

## Explanation of January Obligations under Operating Fund Program for Calendar Year (CY) 2012

This document describes the initial obligation under the Operating Fund program for CY 2012. The funds under these obligations are expected to be available in eLOCCS for drawdown by January 1, 2012. The initial obligation for CY 2012 will cover January (1 month) and the obligating letters reflecting these amounts will be posted by the Financial Management Division (FMD) on the Calendar Year 2012 Subsidy Processing website at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/am/of/opfnd2012](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am/of/opfnd2012)

### Initial Proration

The Consolidated Appropriations Act of 2012 has provided \$3.96 billion in operating subsidies for CY 2012. The total estimated initial eligibility for CY 2012 is \$4.887 billion. This amount is adjusted by the amount of the \$750,000,000 Allocation Adjustment offset that resulted in an eligibility proration of 93% percent (see Table 1).

**Table 1: CY 2012 Interim Proration Calculation**

#	Description	Amount
1	CY 2012 Appropriation	\$ 3,961,850,000
2	Less: Congressional Rescission Proposal (1.83%)	(\$ 72,501,855)
3	Less: Set-aside for Financial Hardship	(\$ 20,000,000)
4	<b>Amount Available for Distributions (1 - 2 - 3)</b>	<b>\$ 3,869,348,145</b>
5	CY 2012 Estimated Eligibility	\$ 4,887,330,580
6	Add: Estimated Eligibility for HTK & MHP Submissions	\$ 254,282
7	Add: Estimated appeals and revisions	\$10,000,000
8	Less: Reserves off-set	(\$ 750,000,000)
9	<b>Total Estimated Eligibility (5 through 8)</b>	<b>\$ 4,147,584,862</b>
10	<b>Proration (4) / (9)</b>	<b>93.29%</b>

Once all CY 2012 operating subsidy forms and subsidy allocation adjustments have been processed, the final proration may either increase or decrease compared with the interim proration level.

### **Allocation Adjustment**

An Allocation Adjustment offset was approved by Congress in the 2012 HUD Appropriation Act. The Allocation Adjustment provides for use of operating reserves to offset PHAs' eligibility requirements. A more comprehensive explanation of the Allocation Adjustment is contained in Notice PIH 2011-55 "Public Housing Operating Subsidy Calculations for Calendar Year 2012."

The Allocation Adjustment has been incorporated into each project's initial operating subsidy eligibility. The Allocation Adjustment was calculated at a PHA level and then applied to each PHA project's initial eligibility based on the project's percentage of the PHA's total 2012 initial eligibility.

In accordance with PIH 2011-55, PHAs were able to request certain reserves exclusions from the Allocation Adjustment calculation. Approximately 290 PHAs submitted exclusion requests for a total of almost 400 unique appeals. HUD has completed the process of evaluating the exclusion requests. The outcome of those reviews is now going through a separate quality assurance/quality control process. HUD expects to publish final decisions for all exclusion requests on or before January 31, 2012. The first month's funding reflects HUD's evaluation of exclusion requests, which, as noted above, are still subject to a quality assurance/quality control process.