



FASS - PH
Spring/Summer 2019



Session 4: Family Self-Sufficiency (FSS) Program

FSS Program Introduction

- The FSS program enables families assisted through the HCV, PH and now multi-family programs to increase families' earned income and reduce their dependency on welfare assistance and rental subsidies
- Provides families opportunities for:
 - Education
 - Job training counseling
 - Other forms of social service assistance
- In addition, escrow accounts are set-up for participants by the PHA
 - As a participant's skills increase, earnings will likely increase, resulting in an increase in rent
 - The increase in rent is placed into the 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



FSS Program Introduction, cont'd

- In managing this program, PHAs typically employ an FSS coordinator whose responsibilities include:
 - Ensuring that program participants are directed to the supportive services needed to achieve self-sufficiency;
 - Building partnerships with employers and service providers in the community to provide participants with the necessary services and jobs
 - Ensuring that program participants are fulfilling their responsibility under the program and that the escrow accounts are established and properly maintained



FSS Coordinator Grant Reporting

- FFY 2014 FSS Coordinator Grant activity is no longer reported under the HCV program but under the new CFDA program 14.896
 - All subsequent FSS Coordinator Grants are also reported under CFDA number 14.896
- Older HCV FSS Coordinator Grant funds (i.e., FFY 2013 and before) were/are to be reported under the HCV program
- The requirement to report under CFDA #14.896 is in effect regardless of whether the FSS coordinator serves participating families in the PH, HCV and/or PBRA programs
- REAC Accounting Brief #23 “Financial Reporting for the FSS Program” provides detailed guidance for proper grant and escrow accounting



FSS Coordinator Grant Reporting - FDS

FSS Coordinator Grant

FDS Reporting

- FFY 2014 FSS grants and forward should not be reported under the HCV program but under 14.896
- Unspent FFY 2013 and prior grants should be reported in FDS line 342 Unearned Revenue and 115 Cash Restricted for Payment of a Current Liability, therefore not affecting UNP
 - If and when FFY 2013 and prior grants are spent the costs would be reported in the HCV program under FDS line 92100 – 92500 Tenant Services
- HAP expense, forfeitures and escrow balances should continue to be reported under the HCV program regardless of the grant year
- FSS escrow forfeitures should not be netted with HAP expense but reported under 71500 Other Revenue
- Eligible FSS coordinator expenses above the grant amount or other non-salary and benefit costs of the FSS program should be reported as an HCV expense under FDS line 92100 – 92500 Tenant Services



FSS Coordinator Grant Reporting - VMS

FSS Coordinator Grant

VMS Reporting

- FSS escrow deposits (HAP expense) and FSS escrow forfeitures continue to be reported in VMS (no change)
- Unspent FSS Coordinator grants funds that have been received but not spent should not affect UNP
 - FFY 2014 grants and forward should not be reported in VMS as this grant is no longer considered an HCV activity
 - FFY 2013 grants and prior should be reported as unearned revenue with supporting cash (therefore no affect on equity)
- FSS Coordinator Expenses (covered and not covered by grant) should:
 - Continue to be reported for FFY 2013 and prior grants
 - Should not be used for FFY 2014 and forward grants
 - Eligible amounts charged to the HCV program would be reported as part of administrative expense

Notes

- FSS escrow forfeitures increase RNP not UNP



FSS Coordinator Grant – Revenue Recognition

- 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 as eligible expenses of the grant are incurred
- Reporting guidance for FSS expenses depends entirely on whether amounts are chargeable (i.e., eligible expenses) to the program
- Refer to HUD Accounting Brief #23



FSS Coordinator Grant – Revenue Recognition, cont'd

- At year end, PHAs will likely need to make an adjusting entry in their book of account 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 charged to the grant but where no grant funds have been received
- The entry would result in an increase to both the grant revenue and accounts receivable



FSS Coordinator Grant – Revenue Recognition, cont'd

- Example

- If the FSS coordinator salary and benefits for the last month of the PHA's fiscal year is \$3,000 and the PHA did not request 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



Expenses Chargeable to the FSS Coordinator Grant

- Costs charged directly to CFDA #14.896 are limited to the annual salaries and fringe benefits of the FSS coordinator(s). In addition, administrative and training costs are associated with the grant.
 - Salary costs should be reported using FDS line 92100 (Tenant services – salaries)
 - Benefits should be reported using FDS line 92300 (Employee benefits contributions – tenant services)
 - Administrative expenses should be reported using FDS lines 92400 or 91XXX
 - The grant revenue should be reported using FDS line 70600 (HUD operating grants)



Expenses Chargeable to the FSS Coordinator Grant, cont'd

- FSS coordinator salary and benefit amounts expended in excess of the grant amount are not chargeable to CFDA #14.896 but are eligible expenses of the respective PH and HCV programs
- PHAs will be required to record such expenses in the PH or HCV program providing the service
- Such amounts should be reflected in the same two FDS lines (FDS lines 92100 and 92300, 92400, or 91XXX) described previously



Expenses Chargeable to the FSS Coordinator Grant, cont'd

- Beginning in 2017, grant funds may now also be used to cover eligible administrative and training costs.
- Limited to 10% of the total grant award and requires HUD approval
- Costs must be related to the FSS program. See 2017 NOFA (Section IIA.1) for more details



Expenses Chargeable to the FSS Coordinator Grant, cont'd

- Examples of admin costs include mileage costs for visits to FSS families, coaching functions & outreach materials.
- Examples of ineligible expenses include security deposits, landlord incentives and food and beverage.
- Eligible training expenses may include materials, cost of registration trainings related to case management, service coordination and self-sufficiency.



Expenses Not Chargeable to the FSS Coordinator Grant, cont'd

- Costs not chargeable should be reported in FDS line 92400 (Tenant services – other) or in the FDS line 91xxx series (administrative expense series).
- PHAs with both PH and HCV families must develop a cost allocation plan that allocates expenses fairly between PH and HCV.
- For PH expenses – transactions must be reported in the project that incurred the cost.
 - If multiple projects are involved, the PHA will need to ensure that each project incurs its fair share of the non-chargeable costs.



FSS Coordinator Grant – LOCCS Draw-downs

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- Funding is disbursed through HUD’s Line of Credit Control system (LOCCS).
- PHAs should only draw down funds for eligible costs that have actually been incurred.
 - Per 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.”



FSS Coordinator Grant – LOCCS Draw-downs, cont'd

- If a PHA has draw 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 reflected as restricted cash, typically FDS line 115 (Cash – restricted for payment of current liability) and FDS line 342 (Unearned revenue).
 - Equity should not accrue in the FSS coordinator grant.



Escrow Activity – General Requirements

- The FFY 2014 change in funding of the FSS coordinator does not change the requirements or reporting associated with the participant's escrow account.
- Funding of escrow account must come from either the PH or HCV program under which the family participates.



Escrow Activity – General Requirements, cont'd

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- FSS escrow accounts must be held in a separate depository account (i.e., not comingled with other PHA funds).
- FSS escrow account funds should be supported by a subsidiary ledger showing the balance applicable to each participating FSS family.
- PHAs and owners are required to credit interest to each family's ledger at least annually.
- PHAs and owners are also required to report to the family at least once per year on the family's escrow account ledger balance, including:
 - Original balance
 - Changes during the reporting period
 - Deductions made to the account
 - Total account value



Escrow Activity – FDS Reporting

- Escrow balances should be reported as restricted cash or investments, along with the associated escrow liability account in the PH or HCV program based on the program in which the participant belong.
- Escrow balances are not to be reported under CFDA #14.896.



Escrow Activity – FDS Reporting, cont'd

FDS Line	Account Description
111	<i>Cash - unrestricted</i> : To record amounts held in cash associated with unspent PH operating subsidy, tenant rents and other PH program income (i.e., operating reserves).
113	<i>Cash - other restricted</i> : To record FSS escrow amounts held in cash and that are estimated not to be paid out during the next fiscal year (Corresponding liability is FDS line 353) or HCV program cash associated with the unspent HAP (i.e., NRP).
115	<i>Cash - restricted for payment of current liability</i> : To record FSS escrow amounts held in cash that are estimated to be paid out during the next fiscal year. (corresponding escrow liability is FDS line 345).
131	Investments - unrestricted: To record investments associated with unspent PH operating subsidy, tenants rents and other PH program income (i.e., operating reserves).
132	<i>Investments - restricted</i> : To record FSS escrow amounts held in investments and that are estimated not to be paid out during the next fiscal year (Corresponding liability is FDS line 353) or HCV program investments associated with the unspent HAP (i.e., NRP).
135	<i>Investments - restricted for payment of current liability</i> : To record FSS escrow amounts held in investments that are estimated to be paid out during the next fiscal year. (corresponding escrow liability is FDS line 345).
345	<i>Other current liabilities</i> : To record FSS escrow account balances that are estimated to be paid out during the next fiscal year.
353	<i>Non - current liabilities - other</i> : To record FSS escrow account balances that are estimated not to be paid out during the next fiscal year.
71500	<i>Other revenue</i> : To record FSS forfeitures under both the HCV and PH program.
72000	Investment income - restricted: To record an increase the participants escrow balance due in interest earnings using a control account.
96200	<i>Other general expenses</i> : 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 an HCV program participant.



Escrow Activity – FSS Forfeitures

- Any FSS escrow forfeiture is either PH or HCV program income based on the source of the funds that was initially used to fund the escrow account.
 - PH participants – Escrow forfeiture would be considered PH program income and restricted to those eligible activities of the PH Operating Fund.
 - HCV participants – Escrow forfeiture would be considered HAP income and restricted to HAP activities.



Escrow Activity – FSS Forfeitures, cont'd

- If an FSS participant switches programs, the PHA must be able to separate the amount of FSS deposits by the different programs that were used to fund the escrow.
- Example:
 - An FSS participant was initially in PH and then received housing assistance through the HCV program due to a Rental Assistance Demonstration (RAD) conversion.
 - Assume that while under the PH program the participants escrow grew to \$2,000.
 - The escrow balance increased by \$3,000 while the participant was in the HCV program, for a total escrow balance of \$5,000.
 - If the participant fails to meet the requirements of the program and forfeits the escrow, \$2,000 must be re-deposited to the PH program and \$3,000 must be re-deposited to the HCV program.



Escrow Activity – Journal Entry

- Recording Escrow Deposits

Housing Choice Voucher Program		
FDS Account & Description	Debit	Credit
97300: Housing assistance payments (funding the FSS escrow account)	XXX	
353: Non-current liability - other (increase of the FSS escrow liability)		XXX
113: Cash - other restricted (increase of the FSS escrow balance)	XXX	
113: Cash - other restricted (reduction of HAP equity (i.e., net restricted position cash))		XXX

Public Housing Program		
FDS Account & Description	Debit	Credit
96200: Other general expenses (funding the FSS escrow account)	XXX	
353: Non-current liability - 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 (i.e., unrestricted net position cash))		XXX

Instead of using account 96200, use account 3110.1



Escrow Activity – Journal Entry, cont'd

- Recording Investment Income

Housing Choice Voucher and Public Housing Program		
FDS Account & Description	Debit	Credit
113: Cash - other restricted (increase of the FSS escrow balance)	XXX	
72000: Investment income - restricted (recording of interest income using control account)		XXX
72000: Investment income - restricted (recording of interest income using control account)	XXX	
353: Non-current liability - other (increase of the FSS escrow liability)		XXX



Escrow Activity – Journal Entry, cont'd

- Recording Escrow Forfeitures

Housing Choice Voucher Program		
FDS Account & Description	Debit	Credit
353: Non-current liability - other (reduction of the FSS escrow liability)	XXX	
71500: Other revenue (increase in program income due to FSS forfeiture)		XXX
113: Cash - other restricted (increase of the HAP equity (i.e., net restricted position cash))	XXX	
113: Cash - other restricted (reduction of FSS escrow cash)		XXX

Public Housing Program		
FDS Account & Description	Debit	Credit
353: Non-current liability - other (reduction of the FSS escrow liability)	XXX	
71500: Other revenue (increase in program income due to FSS forfeiture)		XXX
111: Cash - unrestricted (increase in operating reserves (i.e., unrestricted net position cash))	XXX	
113: Cash - other restricted (reduction of FSS escrow cash)		XXX



Escrow Activity – Journal Entry, cont'd

- Recording Escrow Disbursements

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



Escrow Activity – Public Housing Program

- In the PH program, PHAs have two (2) FDS reporting options for escrow balances:
 - The PHA may report the escrow balance in the project in which the participant resides
 - The PHA may report the escrow balance in the other project column of the FDS
- Forfeitures of PH escrow would become program income to the respective project that funded the deposits.



FFY 2013 and Prior – FSS Coordinator Funding

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- PH and HCV FSS coordinator funds awarded from FFY2013 and prior appropriations are still restricted to the applicable program.
 - PH FSS coordinator funding made available under the FFY 2013 (or earlier) PH FSS NOFA that has not been expensed (used) by the PHA can only be used to serve PH FSS participants or must be remitted back to HUD (if instructed).
 - HCV FSS funding made available under the FFY 2013 (or earlier) HCV FSS NOFA that has not been expensed (used) by the PHA can only be used to serve HCV FSS participants or must be remitted back to HUD (if instructed).



FSS Program and RAD

- PH participants will continue to be eligible for FSS once their housing is converted under RAD in accordance with PIH Notice 2012-32.
- PH to PBV or PBRA can use FSS Funds to continue to serve PH FSS participants affected by RAD until such participants exit the FSS program.
- PHAs that convert all their ACC units to PBRA may continue to use FSS funding that was granted prior to the RAD conversion but will not be eligible to apply for funding as a PBRA owner unless future legislation changes eligibility.
- The Office of Multifamily Housing is expected to be issuing guidance to PBRA owners, including PHAs, who want to serve PBRA residents with an FSS program.



FSS Program and RAD, cont'd

- FFY 2015 appropriations law
 - PHAs may offer enrollment in the FSS program to:
 - ◆ PH Residents in projects converted to PBRA that were not previously enrolled in the FSS program
 - ◆ Any other residents at the PBRA project
 - ◆ Residents residing in non-RAD affected PBRA properties
 - PBRA owners that are not PHAs may implement their own FSS programs but are not eligible to apply for FFY 2015 FSS coordinator funds.
 - PHA-awarded FSS coordinator funds under FFY 2015 may serve any PBRA resident (affected by RAD or not) under the PHA's FSS program with funds awarded under the FFY 2015 NOFA.



VMS Reporting (per FFY 2014 NOFA)

- Continue to be Reported in VMS
 - FSS deposits made to escrow accounts
 - FSS escrow forfeitures (reported in the month of the forfeiture)
 - FFY 2013 and prior FSS coordinator expenses
 - All FSS coordinator expenses charged to the HCV program should continue to be reported as administrative expense.
- No Longer Reported in VMS
 - FSS coordinator expenses associated with FFY 2014 and subsequent awards



References

- Accounting Brief #23: Financial Reporting for the Family Self-Sufficiency Program
- 24 CFR 984: Family Self-Sufficiency Regulation
- FFY 2014 and 2015 Notice of Funding Availability (NOFA) for Family Self-Sufficiency Program
- Notice PIH 2012-32 (HA), Rev-1 "Rental Assistance Demonstration - Final Implementation, Revision 1

