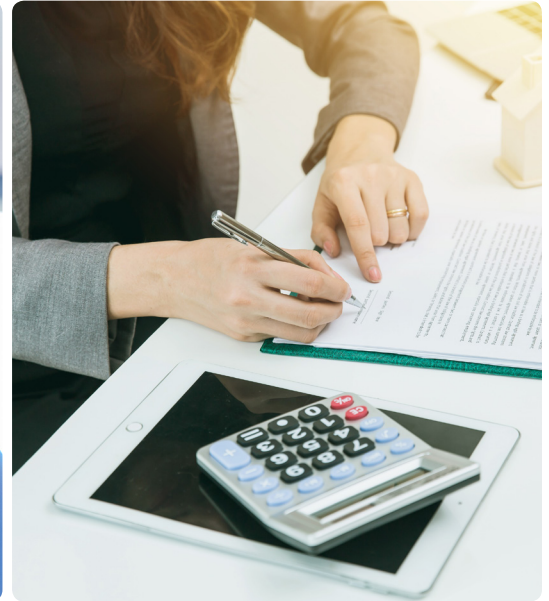




## Funding a Program



**Owners can financially support an FSS program in a few ways: Using available residual receipts, corporate resources, third-party grants, and philanthropy. At this time Congress has not appropriated any new direct funding (i.e. grants) for the employment of FSS program coordinator(s) in multifamily assisted housing.**

### Residual Receipts

Residual receipts are excess Section 8 rental subsidy. Some multifamily assisted housing properties generate residual receipts when monthly operating expenses are less than the amount of Section 8 rental subsidy paid at the beginning of each month. Because these are excess Federal funds, HUD must approve their use for property-related expenses. Not all properties generate residual receipts, so it is important to check each property's finances to determine availability.

Owners may use residual receipts to support the position of the FSS program coordinator. HUD will approve requests for release of residual receipts in accordance with the procedures found in [HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, Chapter 25, "Residual Receipts."](#)

HUD may approve release of residual receipts for FSS Coordinator costs as an advance rather than a reimbursement, on a semiannual basis. No more than six months of expenses will be advanced at one time. Documentation of actual expenses from the prior period for which funding was advanced must be submitted to HUD prior to approval of any subsequent requests.

HUD will make residual receipt account funds available only after approving the FSS Action Plan and the [Residual Receipts Funds Authorization form, HUD-9250 "Funds Authorizations."](#)

### Alternate Funding Sources

In addition to residual receipt funds, owners may wish to consider the following funding sources for their FSS programs:

- **Grants from philanthropic foundations.** Some FSS programs have successfully obtained grants to cover a portion of the costs associated with administering the program. In funding applications, owners can present both the residual receipts account funding and the HUD funding for the escrow account as leverage for foundation investments.
- **Partnerships with entities that have similar goals.** Owners may find that they can serve more families if they partner with other organizations that have similar goals of helping residents to increase their earnings and assets. For example, case management services may be available for participants who receive Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) benefits. Other organizations with similar missions, such as asset-building non-profit organizations, community action agencies, community colleges, and agencies running employment and training programs may also provide case management services. Based on the agencies' and FSS program's common goals and interest in serving the same population, the agencies may be willing to dedicate staff time to provide case management or coaching services for FSS participants.
- **Volunteers.** Some programs have used properly supervised volunteers, students, or interns to augment the case management or coaching capacity of the FSS program. For example, college students earning their degree in social work or related fields often seek hands-on training and experience. FSS graduates or successful participants can also play a role by mentoring or working with other participants to help them achieve their goals. However, it would be difficult for an FSS program to provide case management or coaching solely with volunteers.

**MYTH: Owners fund escrow accounts, and FSS is an expensive program for owners.**

**FACT:** The net effect of participant escrow accounts is the Owner income remains the same.

### Program expenses

- The primary staff expense is the FSS program Coordinator. FSS coordinators provide coaching and case management to participants and make referrals to community-based services. Management agents may already have a staff person who can be trained in this role, they may hire a new staff person, or can contract with a third-party provider. A full-time FSS program coordinator typically has a case load of at least 25 program participants.

Owners/agents need to consider whether the initial FSS coordinator will also function as the program manager, overseeing the entire program. Management Responsibilities generally include program outreach, relationship management with other FSS program staff, and submitting performance reports to HUD. Owners may decide to use another staff member to manage the FSS program, such as the owner's existing resident services or property management staff. Central office and/or onsite property management and accounting staff also play a role in administering the FSS program, but staff levels generally do not increase with the additional of an FSS program.

- Case management software can support the coaching or case management of FSS participants. Owners who are already using existing property management software to track and report household data may be able to add case management or supportive services modules to their package. Stand-alone case management software is also available.
- Modifications to the owner's accounting software can be useful to support calculation and tracking of the FSS escrow. HUD provides a template escrow worksheet ([HUD Form 52652](#)) to calculate the monthly FSS escrow deposit for each participant.