Steven Ellis: Welcome, everyone to the HOPWA Modernization webinar series. Today's webinar will be focusing on planning your HOPWA budget in the context of the Modernization. Just a few notes, right now, we do have everyone on mute.

If at any point during this webinar you have any questions or anything that you would like to ask, please feel free to ask us via the questions box or the chat box that you will find on the GoToWebinar screen when you logged in. Thank you.

Jonathan Sherwood: Thank you and welcome, everybody. This is Jonathan Sherwood with the Cloudburst Group. That was my colleague, Steven Ellis, also with the Cloudburst Group. Welcome to today's webinar. We still have people joining but we will start into the webinar right away.

Thank you for joining today. For your information and for your awareness, this webinar is being recorded. Hopefully, it should be available for reviewing later after the webinar. It is being recorded now.

As Steve said, this is the “Planning Your HOPWA Budget in Context of Modernization” webinar. This is the first in a series of webinars that the Office of HIV/AIDS Housing is putting on in connection with the HOPWA Modernization TA effort.

Overview of the HOPWA Modernization Goals: I think these goals are probably familiar to most all of you at this point through your interactions with the Office of HIV/AIDS Housing, through previous webinar materials that you would have been provided, and likely through interactions with your TA provider as part of this effort. But we wanted to start with a quick overview of the HOPWA Modernization goals because these goals are directly relevant to the topic of today's webinar. The Office of HIV/AIDS Housing established a set of values to guide the implementation of HOPWA Modernization.

For those of you who may not recall, or are, in fact, new to this effort, what we're talking about when we say HOPWA Modernization is: A couple of years ago Congress, through the annual budget process, made changes to the formula by which HOPWA funds are distributed to communities. That's the modernization part: bringing that formula more in line with the current state of the HIV/AIDS epidemic. That modernization, that change in the formula, had some very direct impacts on the funding that some communities will be receiving. Some communities will be seeing increases in funding based on the new formula. Some might see overall reductions in funding. As part of that modernization effort, that formula impact is phased in through Fiscal Year '22 (2022). There are a number of years left in that so that the impact of those losses and gains are smoothed out over those years. The modernization is referring to that change in the formula.

HUD has initiated a technical assistance, or a TA effort in connection with that formula change to support grantees with planning around that potential change in future funding. As part of that, HUD has developed a number of value statements and propositions that they've oriented all of the TA around. These statements include: “no person should become homeless as a result of HOPWA Modernization;” “all funds should be used to meet the needs of eligible households with no funds recaptured from grants;” and “grants should ensure their project designs meet the changing needs of the modern HIV epidemic with the goal of positive health outcomes and reduce the viral loads for HOPWA assisted households.”

In connection with that technical assistance effort, the Office of HIV/AIDS Housing has tasked a number of technical assistance providers. You can see those TA providers on the slide here, listed on the left, who are assisting the Office, working with grantees on these changes. The Cloudburst Group, where I work, is part of that effort and we're leading today's webinar. The overall effort is being led by the Technical Assistance Collaborative or TAC. Then, also partnering on it is Collaborative Solutions, who many of you are very familiar with from prior work. The three of us, the three firms, are working with the Office of HIV/AIDS Housing to help implement that vision for modernization.

Preview of Upcoming Webinars: A quick preview, there are some upcoming webinars. As I said, this is the first in a series of these webinars that are being developed. The topics were developed in connection with the Office of HIV/AIDS Housing as well as the other TA providers through, and informed by, our conversations with grantees who are being significantly impacted by the changes in funding. These webinars are being offered over the coming months in complement to the direct technical assistance that is being provided through the TA team of the three firms that I have already mentioned. Stay tuned, you can see the dates here. This presentation will be made available after the fact to you. You probably already received information about these upcoming webinars. But, the dates are here for reference. You can see which ones might be most relevant to your work.

Today's webinar and the objectives for today: we have a fairly focused session today. It is not on everything that you might think about in terms of budgeting and planning. It really is to look at some specific issues that we think are important in the context of modernization and the changes in funding and how that might impact your community. But also to roll out a toolkit to help you with some of that budget planning.

We'll be reviewing budget planning challenges that may be presented to modernization phase-in for HOPWA Modernization Highly Impacted Communities, or the HMHIC, grantees. (I will use that phrase “HMHIC” a few times throughout this presentation. You'll hear it likely in other webinars as well. That's what it's referring to: there are a few communities, or grantees, that were identified as particularly being highly impacted, either by potential increases or potential losses in funding over the next few years, and were identified for this directed TA.)

The next objective of today's webinar is to enhance your understanding of multi-year cost drivers and dynamics in your budget planning. Another is to introduce budget projection, or full forecast toolkits, for budget forecasting and modernization planning. We'll be looking at that tool throughout the webinar. Then, to talk about some budget planning strategies.

As Steve said at the start, we're going to try and not have a lot of live questions because we had almost 100 people sign up for this and we've got about 75 on at the moment. But please do, if you have questions along the way, submit them through the dashboard. At his discretion, Steve will be monitoring those questions and may pull some in during the webinar. If your questions aren't pulled in, we'll certainly have them to help us respond after the fact to questions that you had along the way.

Stating the problem that we're trying to address here, both with the tool and with today's webinar: What budget challenges do highly impacted communities face?

You're going to be, as a highly impacted community, an HMHIC community, you're going to be managing swings in funding over the next few years while trying to maintain housing stability and avoid homelessness among households served through your HOPWA grant. That goes to the heart of one of the values that we had at the first slide. That's the heart of what OHH is trying to achieve with this TA, helping the grantees manage these changes and minimize impacts on client housing stability.

You're also going to face potential challenges accurately projecting future costs as well as thinking about what future allocations might be. The central issue that the toolkit we'll be looking at is trying to address (and the TA will offer after to help you address through the toolkit) is aligning those projected allocations through 2022 with your local needs and spending patterns. It will really try to help you think about and kind of go inside your own numbers a bit and be able to think across multiple years in terms of what your options might be.

Then, a number of grantees will be having to factor in, to either their potential losses or gains in funds, unspent funds from prior allocations (which come with time limits). There may be pressure to spend those, even as you are trying to respond to future changes.

There are a good number of moving parts involved in trying to think about multi-year projections. That's what we're going to be looking at today.

To frame this up a bit, before we start looking at the tool that we've developed, we want to look and talk about what some of the special issues that, at least from our end, we identified. You may very well have more that you will want to bring to your discussions with your TA provider. Or, follow-up to today's session, or later when we have the opportunity to take questions. But, we think that there are a number of fairly straightforward issues that may come up for both loss and gain communities.

HMHIC grantees who may be losing funds may face particular planning and budget challenges around the up and down variations from year to year in allocations. This has been covered at last year's HOPWA Institute and, I believe, on at least one or more of the webinars that OHH has put on to talk about modernization.

One of the effects of that “hold harmless” or “phase-in” formula through FY '22 of how the impact is phased in over time is: there are actually some grantees who, even though their funding trend may be in one direction or the other, either up or down, HUD is projecting that their allocation will go in the opposite direction for a year.

There are grantees facing these up and down variations. There are grantees who are having decreases in funding and who may be losing a substantial percentage of overall funding, even as their costs for providing their services go up through inflation and other cost drivers.

Also, grantees and their project sponsors may have what we're going to be calling commitment costs: investments in committed or multi-year costs that are directly connected with housing households. Those costs can be hard to shift. We'll talk more about that coming up. But that, I think is an important concept and challenge that communities might face.

Finally, communities may lack other resources in the community that might help offset some of the decreases in funding. Or, they may not have strong or established connections with other resources, including Ryan White and Continuum of Care resources.

On the other side, grantees who are facing increases in income that are out of variance with the norm of what they might face year to year may also have challenges. Just as we were saying with the decrease in communities with decreases in funding, there may be a lack of local capacity to expand existing programs or to take on new HOPWA activities as a way to absorb increases in funding. That is a challenge that has come up for a number of grantees so far through this process. They may already have moderate or slow rates of spending so an increase in funds may have the potential to kind of swamp current capacity to spend money. That can be a real dynamic. Again, we'll talk more about this later. As those kinds of slow rates of spending stretch out into future years, they can result in a piling up of unspent funds that have time limits on them. The clock is running out.

You'll recall, one of HUD's goals is to avoid the recapture of funds. That gets us to the last one here, unspent or unobligated funds from prior years. Having an increase in funding, it just compounds the challenge of obligating and spending older money.

One of the things that we wanted to talk about for your budget planning is projections. You really can't talk about budget planning in relation to modernization without the projections that the Office of HIV/AIDS Housing has generated – a couple of versions of – to this point and provided to grantees. You should have received these in the past. If not, you can follow up with your TA provider. We'll make sure that you have a copy of your current projections. The Office of HIV/AIDS Housing has provided these projection sheets that estimate potential, future HOPWA allocations in the context of modernization for each year through FY '22. These projection sheets have been generated, not for every single HOPWA grantee in the country, but specifically for the highly impacted communities, the HMHIC grantees.

These projection sheets are based on two possible scenarios for future Congressional funding. They're really for planning purposes only. As we saw, the FY '18 is a good example. There were projections generated last year for the Institute and for HMHIC grantees. Then, exceeding most everyone's expectations about what might happen with the FY '18 budget, the HOPWA budget line item in the Federal budget was actually higher than expected. That was a good example that Congressional action, even with these projections OHH had laid out, is independent of these projections. Future Congressional decisions may bring in numbers that are higher or even lower than the range that's contained in those projections.

What OHH has done is it has provided two projections for each of the grantees, a high or a low amount. That's based on certain assumptions that are contained in those projection sheets. And again, those sheets are for planning purposes only. OHH most recently generated those and provided them to grantees in April of this year, shortly after the FY '18 budget was approved by Congress. Again, if you don't have those, your TA provider can help you get ahold of your current copy. We have that current set available to us by HUD.

Here is a quick picture of what the projection looks like. I wanted to go into the projections because these projections are built into the planning toolkit that we have. These projections that are provided by OHH for each of the HMHIC grantees are really a key feature of the planning tool, the budget forecast tool, itself.

I wanted to make sure everyone was familiar. This is a screenshot from one grantee's projection sheet. You can see that this is a community that is losing funds. You can see on the top are the low projections. By FY '22, they have gone from a potential 7.3 million in FY'17 to 6.036 million in FY '22. On the high side, that FY '22 number is at 6.859 million rather than 6.036. Both of those are based on assumptions that our only best guess, possible scenarios, using some budget amounts OHH had available at the time.

My understanding from OHH is that these projections will be updated based on current conditions as we move forward. Hopefully, we'll also be able to update the tool if those projections change.

Let me just pause there. Steve, are there any questions yet?

Steven Ellis: I don't think there are necessarily questions for the webinar at this moment. There might be at the end, though.

Jonathan Sherwood: Okay, great. Alright, we'll keep moving forward, a bit of ground to cover. I will want some time for just discussion at the end.

I imagine that most of you are very familiar with the basic concepts of forecasting and planning as part of your management of HOPWA funds as grantees. I think we might have some project sponsors on the phone as well but we're really aiming at the grantees here. Here are the basic ideas we'd like to communicate (and this is as much in the future work for TA providers with the HMHIC communities, as well as your own practice): to evaluate current activities in the context of needs and other available resources, of course.

Also, to understand your current activities. Really, what are the cost drivers and multi-year dynamics of those activities? As I think will be apparent, and probably not a surprising thought or an unusual thought to think is that different grantees engage in very different patterns of activities. Some grantees highly emphasizing, for example, highly investing in TBRA; others investing highly in supportive services and short-term rent, mortgage, utilities assistance, and that sort of thing. Each of those choices about activities that are funded in response to local needs – all of those activities - play out differently when you're looking at multi-year spending and planning, especially in the context of shifting allocation amounts. That's what we'll be looking at. The tool, hopefully, will help you think about those.

With forecasting, the tool will help you think about, what if you kept doing what you're doing? Also, it will give you the opportunity, as you'll see, to think about lots of other scenarios that you can put into the tool and project forward.

Then finally, for all of it, dynamics. Budgets can be a dynamic thing. Spending challenges can arise that are unexpected. Or needs come up that you may need to respond to as a grantee. You will be monitoring and adjusting that spending picture over time as well.

The tools that we're providing will hopefully let you get a bit of a view into some of those dynamics. I will say in advance, they're not tools that will take you to the moon. They are tools that are fairly straightforward to plug in eligible HOPWA activities into future years. But I think they will be useful for you. Your forecast will be living documents and dynamic. You'll want to develop them with your TA providers and use the tool as much of a way to explore your costs and future costs as anything else.

A basic idea that we'll want to highlight with the tool and that is kind of inherent in it is: understanding committed costs. Having you think about some costs in terms of being committed and others, as we'll see in a moment, as being perhaps more flexible, or dynamic, or able to be modulated to a greater degree.

Committed costs - this really goes to the heart of OHH's primary goal of trying to avoid increases in housing instability as a part of modernization. To do that, you really want to make sure you're clearly identifying your costs that represent multi-year commitments. That's what we mean by committed costs. They represent multi-year commitments. I think that they're fairly straightforward. Here, you can see, they’re really tied in with housing assistance. What we mean by multi-year commitments are those that current year spending represents an expanse that is really tied into future expenses as well.

A good example of this committed cost is with TBRA. Obviously, Tenant-Based Rental Assistance is being paid on a month to month basis on behalf of a client to the landlord. That client may only have an annual lease, right? That money may be spent out of a contract with the grantee that is only a 12-month contract. In that sense, there is a clear end date to that assistance. The lease runs out at the end of the year and needs to be renewed. The sponsor's contract runs out at the end of the year and needs to be renewed. But on the other hand, HOPWA TBRA assistance is intended by HUD as being open-ended. Since, of course, terminating assistance for any household that's receiving TBRA assistance would almost certainly result in pretty immediate homelessness, or at least housing instability.

So, every TBRA lease that a grantee or a project sponsor has really represents a known and very likely future HOPWA cost, extending out into some unknown point in the future. Those costs, while they may be tied to a grant and to a project sponsor that is only 12 months at a time, that cost represents really a future potential cost. In that sense TBRA is a committed cost that is really worth looking at in that frame.

Similarly, the cost of operating a facility-based housing project. It represents, not just the households in there but also (if a grantee is paying for operating costs on behalf of a project sponsor at a facility-based housing) that facility represents a real property asset likely owned by the project sponsor. It's an affordable housing asset that would likely be lost to the community and to people living with HIV/AIDS if operational dollars were withdrawn or not available year to year. Even though clients may move in and move out of a housing facility, that really represents a future cost and, or a committed cost.

Finally, with supportive services, some supportive services that HOPWA pays for may be connected to housing resources that are paid for through another program. Such as Section 8 Set-Asides or a Continuum of Care housing program (what used to be known as a Shelter Plus Care). There are lots of examples where Shelter Plus Care housing dollars were combined with HOPWA supportive services dollars. The loss of those HOPWA supportive services dollars may well endanger the housing dollars as well. Even services can be kind of hardwired into housing commitments. If the services are not funded, the housing resource would also potentially be lost.

On the other hand, some activities that HOPWA pays for represent costs that may be more flexible or dynamic. By saying that, I want to emphasize, that does not mean those activities and costs less important. Just that they do not, for the purposes of budget planning and future forecasting, represent future housing obligations in the same way that a lease will or that a facility-based housing support will.

The examples of less committed or more flexible activities we have listed here on the slide. The STRMU: it's time limited and it's really intended to take care of a temporal or a short-term problem, not a long-term need. The STRMU assistance doesn't necessarily represent a year to year commitment to a particular household. But obviously, of course, that's an extremely important activity and program component for many communities across the country. But in terms of budgeting under different pressures, such as might be represented with modernization, these kinds of costs represent areas with more potential budget flexibility than say the ones we just listed.

With that, I want to start turning to the workbook. We'll get to that in a minute – we’ll open up the workbook and look at it. I'm going to start introducing it here.

For HOPWA Modernization and technical assistance work with HMHIC grantees, the TA team has developed this budget modeling workbook, or forecasting workbook, for use by grantees. It is to use in budget forecasting to support your work with your TA provider as well as your own efforts for multi-year planning. That's the purpose of it. We developed it in the context of trying to help grantees think about how their costs work if they make certain kinds of changes or certain kinds of assumptions moving forward. As you'll see, it's really designed to help you test out different budget scenarios. You can look at the results of those different scenarios directly in the context of your high or low HOPWA projections.

There are three sheets in the workbook. Each sheet gives you increasing flexibility in creating your forecast. We started off with one sheet and kept making that one sheet more complex. Finally, we decided it would be best to kind of have three different ways to approach it. That's what you'll see in the workbook.

Some important notes about what's in that workbook. All of the sheets, all of the workbook, comes preloaded with two data sets. The first data set is what every grantee, every HOPWA grantee reported in what we, on our end call, the 2016 program year. That's the most recently completed year's worth of data that HUD has from HOPWA grantees. We have that information loaded into the tool. It's not the entire CAPER report; it's really just the basic. For example, it’s how many households served and how many dollars spent for the basic activity? It's not all of the other performance data about outcomes and details like that. It's really just that raw, basic information from it. That information is public. It is published on HUD Exchange for every grantee through the performance profiles that are published. It is all loaded in here for all grantees into the one tool. You will be able to look at the spending patterns and costs of other communities. But, all of that is public information - that's just a forewarning. That's loaded in. As well, the other data set that's loaded in, the OHH projections as of April 2018.

These are the three sheets that we'll be looking at. I think what we're talking about here will start to make more sense as we actually look at the sheets themselves.

The first sheet is really what we'd call a static forecast. What that means is: it takes grantee 2016 actuals and it projects that straight line right out through 2022 with no changes to your activities. It includes a 1.5 percent annual inflation rate. There is some inflation factor put in there. It is really a budget picture that looks at, what would happen if you did nothing different than when you did at least as of 2016? How does that look in the context of the potential modernization amounts?

The purpose of that, for all three of these, is that it allows you to compare against those projected allocations. The purpose there is really to let you see again, what scenarios might look like. We think that information will be valuable. It may make you more anxious. Or, it may make you less anxious to actually see where your projections get you to, if you do or don't make certain changes.

The second sheet, it still presents you with your 2016 information. But, it lets you plug in a new baseline year. Rather than taking your 2016 debt as a baseline year, you can create a new baseline. But then it will take that and project it out through the five year, next five years for you. You only have to create one budget and you can see how that goes out for five years.

Then finally, the last spreadsheet is 100 percent user editable. It doesn't do any projecting of, or forecasting. You have to build each year at a time but, you can see them totaled against potential future allocations.

The tool really gives you an increasing amount of flexibility and autonomy in trying out a scenario. But even the static one can give you a lot of information to work with.

When you get this workbook -- these notes are also in the workbook itself, so I won't dwell on them too much -- there are several important comments I want to point out. It's important to point out that to enable the basic functions of the workbook we couldn't lock down all of the formulas in it. If we locked down the formulas, then some of the basic functions of being able to load in that 2016 data and the projections would fail to work. So what you'll be receiving is a set of Excel tools that has formulas built into them and some nice functionality. But, those formulas are not protected. You just want to be careful with that. We have tried to make it as easy as possible to avoid getting in the way of the tool itself.

You will want to save a blank copy as soon as you get it. In case, as you play with it, if you do overwrite formulas accidentally. You can always have the blank copy that has those original formulas built in. Of course, your TA provider should be able to provide you with a copy as well.

I would recommend saving versions as you go and test out various scenarios, so that you don't lose it.

The workbook has what is called a V-Lookup feature, which means, when you open it up, you're going to be told that you need to "Enable Content." There will be one of those yellow buttons that pops up in the toolbar at the top. You'll need to click that in order to allow you to load in your grantee data. Hopefully, that is not an issue and your IT lets you enable content in an Excel workbook to be able to use it properly. Because otherwise, a good bit of the functionality would be lost.

We have provided some very handy color coding that should be pretty straightforward. Green is go. All other cells provide data to you. The only places where we'd be looking for you to enter data are lit up with green.

Some key features of this. The first toolkit sheet, that we're going to get to in just a second, presents you with forecast models that are premised on making no changes to what you reported in 2016. One footnote to that: we do have a feature in there because it seemed to be an important dynamic, even with committed costs like we talked about already. That TBRA attrition. What we're calling attrition here, we define on the screen here. Essentially, every TBRA program is going to have a more or less natural, normal turnover of households. Whether that's from people moving on from the HOPWA Program, perhaps going into other permanent housing or perhaps, unfortunately, falling into, not a negative housing outcome and leaving the program. But one way or another, leaving the TBRA program.

TBRA attrition varies greatly among grantees, the kind of attrition that they report through their CAPER report. We built it into the tool here to give the grantees an opportunity to think about that attrition rate, especially for grantees that are potentially losing funds as a resource that they might have to not displace anybody off of the HOPWA TBRA program. But, nonetheless, to reduce overall commitments in TBRA year-over-year by kind of using that attrition rate as an organic way to reduce costs without actually displacing anybody off of housing. We'll look at that. That's also, from your CAPER reporting, based on the prior five years of reported performance. We were able to pull that data out of the HOPWA database. Say grantee X typically has on average 27 households who leave the program a year. There is a built-in 27 attrition rate that you can activate in this forecasting tool. You kind of toggle it on and off to see what would happen if you stopped taking new households onto your program. What would the budget effect of that be?

I already mentioned the inflation rate. They're totaled against the high and low.

I have some built-in slides but, I'm actually going to go to a demo here. These slides, there are some screenshots for your future reference that you'll be able to use.

But, I'm going to go to the demo. It looks like I have frozen up my screen. Let's see. I have opened up the tool itself.

Steven Ellis: Jump in?

Jonathan Sherwood: Yes, sir?

Steven Ellis: Could you just remind our attendees one more time? How and when they will be able to get their hands on this financial model tool?

Jonathan Sherwood: Thank you. Yes. This tool will be sent out shortly after this webinar to all of the HMHIC grantees. Then, it will also be available through the TA providers.

Real quick, there is an inner instructions screen, which I won't go into that. It's pretty straightforward and will be relevant when you're looking at it.

The first tab is what we're interested in. It is the forecast static. That's what we're looking at now. This gives you high level.

I'll zoom in on it in a minute, so you can see the details of it better. But, this is essentially what it looks like. Here on the left, you have the dashboard of your 2016 actuals. Here on the right and through the right two-thirds of the tool, you have multi-year projections based on those actuals. Here on the bottom, you have loaded in the award high/low. And you can see it's totaling up those projections. You can see how those high/low go against your projections over time.

Let me zoom back out just a little bit and go to this first feature. This is again, the static forecast. All of these cells are blue. There is no green. There are no places on this this particular sheet where the grantee puts in data. It purely is taking this 2016 data and projecting it forward.

You'll see here, this red box says, "Choose grantee," here in the upper left. There is a drop down when you click in the cell next to it. It has all of the current HOPWA grantees listed in there with the data loaded in for a selection.

You will choose your grantee; I'm going to use the City of Houston. I don't know, if anyone from the City of Houston is on? But, we have selected you for the demo today. We'll choose them. I will choose another just so you can see the values change as you select the different grantee.

We'll go back to Houston. It loads in all of the households served in this column. In this middle part here, what the expenditures were across different activities, with total expenditures at the bottom. Again, that's in that one reporting year. Then, it calculates per unit costs, where relevant, for some of the housing activities. That will be used for future projections.

That dashboard is on all three of the sheets on the left. You'll see this second red highlight says “use TBRA attrition, yes/no.” Right now, TBRA for the City of Houston is turned on. They have an attrition rate of 48 based on a five-year average of reporting. That's what gets loaded in. If you keep your eyes on this line here, this is the TBRA line (row 7) for multiple years. You can see, it drops. It starts at 384 for 2016. For FYI '17, with attrition turned on, its 336, 288, 240, 192, et cetera. It's taking that amount and subtracting 48 each year. Using the per unit costs from 2016 of 7,749, it then calculates with a reduced number, a new calculated expenditure including that 1.5 percent inflation rate.

I have turned attrition on here, I have yes selected. If I'm going to take that out (change to no), it updates those values. These are now 384 straight across. That says, "We're not closing our waiting list, we're going to keep putting people onto the program at the current level of service.” And that change kind of straight lines what that cost will be as well.

You can start to see some differences here. Let me zoom in a little and look at this year, FY '20. With attrition turned off, this would project them spending about 3.158 million on TBRA. But, with attrition turned on, that drops to 1.8 million, right. That's a substantial difference of close to the 1.5 million dollars. Those are savings that are affected purely by using an attrition rate that is predictable based on five years of prior experience and incorporating that into future planning.

Turning this attrition feature on and off would be saying for a grantee, "If we stopped putting new households on to HOPWA TBRA - we'll continue to serve all of the households that we're currently serving, but if we stop using them and we make use of that kind of natural attrition rate - what might happen to our budget?" I will turn this back off for Houston. Let's say they make no change. They go down here. This year, they're pretty close to the high/low, right? It's all pretty close. The high/lows for that year are the same and for this year because those were actually based on Congressional approved funding. But, as we go into future years, if they don't make any change by the year FY '22, their current costs are ten million. Their potential low is at 8.2. If we turn that on and take advantage of that attrition - remember, they were over at ten point, over ten million - just by making use of that attrition, and making no other changes to their HOPWA Program, they are now under the lowest number of HOPWA projection. Of course, still, the actual award in FY '22, it could be higher or lower than either of these numbers. But, it gives you a sense, kind of, what are some of the dynamics that can bend that total in one direction or another.

That's the static form – it takes from FY '16, and it puts it straight out with the exception of being able to turn on the attrition.

I think that you'll probably have plenty of questions after the fact. We'll see how much time we have at the end because time is flying by quickly. But remember this tool is really intended for use with your grant and with your TA provider. And it is intended that you follow-up to this to really be able to dive into your budget planning.

The second spreadsheet here, it has that editable baseline. This one is good to use. It doesn't require you to build multiple years of a budget model, but really just build one year. It can look however you'd like it. You can do completely new, or different, activities. Or different levels of activities, and experiment with it. But it doesn't require you to do all five years. You just do it once. It will take that and project it out. You can kind of see what different scenarios look like with that. It uses the same actuals. It uses the 1.5 percent inflation rate.

The one feature of this, and we'll get to it. We'll jump into it just in a second. One feature of this one is the way it's set up to calculate those future expenditures. It's really driven, instead of raw, total expenditures per activity, it asks you to plug in households served and per unit costs. We'll talk about why in a second and what that looks like. Then, it's totaled against the high/low.

Let's dive in again to the tool and go to that second tab. You will see, it has the same dashboard on the left here. It's still the City of Houston. Whatever grantee was selected on the first tab flows through all three of these tabs and it loads in that same dashboard on the on the left side.

What you'll see different here: Whereas the last sheet, all of the columns were blue - there was nowhere to plug in information, there was a lot of gray. In this one, you have two columns that are green - which means go, which means that's where you'd put in data to set up some scenario expenditures.

As I mentioned, instead of just plugging in the raw costs, we think it's valuable for you to have to take this step of plugging in projected households served and per unit costs. Instead of just having a total target cost for an activity, this kind of makes you connect to that target cost with households served.

Let's say…. We'll just stick with TBRA. You know that in 2016, it cost 7,749 dollars per household, on average, to provide TBRA. You plug that in. Or let's say, you want to increase it - for safety sakes, you think it will cost 7,900 dollars. Instead of serving 384, you want to actually, for the purchase scenario, let's say increase the number you serve. You can plug that in. It will generate that overall expenditure. Then, it will project it out into future years with new totals, new per unit costs that include inflation, et cetera.

Or, you could say, "Okay, we want a baseline year where we're going to start with 384 HH for TBRA." You would go ahead and duplicate some of these committed costs. But, you would come down and say, "Okay, for supportive services we're only going to serve 1,000 HH at that same kind of per unit cost, but a smaller number of people for supportive services."

You can kind of plug in different scenarios of saying, "Okay. We think we're going to be able to replace some of those supportive service dollars with Ryan White dollars. We think it will let us go from 1,400 to 500 HH. But we're going to keep these others, like our STRMU, at the same amount." You can see that you build it and very quickly, it populates those further out years with projections, and it lets you start to build up a new total down here. Obviously, that total won't really be good to work with unless it includes all of your costs. You'll see, we make no assumption about admin costs. Even though, of course, you can charge up to three percent for grantees and seven percent for sponsors, not every grantee and sponsor does that. We let you plug that in here. You would do the same for these other costs as well.

This forecasting tab lets you, without over complicating it and without having to go through the whole process of filling out every single year, project out. You really fill out one year, maybe using your 2016 data as reference, where you've already got known expenses and known per unit costs. You would plug them in here. You can reduce, or increase the numbers, and build a new budget. Then, you can very rapidly see what that looks like in future years and how that relates to your high/low projections.

To go back to our presentation and keep moving because I do want to make sure we have some time for questions. We're closing in on that full content here.

I do want to mention some things on grant-based accounting. This is just as a flag, for both you and your TA providers to keep in mind as you move forward in talking about budgeting and grant based accounting. In 2015, HUD was required to make a change in the way that they managed and booked their drawdowns from grantees. They changed from what used to be called, colloquially, the “first-in and first-out or FIFO” basis. In this system – even though grantees were given individual awards – as far as the account tracking and IDIS were concerned, when you book a cost in IDIS it drew against the oldest money that you had. That was required to be changed in 2015. Now, you're always having to book every cost against this specific year.

We have provided a link to some information on the HUD Exchange website about this 2015 change to grant based accounting. Why we think that's important to note here is: we think it probably presents and has introduced some challenges for grantees.

It doesn't change the amount of money that you get, but in some ways, it requires a greater attention to the actual tracking of year to year expenditures. We think it increases the possibility of grantees having money that gets stranded in IDIS from prior years. Because as you create new activities, you attach it to your most recent award. If you don't spend down all of an old award, it won't automatically get billed against like it used to.

We're very mindful in the modernization process of having grantees with old or aging money that may be stranded through this grant-based accounting dynamic. TA providers will want to work with you to think about how to incorporate those funds into your modernization planning.

That really connects us to timeliness and unspent funds as well. That's a perennial issue for all of the HUD grantees, not just HOPWA grantees. It can be for lots of different reasons a challenge for grantees to spend in a timely manner.

These are some of the terms that we'll be using here, listed on this slide. I wanted to define them here.

Everyone has 36 months or three years to spend any given year's award. That's the timeliness factor. Unspent funds are funds that have not been drawn down yet. Unobligated funds are funds in IDIS system, the HUD draw down system, that have not even been attached to activities or obligated yet.

For HMHIC grantees gaining funds, significant amounts of unspent prior years represents an additional challenge. Not only are you expecting future increases, you may be struggling to spend older pots of money and needing to get extensions from HUD on that money. You’ll need to be coming up with strategies to spend that even as you're having to reckon with an increase in fund.

Similarly, with HMHIC grantees who might be losing funds on the other hand, those unobligated funds, especially in unspent funds may represent a resource that you can draw on. We have talked to grantees already about that. Those unspent funds may be a resource that you can draw on to help you buffer those losses in funding moving forward. Take into account the time frame that you have to spend those prior year unspent amounts.

For all the grantees, they will need to be mindful of the spending deadlines for any unspent and unobligated funds. You'll need to work closely with your HUD Field Office and Headquarters staff to identify those challenges early and to work with them, and potentially with your TA provider, to come up with strategies to spend that. Because again, it was one of the modernization TA values: that HUD wants to avoid the recapture of funds through this process. Just a reminder, in some cases, extensions can be given by HUD on that spending.

There is a last slide or two here about strategies for a response that I'm going to cover. But, I'll remind everyone, as I said at the start of this webinar: all of these topics about strategies are what future webinars will be about and what the work with your TA provider can really be about. We'll touch on these topics and strategies here but will not go into all of the depth that we potentially could.

In fact, the third bullet here, it's "expand coordination with other systems and resources." An upcoming webinar is on that very topic of working with Ryan White Care Act resources in your community, specifically in the context of modernization. We'll have an entire webinar devoted to that bullet.

As we've already touched on, consider if you're facing decreasing funds and if you do TBRA, looking at the attrition rate of that TBRA activity as a resource to help you manage the loss of funding at a measured rate without having to set caps or start displacing people from it. That data is known. It's, like I said, fairly predictable. It's, of course, not guaranteed that you'll have X number of people leave your program every year. But, the attrition rate is based on five years' worth of your own data for those rates, so consider using that.

Then, using the tool, we'll look at a multi-year view. One thing that we couldn't really build into the tool because it would have become even more complicated (and we wanted to keep it as simple as possible) is: how to factor unspent or unobligated funds into your picture. I think on the practical level, you could still use this Excel tool. Probably even at the bottom of those columns, add in what some of your unobligated or unspent resources might be to give you a picture in addition to the high/low allocations of what you might expect. But, we couldn't build that. We couldn't do everything with the tool. And of course, continuously review and update your understanding of local needs, and priorities through the process.

For communities with increasing funds, the same as on the other side; expand coordination with other systems and resources. There might be opportunities for collaboration and partnership with other housing and community organizations that maybe you haven't worked with previously. You could build one these in order to meet unmet needs or, expand the range of unmet needs that you're addressing in your community through the increase in resources.

This is a perennial topic in a lot of TA engagements: be sure that you're charging all of the eligible costs to your HOPWA award. For example, like with a TBRA program, making sure you're not just charging the program with the leasing costs (the payments that you're making to the landlord on behalf of the client). But also, the overhead costs that you have for directly providing that TBRA program, the eligibility determinations, income, determination, the rent calculations, and housing inspections, and housing re-inspections. All of that, those are direct costs, and not admin costs, but are direct program costs. Again, if you're in the position of having an increase in funds, make sure that you're actually getting reimbursement for all of the eligible costs that you may have. As with, on the other side, planned spending with a multi-year view, and look at those unspent and unobligated funds. Make sure you factor those in. Identify as early as possible if you have unspent funds in addition to increases in funds that you may need support in. Think creatively about how to spend.

We're going to do a very quick look at the last tool here, the last sheet in the toolkit. This one still loads in that FY '16 information for your reference but, everything else is fully editable. Let me pull that up.

Here you'll see, every column is green except for the blue columns in the middle. That's where the expenditures are calculated. If you enter the household served and you enter the projected amounts, then you'll get the estimated expenditure. You'll note that for every year, it's all green. It's building each one individually. It doesn't do any projecting for you. There is no inflation factored in because there is no year to year carried over costs. It lets you plug in for one or multiple years and, at the same time, look at multiple budget scenarios side by side.

It still has those '17, '18, '19, '20, on through to '22 actual projections built in. These numbers on the dashboard, the 2016 dashboard over there on the left, will let you say, "Okay. I see what our numbers were in that year, that's a reference point for per unit costs or for households served." But everything in here is user generated. That one is much simpler. There is not as much to turn on and off. It just lets you work right through it.

This is our last slide here, so putting it together. Work with your TA provider and on your own to fiddle around with the tool. Hopefully, it will be helpful to understanding your current spending trajectories. In the context of the discussion today, understand what spending you may or may not be able to easily change. But also you can play with, "within those dynamics what do changes look like if you try out different scenarios?" It helps you understand the effects of different planning choices on overall spending. For example, reducing the scope of a STRMU or a case management program, or doing something like expanding your TBRA program. And look at "what will the effect be?"

Remember to use unspent funds strategically during this transition and identify those unspent funds early as a dynamic in this budget planning. Then of course, moving forward, continuing to monitor your spending patterns. If you do have trouble now or on a regular basis with timely spending in the context of the pressures from modernization, that could really compound your challenges. The TA providers are here to help and to work with you to work with your field office staff or your headquarters staff as well. To work out any of the challenges that all of these different budget pressures might represent.

I thank you for your time. I know that I have barreled on through. But, we do have some time here. I'm interested, if you have questions, especially about the presentation. I think, once you try out the tool, you will have questions about that. But you'll – I think – work with your TA providers on those specifics. Thank you.

Steven Ellis: Jonathan, we have a question about how grantees might be able to use this budgeting tool and share that information with their project sponsors and community?

Jonathan Sherwood: That's a good question. I think it's really up to the grantee to decide how they're going to use the information. As I said at the beginning, there's nothing in the spreadsheet or the toolkit that's proprietary or insider information. It's all public and published. It's just brought together here. It is your grantee information.

I would say, if it makes sense for a grantee in your public process, with planning and with your project sponsors, to work on scenarios or talk about scenarios or demonstrate them or get their input on them, that is a great idea. There is no reason not to use the tool along with your project sponsors. I think you could decide for yourself, if even sharing the tool with your sponsors, in order for them to do some scenarios at their own level, if it could be helpful as well.

This isn't like the CAPER Report document. Or, something like that where it's an official HUD document. It has no restrictions on it. Once we have release it into the wild, it's really yours to use. If you identify ways to use it creatively to meet your goals, by all means, you should.

Steven Ellis: We have another question about future webinars. The question is if project sponsors are welcome to be part of any of the future webinars? Or, are they for grantees only?

Jonathan Sherwood: I know our focus is on the grantees. That's for the TA effort. That's our client, as it were. Marie – I don't know, if Marie Herb is on and would want to weigh in on that? But I think that we want to make sure that we have the resource first available to the grantees because that's our primary target. But, I think some of the information would be useful for sponsors. I don't know, if we'd want to eliminate them, but we do want to make sure that we get the content first to the grantees.

Steven Ellis: Thank you, Jonathan. That seemed to answer the question. Are there any more questions in regard to this webinar, the tool, or future webinars?

If you do have any future questions about this webinar or the tool, please feel free to reach out to your grantee. They will have direct information. Or, if you are the grantee, to reach out to your technical assistance firm. We would be more than happy to assist you with any questions that result later.

I think that's all of the questions, Jonathan.

Jonathan Sherwood: Okay, great. Thank everyone for joining. We had a great turnout. I would say about a 90 percent turnout from the registrants. Thank you very much for participating.

Please, tune into the future webinars in this series.

With that, I'll stop recording. Thanks again.

[END OF TAPE]