

Explanation of January through February Obligations under Operating Fund Program for Calendar Year (CY) 2013

This document describes the initial obligations under the Operating Fund program for CY 2013. The funds under these obligations are expected to be available in eLOCCS for drawdown by January 1, 2013. The initial obligations for CY 2013 will cover January through February (2 months) and the obligating letters reflecting these amounts will be posted by the Financial Management Division (FMD) on the Calendar Year 2013 Subsidy Processing website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am/of/opfnd2013

Initial Proration

The Congress adopted a Continue Resolution through March 2013. Assistant Secretary Sandra B. Henriquez provided background and explanation of the 92% interim proration level used for the program in a recent letter to PHA Executive Directors. The letter is incorporated below in this document.

Once all CY 2013 operating subsidy eligibility forms have been finalized, the final proration may either increase or decrease compared with the interim proration level.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

12/20/2012

Dear Executive Director:

I am writing to inform you of the process the Department will use to allocate Operating Subsidy to Public Housing Authorities (PHAs), and to notify you of the proration level for the first quarter of CY 2013.

The President's FY 2013 Budget included a funding request for the Public Housing Operating Fund of \$4.524 billion which, if appropriated, would have provided funding at approximately a 92 percent proration (notwithstanding the proposed savings provisions). However, as you likely know, Congress enacted a Continuing Resolution (CR) through March 2013 that funds PHAs at a \$3.96 billion annualized rate. The Department believes that funding at this level for the entire year – an 80 percent proration – would severely strain PHA budgets.

The Department has determined that it will provide funding at the expected final appropriations level of \$4.524 billion for the initial two months obligations in CY 2013. This is reflective of the conservative approach the Department normally takes when operating under a CR. Specifically, the Department funds PHAs based on the lower of the House and Senate appropriations versions of the funding bill. Funding at this level provides a 92 percent proration to PHAs in the initial CY 2013 obligation. The Department will adjust the proration, if necessary, as additional CRs are passed or after a full-year appropriation is passed. The goal is to provide consistent funding, to the extent possible, to PHAs throughout the year with the expectation that Congress will address the funding levels in a full-year appropriations bill. However, should future appropriation bills alter the aforementioned proration level, HUD will notify PHAs. PHAs should be aware that this solution poses a risk if Congress does not increase funding levels in a full-year appropriations bill. As such, PHAs should spend their funds judiciously.

If you have any questions about the process I have outlined or about the Operating Fund generally, please contact Shauna Sorrells, Director of the Office of Public Housing Programs, at shauna.m.sorrells@hud.gov. Thank you for your continued work in the public housing program and we commit to working with you as a partner as we navigate through these funding challenges.

Sincerely,

Sandra B. Henriquez
Assistant Secretary