

Explanation of Proration Amount for CY 2006 Operating Fund Program, 3rd Quarter

For the obligation of Calendar Year (CY) 2006 3rd Quarter Operating Subsidies for public housing agencies (PHAs), the Department has provided funding, at an annualized rate, of 85.5%. The following provides an explanation of that proration amount.

For CY 2006, the Congress appropriated \$3.564 billion for the Operating Fund Program. PHAs were to submit their subsidy forms by December 31, 2005, and Field Offices completed their review of the forms by March 31, 2006. Based on these submissions, total eligibility for CY 2006 is \$4.148 billion, which results in 85.9% proration. However, because of revisions that are processed in the final quarter of the Federal fiscal year, the Department has reserved \$17 million for revisions, resulting in 85.5% proration. If revisions are less than this estimate, the year-end proration will increase slightly.

For the first six months of the year, the Department obligated to PHAs \$1.76 billion in operating subsidy, based on what PHAs received in 2005. Consequently, each PHA will receive for the third quarter the difference between their nine-month eligibility and what they received for the first six months. If a PHA was paid more in subsidy than it should have received (on a PUM basis), the difference will be debited from its 3rd or 4th quarter obligation.

Overall, formula expenses increased by 8.5% over CY 2005 levels. The single largest increase was utilities, which went up by 20.9%, or \$283 million.

Description	Actual 2005	Actual 2006	Change 2005 to 2006	Percentage Change 2005 to 2006
Non Utility Expense Level (AEL)	\$4,096	\$4,170	\$75	1.8%
Utilities	\$1,354	\$1,637	\$283	20.9%
Alternative Subsidy Projects	\$144	\$151	\$7	4.8%
MTW Block Grant, PHA's not in Base	\$444	\$466	\$22	4.9%
Other Add-ons	\$137	\$129	-\$8	-5.8%
Less: Tenant Income	-\$2,351	-\$2,406	-\$55	2.3%
Total Eligibility	\$3,824	\$4,148	\$323	8.5%

Funds Available \$3,564
 Estimated FY 2006 Proration 85.9%

Note:

1. Operating Subsidy was provided on a calendal year basis in FY 2005.
2. Dollars in millions