Issue Date: July 21, 2022

Financial Reporting for the Family Self-Sufficiency (FSS) Program

ACCOUNTING BRIEF #26

(Supersedes information issued in Accounting Brief #20 and #23)

GOVERNING REGULATIONS AND GUIDANCE

1. The Family Self-Sufficiency regulation is in 24 CFR 984. The regulation applies to the Public Housing program and/or tenant-based assistance programs under section 8 of the U.S. Housing Act of 1937, such as the Housing Choice Voucher program, including special purposes vouchers such as EHV, VASH, etc.
2. PIH Notice 2022-20 "Family Self-Sufficiency (FSS) Program: Establishment of the Escrow Account and Use of Forfeited FSS Escrow" clarifies a few sections of the rule (24 CFR 984) related to the establishment of the FSS escrow account, the use of forfeited FSS escrow, and the reporting of FSS escrows in the Financial Assessment Sub-System for Public Housing Authorities (FASS-PH).
3. Federal fiscal year 2020 Notice of Funding Availability (NOFA) for Family Self-Sufficiency Program (FR-6400-N-04), prohibits the use of FSS Program Coordinator funds for administrative and training costs of the FSS program; unexpended funds are to be recaptured and can be used by HUD to make future FSS Program Coordinator grants.
4. Federal fiscal year 2021 Notice of Funding Availability (NOFA) for Family Self-Sufficiency Program (FR-6500-N-04), is the latest Notice of Funding Availability (NOFA) at the time of issuance.

BACKGROUND: FSS PROGRAM – ACCOUNTING, FINANCIAL MANAGEMENT, AND REPORTING

The FSS program enables families assisted through the Housing Choice Voucher (HCV), Public Housing (PH) and other public housing authority (PHA) programs to increase their earned income and reduce their dependency on social services and rental subsidies. Under the FSS program, families living in assisted housing are provided opportunities for education, job training counseling and other forms of social service assistance to help develop the skills necessary to achieve self-sufficiency. In addition, escrow accounts are established for participants by the public housing agency (PHA). As a participant's skills increase, earnings will likely increase, resulting in an increase in the participant's rent. In such cases, the increase in rent is placed by the PHA into an escrow account. After graduating from the program, families may withdraw the funds from their escrow account for any purpose. If a PHA allows, families may also withdraw funds while they are in the program for activities that further their established self-sufficiency goals.

In managing this program, PHAs typically employ an FSS Program Coordinator. The FSS Program Coordinator may be a PHA staff person or a contractor. An FSS Program Coordinator ensures that participants in the FSS program are directed to the supportive services needed to achieve self-sufficiency. The PHA does not typically provide the actual supportive services for this program. The FSS Program Coordinator is responsible for building partnerships with employers and service providers in the community to link participants with the necessary services and jobs. In addition, the FSS Program Coordinator ensures that program participants are fulfilling their responsibility under the program and that the escrow accounts are established and properly maintained.

Section 306 of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("the Act") made multiple amendments to the Family Self-Sufficiency (FSS) program. In response to the Act, HUD published a proposed rule on September 20, 2020, to implement changes required by the Act and to streamline the FSS program. After consideration of public comments, HUD published a final rule on May 17, 2022, which became effective on June 16, 2022.

This accounting brief provides information to PHAs on how to report FSS program accounting transactions in the PHA's annual Financial Assessment Subsystem – Public Housing (FASS-PH) submission and the related eligible and ineligible activity. Specifically, the brief provides information on the following topics:

1. FSS Program Coordinator Grant (Assistance Listing #14.896) reporting,
2. FSS Program Coordinator Grant Expense reporting,
3. FSS escrow activity reporting, including new reporting requirements and eligible uses of FSS escrow forfeitures.

The accounting brief does not provide guidance on administering the FSS program or calculating FSS escrow. Rather, the accounting brief is intended to provide guidance on proper financial recording and reporting of FSS transactions.

FSS Program Coordinator Grant Reporting

Through the NOFA process, PHAs that operate a FSS program, may apply for grant funding to employ program coordinators to support the FSS program. The FSS Program Coordinator grant is funded on an annual basis. PHAs should report revenue and expenses for the FSS Program Coordinators program under Assistance Listing[1] #14.896 on the financial data schedule (FDS). The Family Self-Sufficiency Program Coordinators grant is accounted for as an "expenditure driven" or "reimbursable" grant and therefore there should be no net position reported. Escrow balances, disbursement of escrow, and FSS escrow forfeitures should not be reported under #14.896.

The requirement to report under Assistance Listing #14.896 is in effect regardless of whether the FSS Program Coordinator serves participating families in the PH, HCV and/or Project-Based Rental Assistance (PBRA) programs. FDS line 70600 (HUD operating grants) should be used to record the grant revenue when earned. The grant revenue is normally deemed to be earned when eligible expenses of the grant are incurred. Reporting instructions for FSS expenses depends entirely on whether amounts are chargeable (i.e., eligible expenses) to the program.

[1] Formerly referred to as CFDA (Catalog of Federal Domestic Assistance), the Assistance Listing # is a 5 digit unique number (i.e., ##.###) which identifies the various Federal grants and programs. PHA submit their financial data to HUD using Assistance Listing numbers as the program identifier.

At the PHA's fiscal year end year-end, PHAs will likely need to make an adjusting entry in the PHA's (book or ledger) accounts to recognize grant revenue earned but not received. The amount of the entry will normally be equal to the amount of salary and benefits that have been incurred but where no grant funds have been received. The entry would result in an increase to both the grant revenue and accounts receivable. For example, if the FSS Program Coordinator's salary and benefits is $3,000 for the last month of the PHA's fiscal year and the PHA did not receive payment from HUD, the PHA would need to make the following entry:

FDS Account & Description	Debit	Credit
122: Accounts receivable - HUD other projects (increase in accounts receivable)	$3,000	
70600: HUD PHA operating grants (increase in grant revenue)		$3,000

FSS Program Coordinator Grant Expense Reporting

Eligible Expenses Chargeable to the FSS Program Coordinator Grant (Assistance Listing #14.896)

Costs charged directly to Assistance Listing #14.896 are limited to the annual salaries and fringe benefits of the FSS Program Coordinator(s). The grant funds may not be used to pay for services for FSS program participants or for performance of routine PH or HCV program functions. However, an FSS Program Coordinator may perform some PH or HCV functions, such as annual reexaminations for FSS participants, if it enhances the effectiveness of the FSS program (with the authorization of the field office). In addition, the 2021 NOFA, allows a PHA to include a training stipend in the calculation of "fringe benefits."

HUD has defined the FSS Program Coordinator in 24 CFR 984 as the person(s) who runs the FSS program, including (but is not limited to): performing outreach, recruitment, and retention of FSS participants; goal-setting and case management/coaching of FSS participants; working with the community and service partners; and tracking program performance. Therefore, when determining if a person's time may be charged to the FSS Program Coordinator grant, the PHA should consider the time spent on such activities that are an allowable cost and not simply the position title of the person.

Starting with FFY 2017 grant funds that were awarded but were projected to remain unspent by the end of the grant period for permitted reasons could have been used for eligible administrative and training costs related to the FSS program, subject to prior HUD approval and capped at 10% of the total grant award amount. HUD's 2017 NOFA (see Section II. A. 1) provided further guidance and examples on eligible and non-eligible uses of the grant award for these purposes. This allowed practice was stopped with the 2020 NOFA and subsequent grant awards, which again limited eligible expenses to FSS Program Coordinator salary and benefits.

Eligible costs of the FSS Program Coordinator grant are limited to the grant amount. Eligible salary and benefit, costs up to the amount of the FSS Program Coordinator grant should be reported using FDS line 92100 (Tenant services – salaries) and FDS line 92300 (Employee benefits contributions – tenant services, with a corresponding entry to FDS line 70600 (HUD operating grants).

Expenses Not Chargeable to FSS Program Coordinator Grant

Some PHAs administer an FSS program without FSS Program Coordinator funding and some PHAs incur FSS costs that are more than the grant amount. In the case where the FSS Program Coordinator's salary and benefit costs is more than the grant amount, these excess costs are not chargeable to the FSS

Program Coordinator grant (14.896) but are eligible expenses of the respective underlying programs, such as public housing or HCV. PHAs will be required to record such expenses in the PH or HCV program providing the service. The expenses should be reported in both FDS lines (FDS lines 92100 and 92300) described previously. PHAs with an FSS program serving multiple programs, for example PH and HCV families with costs not chargeable to the FSS Program Coordinator grant (14.896) are required to develop a cost allocation method that allocates these expenses equitably between the two programs.

In addition to salary and benefits costs, PHAs may incur additional costs associated with the administration of the FSS program, such as office space, computer costs, office supplies, insurance, etc. These costs are not chargeable to Assistance Listing #14.896. However, such costs are eligible costs of the underlying program, such as the PH and HCV programs. All non-salary and benefit costs related to the administration of the FSS program can be reported in FDS line 92400 (Tenant services – other) or in the appropriate FDS line items available for administrative expenses (FDS line series 91xxx), such as FDS line 91600 (Office expense) or (91800 Travel) of the related program(s). If the PHA administers an FSS program for both PH and HCV and if the costs are not chargeable to Assistance Listing #14.896 and the costs are not already tracked separately by program, the PHA is required to develop a cost allocation method that allocates these expenses fairly between the two programs.

Excess Grant Funds Received

Funding is disbursed through HUD's Line of Credit Control System (LOCCS). PHAs should draw down funds only for only eligible costs that have been incurred. As per the grant agreement "Draw downs in excess of need may result in special procedures for payments or termination of the grant when there are persistent violations."

If, for example, due to an accounting error, a PHA has drawn down more grant funds than the PHA has in eligible costs, the PHA would recognize revenue only up to the amount of the eligible costs. Grant funds received in excess of eligible costs would be reported as restricted cash, typically FDS line 115 (Cash – restricted for payment of current liability) and FDS line 342 (Unearned revenue), while returning the funds to HUD. Equity should not accrue in the FSS coordinator grant.

Family Self-Sufficiency (FSS) Escrow Activity Reporting

This section of the accounting brief provides accounting and FDS reporting guidance for FSS escrow. Under the FSS program, the PHA may establish an escrow account for an FSS participant. The PHA will make monthly deposits into a participant's FSS escrow account, due to increases in earnings from while participating in the FSS program. After graduating from the program, families will be provided the balance in their escrow account, which they may use for any purpose. However, if the participant fails to complete their FSS contract, resulting in forfeiture of funds in their FSS escrow account, in the past the escrow funds reverted to the program that provided the funds (e.g., public housing or HCV programs). **This requirement has changed. With the effective date of the new FSS program rule (which is June 16, 2022), forfeitures of an FSS escrow account do not revert to the program that provided the funds but must be used for the benefit of FSS participants in good standing, per PHA policies established pursuant to 24 CFR 984.305(f)(2).**

While FSS Program Coordinator funding may be used to serve all FSS program participants, the escrow account must be funded from the program under which the family participates.

Under the FSS program, the PHA is required to deposit the FSS account funds of all families participating in the FSS program into a single depository account (see 24 CFR 984.305(a)). PIH notice 2022-20 clarifies the regulations and provides that PHAs have two options when meeting this requirement.

1. Deposit the FSS escrow account funds into a separate bank account which will be used to account solely for the FSS escrow; or
2. Deposit the FSS escrow account funds into a bank account that is used for other PHA/owner activity.

PHAs that choose to deposit the FSS escrow funds into a bank account that also is used for other PHA activity must ensure that FSS escrow funds are used only for the allowable uses of escrow. For example, the PHA has one bank account that the PHA uses for HCV administrative activity and FSS escrow activity. The bank account balance is $100,000 of which $40,000 is escrow balances. The PHA could incur costs up to $60,000 in HCV administrative expenses as any other additional HCV administrative expense would result in the expense being covered by FSS escrow which would not be an eligible cost.

Under either option, PHAs must comply with all accounting requirements found at 24 CFR 984.305(a)(2) "Accounting for FSS escrow account funds." All escrow transactions must be supported by the PHAs accounting records, including the use of forfeited escrow (see section 3 of PIH notice 2022-20 notice).

In addition, all FSS escrow funds are to be deposited into an account(s) that are subject to a properly executed General Depository Agreement (GDA) – form HUD-51999.

The total combined FSS escrow account funds are supported in the PHA's accounting records by a subsidiary ledger showing the balance applicable to each participating FSS family. During the term of the contract of participation, per regulation, the PHA shall deposit this escrow credit amount each month to each family's FSS escrow account within the PHA's depository account (see 24 CFR 984.305(a)(1)(b)).

The following table shows the FDS line items used to record transactions related to FSS escrow activities.

FDS Line	Account Description - Related to FSS Escrow Reporting
111	*Cash - unrestricted*: To record amounts held in cash associated with unspent operating subsidy, tenant rents and other PH program income (i.e., operating reserves).
113	*Cash - other restricted*: To record FSS escrow amounts held in cash and that are estimated not to be paid out in escrow awards during the next fiscal year (corresponding liability is FDS line 353). - Or - Voucher program cash associated with unspent HAP (restricted net position). - Or - Cash associated with FSS escrow forfeitures. Note: For the HCV program FDS line 113_010 will be used to report cash associated with unspent HAP and FDS line 113_020 will be used to report cash associated with FSS escrow balances.
115	*Cash - restricted for payment of a current liability*: To record FSS escrow amounts held in cash that are estimated to be paid out in escrow awards during the next fiscal year (corresponding escrow liability is FDS line 345). - Or - Cash associated with FSS escrow forfeitures that will be used to fund a current liability. Note: For the HCV program the FDS line is 115_020.
131	*Investments - unrestricted*: To record investments associated with unspent operating subsidy, tenant rents and other PH program income (i.e., operating reserves).
132	*Investment Restricted*: To record FSS escrow amounts held as an investment that are estimated not to be paid out in escrow awards during the next fiscal year (corresponding liability is FDS line 353). - Or - Voucher program investment associated with unspent HAP (restricted net position). - Or - Investments associated with FSS escrow forfeitures. Note: For the HCV program FDS line 132_010 will be used to report investments associated with unspent HAP an FDS line 132_020 will be used to report investments associated with FSS escrow balances.
135	*Investment - restricted for payment of a current liability*: To record FSS escrow amounts held as an investment that are estimated to be paid out during the next fiscal year (corresponding escrow liability is FDS line 345). - Or - Investments associated with FSS escrow forfeitures that will be used to fund a current liability. Note: For the HCV program the FDS line is 135_020.
345	*Other current liabilities*: To record FSS escrow account balances that are estimated to be paid out during the next fiscal year.
353	*Non-current liabilities - other*: To record FSS escrow account balances that are estimated not to be paid out during the next fiscal year.
71500	*Other revenue*: To record FSS escrow forfeitures as revenue into FDS column 14.EFA (Forfeited FSS Escrow).
72000	*Investment income - restricted*: To record an increase in the participant's escrow balances due to earnings of interest using a control account.
96200	*Other general expenses*: To record the funding of the FSS escrow account for a PH program participant.
97300	*Housing assistance payments*: To record the funding of the FSS escrow account, which is a form of HAP expense for a voucher program participant. Note: For an HCV program participant the HAP expense line is 97300_045.

The next section of the accounting brief provides the common accounting transactions related to the reporting of the participants' escrow account balances. Specifically, the examples show the accounting transactions for:

- Funding of the FSS program escrow account for the participant(s);
- Recording investment income related to investing FSS program escrow funds;
- Recording the disbursement of FSS escrow to the participant(s); and
- Recording FSS escrow account forfeitures.

For ease of illustration, this example assumes that the PHA has set up a separate interest-bearing saving account at a local bank to deposit FSS escrow amounts. Where necessary, three types of reporting entries for an accounting transaction are listed to show the proper accounting treatment and FDS reporting for an FSS program in the PH program, HCV program, and other voucher programs (such as Mainstream or Emergency Housing Vouchers), the most common programs to be associated with an FSS program. The entries are very similar, regardless of the program.

For the HCV program only, FDS lines 113, 115, 132, and 135 each have three detail accounts that will be used to differentiate FSS escrow funds from HAP and other restricted funds as follows:

1xx - 010 HAP funds;
1xx - 020 FSS escrow deposits; and
1xx - 030 All other funds.

Journal Entry 1: Funding an escrow account for the participant

Public Housing Program / Project		
FDS Account and Description	**Debit**	**Credit**
96200: other general expense (funding the FSS escrow account)	XXX	
353: Non-current liabilities - other (increase of the FSS escrow liability)		XXX
113: Cash - other restricted (increase of the FSS escrow balance)	XXX	
111: Cash - unrestricted (reduction of operating reserves / unrestricted net position)		XXX

Housing Choice Voucher Program		
FDS Account and Description	**Debit**	**Credit**
97300_045: Housing assistance payments - FSS Escrow Deposit (funding the FSS escrow account)	XXX	
353: Non-current liabilities - other (increase of the FSS escrow liability)		XXX
113_020: Cash - other restricted - FSS escrow deposits (increase of the FSS escrow balance)	XXX	
113_010: Cash - other restricted - HAP funds (decrease in HAP funds / HAP equity)		XXX

Mainstream or Emergency Housing Voucher Program		
FDS Account and Description	**Debit**	**Credit**
97300: Housing assistance payments (funding the FSS escrow account)	XXX	
353: Non-current liabilities - other (increase of the FSS escrow liability)		XXX
113: Cash - other restricted - FSS escrow deposits (increase of the FSS escrow balance)	XXX	
113: Cash - other restricted (decrease in HAP funds / HAP equity)		XXX

The key difference between the three entries is the source of funding that is used to fund the escrow account. In the HCV program, as well as other voucher programs, HAP funds are used to make the escrow deposit (i.e., payment) and are shown as a HAP expense. In the PH program, tenant rent is used to fund the escrow account and is shown as a general expense of the program (i.e., not netted against tenant rental revenue).

For year-end financial statement reporting, PHAs will need to analyze the participants' escrow balances and historical escrow payouts and estimate how much of the total escrow balance will be paid in the upcoming year versus later.

- Escrow balances estimated to be paid next year are considered a current liability and should be reported in FDS line 115 (Cash – restricted for payment of a current liability) and FDS line 345 (Other current liabilities).
- The remaining escrow balance should be reported as a non-current liability in FDS line 113 (cash- other restricted) and FDS line 353 (Non-current liability – other).

Journal entry 1 above assumes that the escrow balance will not be paid in the next year.

Journal Entry 2: Recording investment income related to investing escrow funds in an interest-bearing account

Public Housing, HCV and Other Voucher Programs		
FDS Account and Description	**Debit**	**Credit**
113: Cash - other restricted (increase of the FSS escrow balance)	XXX	
72000: Investment income - restricted (recording of interest income using a control account)		XXX
72000: Investment income - restricted (recording of interest income using a control account)	XXX	
353: Non-current liabilities - other (increase of the FSS escrow liability)		XXX

PHAs may use an investment income account as a control account to ensure that the interest income is properly credited to the escrow accounts. However, this investment income should not be reported on the PHA's income statements as these funds do not meet the definition of revenue to the PHA. Each participant's account would also be credited for the share of interest/investment income. There is no distinction in the accounting between the different programs administering the FSS program for this transaction.

As a reminder, interest earned on invested excess HAP funds must be remitted back to Treasury. Therefore, the PHA must ensure that, at year-end, interest earned on FSS participants' escrow accounts is properly credited to FSS participants, so that the interest is not remitted to the Federal government in error.

Journal Entry 3: Recording of disbursement of FSS escrow to participants

Public Housing Program / Project		
FDS Account and Description	**Debit**	**Credit**
353: Non-current liabilities - other (reclassification of the FSS escrow liability from a long-term liability)	XXX	
345: Other current liabilities (reclassification of the FSS escrow liability to a current liability)		XXX
115: Cash - restricted for a payment of a current liability (reclassification of FSS escrow cash from the "long-term" account to current)	XXX	
113: Cash - unrestricted (reclassification of FSS escrow cash from the "long-term" account to current)		XXX
345: Other current liabilities (reduction of the FSS escrow liability)	XXX	
115: Cash - restricted for a payment of a current liability (reduction of the FSS escrow cash)		XXX

Housing Choice Voucher Program		
FDS Account and Description	**Debit**	**Credit**
353: Non-current liabilities - other (reclassification of the FSS escrow liability from a long-term liability)	XXX	
345: Other current liabilities (reclassification of the FSS escrow liability to a current liability)		XXX
115_020: Cash - other restricted - FSS escrow deposits (reclassification of FSS escrow cash from the "long-term" account to current)	XXX	
113_020: Cash - other restricted - FSS escrow deposits (reclassification of FSS escrow cash from the "long-term" account to current)		XXX
345: Other current liabilities (reduction of the FSS escrow liability)	XXX	
115_020: Cash - other restricted - FSS escrow deposits (reduction of the FSS escrow cash)		XXX

Mainstream or Emergency Housing Voucher Program		
FDS Account and Description	**Debit**	**Credit**
353: Non-current liabilities - other (reclassification of the FSS escrow liability from a long-term liability)	XXX	
345: Other current liabilities (reclassification of the FSS escrow liability to a current liability)		XXX
115: Cash - restricted for a payment of a current liability (reclassification of FSS escrow cash from the "long-term" account to current)	XXX	
113: Cash - unrestricted (reclassification of FSS escrow cash from the "long-term" account to current)		XXX
345: Other current liabilities (reduction of the FSS escrow liability)	XXX	
115: Cash - restricted for a payment of a current liability (reduction of the FSS escrow cash)		XXX

For each program type, the first two journal entries show the reclassification of the long-term escrow liability to a current liability and the reclassification of restricted cash to cash restricted for payment of a current liability. At year end, PHAs are reminded to review the reporting of the associated escrow account liabilities and supporting cash accounts, as improper reporting may result in a reduced financial assessment score under the Public Housing Assessment System (PHAS). The final (third) entry for each program type simply records the reduction of the liability and cash upon the disbursement of the funds to the participant.

Note: Some PHAs will transfer the funds to their general fund and then issue the disbursement to the participant.

Journal Entry 4: Recording FSS escrow forfeitures

Prior to the new FSS rule becoming effective, FSS program regulations specified that forfeited FSS escrow accounts were considered program income. This meant that any forfeited FSS escrow amounts were to be "re-deposited" to the original funding program and were to be used for eligible program expense based on the original funding source. For example, FSS forfeitures that were funded through HCV HAP were to be "re-deposited into the PHA's HAP account and were to be used for HAP payments" since the source of funds for the escrow accounts was HAP funding.

Now the rule (i.e., 24 CFR 984.305(f)(2)) requires that forfeited FSS escrow funds be used by the PHA for the benefit of any FSS participant(s) in good standing. PIH Notice 2022-20 clarified that forfeited FSS escrow funds can be used to benefit any FSS participant in the PHA FSS program, regardless of the original funding source (e.g., public housing, HCV, etc.) used to fund the now forfeited FSS escrow account. For example, an HCV family is in the PHA's FSS program and their escrow account was funded with HCV HAP funds. If the family forfeits its escrow, the funds can be used for the benefit of any FSS participant in good standing, including an FSS participant that is a public housing resident.

The requirement that forfeited FSS escrow account funds must be used for the benefit of any FSS participant in good standing is effective per the effective date (June 16, 2022) of the final rule. Therefore, if for example, an FSS participant forfeits their escrow six months after the new rule is effective, the full escrow amount and not a prorated amount (i.e., six months of escrow deposits made after the rule became effective) is considered forfeited and must be used for the benefit of FSS participants in good standing, per PHA policies established pursuant to 24 CFR 984.305(f)(2). Until the rule becomes effective, any FSS forfeiture that occurs must be treated under the previous rule.

PHAs are required to create a separate FSS escrow forfeiture account into which the PHA will deposit <u>all</u> FSS escrow forfeitures on or after the new rule is effective (June 16, 2022), regardless of the funding source used to fund the escrow. PHAs' accounting records must support the deposit of FSS escrow forfeiture into this account by the former FSS program participant. For example, when reviewing the HCV program, a HUD reviewer should be able to track the build-up of a FSS participant's escrow account in the HCV program, the forfeiture, and the deposit of the FSS escrow forfeitures into the FSS escrow forfeiture account. **For FDS reporting, the FSS Escrow Forfeiture Account will be associated with 14.EFA.**

When the escrow funds are forfeited, the PHA will need to remove the escrow accounts (cash /investments and the associated liabilities) from the balance sheet of the projects/ programs. The accounting entries would be the same as shown under "Journal Entry 3: Recording of disbursement of FSS escrow to participants".

The following journal entry shows how the FSS escrow forfeiture should be reported on the FDS under 14.EFA (FSS Escrow Forfeiture Account)

FSS Escrow Foreifure Account (14.EFA)		
FDS Account and Description	**Debit**	**Credit**
113: Cash - other restricted (increase in restricted cash for FSS participants in good standing in **14.EFA**)	XXX	
71500: Other revenue (FSS forfeitures into **14.EFA**)		XXX

The journal entry is similar to the prior accounting for FSS escrow forfeiture, as the forfeiture is still reported as revenue on the PHA's book of accounts. However, the main difference is that the revenue and associated cash is now booked into the FSS Escrow Forfeiture Account. Unspent FSS escrow forfeitures will flow into restricted net position (RNP).

With the FSS escrow forfeitures now included in the FSS Escrow Forfeiture Account, the PHA must use these funds on FSS participants in good standing. 24 CFR 984.305(f)(2) provides a list of those eligible and ineligible uses of FSS forfeited escrow funds. Specifically, such funds may be used for the following eligible activities:

- Support for FSS participants in good standing, including, but not limited to, transportation, childcare, training, testing fees, employment preparation costs, and other costs related to achieving obligations outlined in the FSS contract of participation,
- Training for FSS Program Coordinator(s), and
- Other eligible activities as determined by the Secretary.

Expenses for such activity will be reported in the FSS Escrow Forfeiture Account (14.EFA) and will decrease the restricted cash and RNP balances. PHA should report forfeitures spent directly on FSS participants, in the 92xxx FDS line-item series. The 92xxx series of accounts are associated with tenant services (i.e., 92100 Tenant Services – Salaries, 92200 Relocation Costs, 92300 Employee Benefit Contribution – Tenant Services, 92400 Tenant Services – Other and 92500 Total Tenant Services). Training for FSS Program Coordinator would be reported in FDS line 91900 Other (administrative) expense.

A PHA's accounting records need to support that FSS escrow forfeitures were used to fund eligible expenses of FSS participants in good standing, however, the PHA does not need to track the exact / initial source of the FSS escrow forfeiture used. For example, three participants forfeiture their escrow as shown in the table below.

Participant	Program	Amount Forfeited
M. Brown	Public Housing	$2,000
C. Jones	HCV	$1,000
T. Smith	Mainstream	$3,000
Total		$6,000

The PHA's accounting records will need to support that $6,000 was deposited into the FSS Escrow Forfeiture Account and would need to track the deposit back to the three individual families. Now assume, the PHA incurred an eligible cost of $1,500 on a FSS participant, the PHA's accounting records must support the cost but the PHA does not need to show that the funds used came from a specific family's FSS escrow forfeiture, for example, "M. Brown's forfeiture".
FSS escrow forfeitures funds may not be used for salary and fringe benefits of FSS Program Coordinators; general administrative costs of the FSS program, for HAP expenses or public housing operating funds; or any other activity determined ineligible by the Secretary.

Public Housing Project Level Reporting

Under asset management, PHAs report their public housing activities at the project level. In particular, PHAs with expenses not chargeable to Assistance Listing #14.896 (for example, office supplies or salary and benefits expenses above the grant amount), must report these transactions in the actual project that incurred the cost. If multiple projects are involved the PHA must modify their cost allocation methodology to ensure that each project incurs the fair share of these costs.

For PH FSS escrow activity the PHA has two FDS reporting options:

- The PHA may report the escrow balance in the project in which the participant resides, or
- The PHA may report the escrow balance in the other project column of the FDS.

FSS Program – Accounting, Financial Management and Reporting (FFY 2013 to Current [Historical Background])

For Federal fiscal year (FFY) 2013 and prior, FSS Program Coordinator funding was specific to either the PH or the HCV FSS program. Therefore, funding was awarded under two separate Notice of Funding Availabilities (NOFAs) – one for the PH program and one for the HCV program and the use of funding was restricted to the applicable FSS program. The Consolidated Appropriations Act of 2014 (Pub. L. No.114-76) enacted January 17, 2014, provided that FSS Program Coordinator funding for the PH and HCV programs be combined. As a result, beginning in FFY 2014, FSS Program Coordinator funding was awarded through a single NOFA. Starting with FFY 2014, FSS Program Coordinator funds are used to serve participants in either the PH or the HCV FSS programs. This single FSS Program Coordinator program is identified as Assistance Listing #14.896 Family Self-Sufficiency Program Coordinators. Per the FFY 2015 appropriations, FSS Program Coordinator funds may be used to serve families residing in Project-Based Rental Assistance (PBRA) properties owned either by the PHA or another entity.

Starting with FFY 2017 grant funds, the eligible use of the FSS Program Coordinator grant was expanded from covering FSS Program Coordinator salary and benefits costs to also include eligible administrative and training costs, under certain circumstances. Use of FSS funds for administrative and training costs required prior HUD approval. (see Section II. A. 1 of the 2017 NOFA for more information and requirements).

Starting with FFY 2020 grants, HUD no longer allowed the FSS Program Coordinator grant funds to be used for any administrative and training costs of the FSS program. Instead, any funds not used for FSS Program Coordinator salary and benefits are to be recaptured by HUD and used to make future FSS Program Coordinator grants. (see Section II. A. 2 of the 2020 NOFA for more information and requirements).

Section 306 of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("the Act") made multiple amendments to the Family Self-Sufficiency (FSS) program. In response to the Act, HUD published a proposed rule on September 20, 2020, to implement changes required by the Act and to streamline the FSS program. After consideration of public comments and further consideration of issues addressed during the proposed rule stage, HUD published a final rule on May 17, 2022, which became effective on June 16, 2022.

Accounting instructions on the FSS program was issued in August of 2013 - *Accounting Brief #20: Financial Reporting for the Housing Choice Voucher Family Self-Sufficiency Program.* The initial information issued under Accounting Brief #23 in May of 2015, incorporated and superseded the instructions in Accounting Brief #20. Accounting Brief #23 was revised and re-issued in February of 2018, updating the accounting guidance to include the expanded use of FSS Program Coordinator funds. The guidance in Accounting Briefs #20 and #23 have been superseded by this accounting brief, but the prior accounting briefs are available on the FASS-PH website for historical purposes.