reservation subfund reduction, we will reduce the cap – basically your regulatory minimum – based on the amount that you requested. At that point, your jurisdiction can transfer, basically lower the authorized amount of the subfund, and those monies would be transferred back over to EN.

Deidre Randolph says, "I thought the AAQ was disconnected or discontinued; what's going on?" Well, Deidre, IDIS AAQ is still open for business. What you're referring to is the HOME portion of Ask A Question, if your inquiry is related to a regulatory requirement. In those instances, you would contact your field office, and the field office would escalate – either answer your question directly, or escalate the inquiry to headquarters, and we'd get a response for you.

Lucinda Metcalfe asks, "When will we begin to see the physical changes in IDIS?" Lucinda, the answer is, when the 2015 grant is obligated. Everything that Bill and I went through today is based on your 2015 funds. So the activity funding screen being split in two, all of the vouchers, including the one that you see on the screen right now where you've got the pre-2015 layers and the 2015 expenditures, all of those are what the PJs will in fact see when the 2015 grant is obligated in the system and you start funding and drawing for activities.

I want to do one more and then pass it back over to you, Bill. James Sylvester says, if you commit funds within a 2-year timeframe and complete the project in the 3rd year under budget, will the funds be recaptured because you passed the 2-year commitment? James, you're asking a fantastic question, sir. And, yes. Depending on future rulemaking, if HUD uses a grant-specific method to determine compliance with a 24-month commitment requirement, this means that all uncommitted funds after the deadline – regardless of the reason – would be de-obligated by HUD.

So again, that's why it's important that folks continue to listen to any guidance that we're putting out. We will let you know just as soon as we get feedback on the rulemaking, so you can make the best informed changes for your jurisdiction.

Bill, do you want to grab a couple?

Bill Kubal: Sure thing. So a couple folks asked, "How will this accounting method – meaning grants-based accounting – affect CDBG?" And the answer is, the exact same way. So CDBG – ESG has actually been doing this for a little bit, and HOPPA [ph], everybody is in the same boat in this regard, in terms of everybody having to comply with grants-based accounting now. So if you have additional questions about how it affects CDBG, I think they did a webinar a week or so ago; it might be up on the HUD exchange. You can also contact your field service rep for more information.

Let's see. We had a question from Heather Leary. Heather wanted to know, "Does program income have to be put back in the year in which it was committed?" No. So the program year of the receipt is going to be automatically populated when the receipt is created. So basically, that receipt is going to be tracked to the year it was input into the system, essentially. So again, that speaks to the need to get that information into the system in a timely fashion. And I hope that answered your question. If you had a follow up or it didn't answer the question, please put something back in there.

And finally, one more for me; Paul Herdeg asked, "Will the new deadline compliance report count HOME funds under a written subrecipient agreement, or homebuyer assistance as committed?" So that's a great question. So if you want to count all of the funds under a subrecipient agreement as committed, what you're going to need to do is create a subgrant in the SU subgrants. So again, what some grantees have done in the past – and this is incorrect – would be to create one activity for all of those different units that would be covered under the subrecipient agreement.

As we know, you can't really do that, even though there's that multi-property address activity future, that's not how you would properly report that in IDIS. You would actually use a SU subgrant, and that's covered fairly extensively in the manual. But basically, you would create a SU subfund first, out of the year that you want to commit the fund, and then you would go ahead and create a SU subgrant as well, to represent that written agreement. And if you do that, it will go ahead and count on your deadline compliance.

Vashawn Banks: Thank you, Bill. So Laurie Baker asks, "I thought you had mentioned that we can fund an activity with PI; how do we do that when PI is not listed as an option on the funding screen?" So Laurie, great question. In fact, PI should be listed in all instances on the funding screen. What will happen is – if you go back for just a second there, Bill – yeah. So it should be listed as a funding source.

But I think the screenshot that I'm looking for isn't included in our slide deck, unfortunately, Laurie. But when you first click the top ribbon for our funding drawdown, on the left side of the screen you're going to see an add/edit funding button – is that shown anywhere, Bill?

Bill Kubal: No.

Vashawn Banks: Okay. What will happen is, in this particular instance, on the slide that Bill currently has up the PJ would enter the IDIS activity ID, because you're just – I think it's "Search funding" is what you would see on the left-hand side. You enter the IDIS activity ID, and then under the section for D – the action column – you would click "Add/edit." At that point in time, IDIS will take you to another screen, which will show you all resources available, split by recipient and fund type. If you have any balances in program income, they will be shown as one of the potential funding sources you can use for the activity. So that's where it will be displayed.

I'm not sure if the HOME facts include this, but if you have a question about how to locate that program income, please reach out to your rep or submit a question through AAQ, and we can reach out to you that way and even have a TA provider call you directly and make sure that you're doing the right thing there.

Okay. Gayle Scarborough asks, "If you are processing a draw for a 2013 or '14 project, and you have recorded program income at 2015, it does not show program income as available for funding the draw; how do you handle this?" Great question, Gayle. So the idea here is that prior to processing any dispersement in IDIS – before creating any vouchers – PJs will want to go back, take a look at the funding screen as we were just talking about – and identify any balances of program income that exist. If program income balances exist, what you will do is decrease the amount of your funding – your entitlement funding or CR funding or any other funding except for admin – then fund the activity with the remaining balance of the program income.

Use the program income first, reduce the balance of treasury funds by the amount of program income you have on hand, then return to the voucher screens, draw down the program income first, and then you can draw the remaining amount for the activity from the treasury funding sources. So hopefully I answered that question to your satisfaction.

Let's see here. There's one more for me, and then I'll pass it back over to Bill. Rhonda Haines asks, "Will there be a problem with PI being directed to a CHDO?" Rhonda, great question on that. And actually, I think your question kind of ties in with something one of our CPD reps has asked, which is if PJs fund an activity with program income, does that reduce the amount of the 15 percent commitment that they would be getting credited for? So the answer to that question is, yes.

And here's the desire; the desire is always that PJs would disperse program income ahead of entitlement funds. Why? Because we don't want it to affect your 15 percent CHDO set aside. So if you're getting ready to process a drawdown for a CHDO – let's say in this example – and you realize, hey, I've got program income on hand, what do I do? The response to that is, well, do you have any EN draw downs that need to be processed prior to that CHDO draw? If so, replace the program income with entitlement draw, and you're set to go.

Now, if you have CHDO reserve – and that's all that you have is a CHDO reserve dispersement that needs to happen – what the PJ would need to do is reduce the amount of the CHDO reservation subgrant by the amount of program income it has on hand, subgrant the program income to the CHDO, and then commit the program income to the CHDO reservation activity that you're preparing to draw from.

At that point in time, once you get to the voucher screen, you can click to the "Create voucher for" drop box, as I mentioned earlier; the recipient listed will be that CHDO; and then the following screen that shows the funding sources will include both your program income and your CHDO reserve line item; draw down the program income first, and then draw the CR with the balance, voucher's created, approved, and then you're good to go. I hope that answers the question fully for you out of both Rhonda and Peggy on that.

Bill, do you want to take a few more?

Bill Kubal: Yeah. So Deidre Randolph asks, "How can we draw a program income prior to entitlement if the program income is funded on a different activity?" That's a great question. The answer there is the PI, hopefully, should not be funded to a different activity. So in [inaudible] of the order of the way things should be – this is the process I like to follow; is basically you incorporate the program income receipts into the drop box as itself.

So let's say you've got a big stack of invoices on your desk, the first thing you should ask yourself is, "Well, do I have any program income in my local accounts that needs to be receipted into IDIS?" If so, you go ahead and create the receipt. Now you should not take that program income and fund it to any activity before the draw down process; okay? If that happens, then you're right in the boat you're talking about, where the program income is funded to a specific activity, and it's not going to be available for others. So don't fund any activity with program income until you're ready to do the draw down.

So step number two would be – you used to be able to go straight to the draw down screen, and that program income would pop up. So step number two now is after creating the receipt, you have to go to the funding screen and manually commit the program income to the activities that are going to be part of the next draw down. And if you handle it that way, that program income will always be available for you, and you won't have to go back and make some changes. So hopefully that answers your question.

Let me go back to one more here, from Anna Hernandez. "Back to quiz question number one, could you please clarify why you would be able to commit both FIFO and grant-specific funds to the same activity, regardless of the program year?" So, good question. What's going to happen – and some grantees handle this different ways – but let's assume in your current action plan you budgeted both your 2015 allocation plus you budgeted prior year resources.

So you went ahead and – I think it's called the AP35 screen – it asks if there are any prior year resources that you want to budget as part of this action plan. So if that's the case, you might have an activity that's funded both out of your 2015 and from older year funds.

And again, it doesn't – I don't think HUD's going to monitor for it, but for good recordkeeping, for just your own sanity, if you can be pretty consistent between the information in the action plan and the information in IDIS in terms of which allocation it's coming from, I think you're going to be on good footing there.

Vashawn Banks: Bill, that's a fantastic question and response, and I just want to piggyback on that for a moment, if I could. So the AP35 – while it may not feed into the project screen in IDIS – that would be an opportunity for PJs – I'm sorry. Let me back up just a little bit. Your project screen is where you would indicate your high level descriptions of HOME, CDBG, other large-scale projects that you intend to undertake for a specific program year.

So if you are doing this for HOME and separating your projects out by tenure type, rental, TBRA, homeowner rehab, that sort of thing, you'll want to include the additional resources in your estimated amount of HOME funds on that screen. So again, there's not a direct tieback to, on this case, the AP35, but it would be a good place for the PJs to make sure that they're being consistent in indicating those figures.

Back to you, Bill; thank you.

Bill Kubal: Sure. Peggy Culligan had a couple questions. Number one, "Why didn't the approve voucher screen show the fund year and fund type – entitlement or PI, whichever year?" I'm sure we could add that to Khaki's list – the programmer's list – of things to do. But it does eventually show up if you get deep enough down the rabbit hole and look at the detailed screens, it's going to give you that information and additional information as well. But I think you're right, in that on that summary screen it does not give that information. So we can make that recommendation, but I can't promise any changes. I think they have their hands full with other answers.

So right here, I believe you're talking about it doesn't show the entitlement, or whether it's entitlement or PI, or the year. We can make that recommendation, like I said; I can't make any promises, though. It does show you the year in a sense, in that if you see the grant number column here, it does tell you the year in that this second and third character here reflect the year. So in this case you can see this first line item's coming out of '11; the second one's coming out of '15; and the second one's coming out of '15. So it does give you the year; but you're right, it does not give you the fund type.

Vashawn Banks: And ma'am, I think once you get to the next screen, that's where it breaks it down. Unfortunately, we didn't capture that here in the screenshots. But once you click on the maintain approve for each line item, it will, in fact, show you the fund type and ultimately the grant year of the dispersement.

Bill Kubal: Right. There's a second question. "Is the commitment from the federal fiscal year or for the HOME recipient's program year in regards to the calculation of that 24-month deadline?" What they do is they look at the month that your grant agreement was processed. So let's say your grant agreement was processed on the 15th of July; what they'll do is the deadline will be the last day of that month – 20 plus 24 months.

So if, for 2015, if you enter into your grant agreement on July 15 of this year, your commitment deadline for 2015 funds will be the end of July for 2017. So that's a really good question. And if you have additional questions on that, I think they go into great detail in the CPD notice that covers the commitment requirement test.

Vashawn Banks: Fantastic. Okay, Bill. Yeah. If I can jump in with just a couple here. Paul Ford asks, "My question has to do with how we will calculate the 2014 commitment deadline using the PR27; will we still sum up all allocation amounts through 2014 and then compare against all commitments, including what we've committed from 2015?" See, Paul, you were on a roll until you threw that last piece into the puzzle. Yes; the PJ will still sum up all allocation amounts through 2014 and then compare that to the commitments that you've made in the system using the PR27.

Where we part ways slightly is including what's committed from 2015. So as of now, 2015 commitments will not be included in the cumulative figures. If HUD receives guidance that we need to go into a different direction as far as whether or not 2015 grants and beyond should be measured grant specifically, then we will certainly update this. But for the time being, the only grants that are subject to FIFO – or the cumulative method, rather – are your 1992 through your 2014 HOME grants.

Okay. Let's see here. Michelle Martinez – Michelle is busy on these questions. "Which comes first, subgrants or subfunds?" Good question, Michelle; folks always mix this up. The subfund comes first, and then the subfund is used to create subgrants.

Jim Modderbach [ph] asks, "We have an unspent –" actually, I think I may have answered this – " an unspent subfund balance from 2010; if we release the funds, will it go back to pre-2010 and can it be spent?" I think we covered that.

And I think I may be pretty set on this side. Bill, do you have a few more?

Bill Kubal: Yeah. I got a couple more. Sheila Roberts asks, "Are the discussions today about how to handle program income identical to how to handle recaptured funds?" And the answer to that is, yes. Again, we're going to have some guidance coming out here in a month-ish about the changes to local funds. But again, the idea is not just how that program income is used first, but basically local funds – any funds in your local account – which would include recaptured as well.

Mervin Manolo [ph] – I'm probably butchering that, I apologize. You said, "The 2016 commitment deadline will be based on the amounts received by the PJ in fiscal year 1992 to 2014; shouldn't they be based on the funds committed up through the deadline of June 2016?" So it's going to be based on, basically, the threshold. What you're going to be tested on is the amounts that you received through 2014. And it's going to count all of the money committed from those allocations – this is where it's changing; right? Unless HUD gets guidance otherwise through the rulemaking, it's going to be commitments from 1992 to 2014. So this is going to be a big change for you, in the fact that commitments from 2015 will not count towards that 2016 deadline. Be aware of that, folks; that could be a big change for you.

Vashawn Banks: All right, Bill. It looks like I've got one more here that I can squeeze out. Rhonda Haines asks, "A posting of HOME PI was completed after July 1, 2015; however, it was for a prior year – in this case 2014, and the note was included. When preparing the 40107 for caper [ph] and listing PI under part 2, do we include the amount that was supposed to be included as well but reflects in the PR1 report as 2015 PI, in error?" And, Rhonda, great question; absolutely. When you're preparing the caper [ph] using the 40107-A, if you have program income that should have been receipted to a prior year, include that amount on your caper review. Because again, there is no cross communication between IDIS and what you're entering on your caper report.

However, be mindful that you will still need to spend that 2015 program income first, as if it were receipted in 2014. So that requirement does not change.

Let's see. I think we may have a couple more. [talking over each other] Go right ahead, Bill.

Bill Kubal: Leah Pettrica [ph] asks, "Program income in our consortia is subgranted, each number based on who conducted the activity and it's returned to stay with that number for future activities. When we draw down, are we out of compliance with certification if not all program is actually drawn?" Yes. You're going to jail. No. I'm just kidding.

Basically, you act as a mini HUD – and I only joke because I know Leah. The subgrants – basically, you act as a mini HUD where you're not going to disperse additional treasury funds until they use the PI on hand. So if they send you an invoice for $100 and they had reported to you that had $50 on hand, they should basically net that PI out before – so basically, you would only send them the $50. They would use the $50 on hand of PI, and then you would send them in another $50. So it would stay within that subgrant. Hopefully that answers your question.

Vashawn Banks: Okay. And I'm going to keep this Leah Pettrica trend going right now. She also asks, "Based on an answer that was just given related to CHDO and program income, we thought program income does not need to be applied to a CHDO project over CR funds." Okay. So Leah, unfortunately, if you're next draw is for a CHDO project and you have available PI, you must draw the program income first. No way around that.

Again, I just want to emphasize that the priority would be to draw the funds in place of entitlement, so you don't have this deemed against your 15 percent set aside requirement, but if that is the next draw, it is what it is. Subgrant the program income to your CHDO, reduce the CR set aside, and draw the PI first.

Heather Leary asks, "Where can I find documentation that PI must be used for CHDO?" And the answer to that, Heather, is HOME regulations require funds in the local account to be used before dispersing funds in the HOME treasury account. I believe the citation is 92 CFR 502 B3, maybe? If I'm off you can e-mail me something derogatory later. But yeah; it's in the regs, Heather.

And the last question I have is from Isabel Cruz, "If I have CR that needs to spend the 15 percent, but I have PI, using the PI first will not count towards my CR, how do I use the PI to count towards CR?" And again, kind of similar to Leah's question, using PI in place of CR will not count towards meeting your 15 percent set aside; however, it is required under HOME regulations.

Bill Kubal: Okay, folks. I think we're going to wrap it up. If you did submit a question and we were not able to get to it, we do apologize. You guys asked some great ones, and we tried to get the ones that were most common.

Please feel free to direct your questions to your field office CPD rep, or if it's an IDIS related question – again, any IDIS question can go straight to the Ask A Question on the HUD exchange. We really appreciate your ability and your willingness to participate. Go forth and prosper, and we hope you do great things.

Thank you very much.

Vashawn Banks: Thanks, everybody. Over to you, Chantel.

(END)