

Voucher Demonstration Listening Session

Washington DC



Section 6: Section 18 (HAP Register) Validation Checks and Funding Adjustments

Section Focus

- Section 18 Validation Checks – General Processing
- Section 18 Validation Checks and Business Rules
- Section 18 Records for Partial 50058 Actions and Automatic Funding Adjustments

Section 18 Validation Checks – General Processing

Section 18 Validation Checks – General Processing

- At the Head of Household level, streamed section 18 data is compared to 50058 data
- Both current month and prior months of section 18 data will be validated each month
- Section 18 Head of Household level data will be marked as either pass or failed
- Unless the fail is a large outlier, HUD's initial disbursement will be based on both passed and failed records (threshold yet to be determined)
- A failed record error report will be generated and sent to the PHA for review and correction
- PHAs may correct and resubmit Section 18 data up to the Xth of the month, after that any correction will be made on next month's section 18 record
- After a certain period (e.g., two months), HUD will assume 50058 data is correct and adjust funding for unresolved discrepancies
- Note: At this time HUD is limiting changes to sections 1 through 17 of the 50058

Analysis of Section 18 Data

Section 18 (HAP Register) Data				50058 Data				Validation Check		
#	Name	Funding Period	Amount	Name	Type	Effective Date	Amount	Previous Payment for Funding Period	Difference	Result
1	Ms. Adams	08.01.18-08.31.18	\$450	Ms. Adams	New Admin (1)	04.01.18	\$450		\$0	Pass
2	Ms. Jones	08.01.18-08.31.18	\$400	Ms. Jones	Annual Rexam (2)	08.01.18	\$400		\$0	Pass
3	Ms. Thomas	08.01.18-08.31.18	\$300	Ms. Thomas	Annual Rexam (2)	12.01.17	\$100		\$200	Fail
4	Mr. Jackson	08.01.18-08.31.18	\$500	Mr. Jackson	Annual Rexam (2)	01.01.18	\$600		-\$100	Fail
5	Mr. Smith	08.01.18-08.31.18	\$250						\$250	Fail
6	Mr. Brown	08.15.18-08.31.18	\$150	Mr. Brown	New Admin (1)	08.15.18	\$150		\$0	Pass
7	Ms. Miller	08.15.18-08.31.18	\$300	Ms. Miller	Voucher Issuance (10)		\$300		\$0	Pass
8	Ms. Jones	07.01.18-07.31.18	\$100	Ms. Jones	Annual Rexam (2)	06.01.18	\$400	\$300	\$0	Pass
9	Ms. Jones	06.01.18-06.30.18	\$100	Ms. Jones	Annual Rexam (2)	06.01.18	\$400	\$300	\$0	Pass
10				Mr. Allen	New Admin (1)		\$200		-\$200	Fail
		Total	\$2,550						\$150	

- PHA disbursement based on \$2,550
- PHA will receive a failed record report for the 4 families marked as **Fail**
- PHA will make necessary corrections
- If no corrections are made after a reasonable time (e.g., 2 months), HUD will adjust future disbursements

Funding Adjustment Process for Uncorrected Discrepancies

Example of Monthly Section 18 record and 50058 Data for 1 Family

Section 18 (HAP Register) Data			50058 Data		Validation Check	
Month	Amount	Accum.	Amount	Accum.	Differnce	Result
Feb	\$400	\$400	\$300	\$300	\$100	Fail
March	\$400	\$800	\$300	\$600	\$100	Fail
April	\$500	\$1,300	\$300	\$900	\$200	Fail
May	\$500	\$1,800	\$300	\$1,200	\$200	Fail
June	\$300	\$2,100	\$300	\$1,500	\$0	Pass
July	\$300	\$2,400	\$300	\$1,800	\$0	Pass
Accum. Adjust.	-\$600	\$1,800				

Funding Adjustment Process for Uncorrected Discrepancies (continued)

50058 HAP	\$300	\$300	\$300	\$300	\$300	\$300
HUD Disbursement						
Month	Feb	March	April	May	June	July
Feb	\$400		-\$100			
March		\$400		-\$100		
April			\$500		-\$200	
May				\$500		-\$200
June					\$300	
July						\$300
Monthly	\$400	\$400	\$400	\$400	\$100	\$100
Accum.	\$400	\$800	\$1,200	\$1,600	\$1,700	\$1,800

\$XXX	Amount from Section 18 Record
\$XXX	HUD Adjustment

Status/Balance Report												
Month	Feb \$	Feb QA	March \$	March QA	April \$	April QA	May \$	May QA	June \$	June QA	July \$	July QA
Feb	-\$100	Fail										
March	-\$100	Fail	-\$100	Fail								
April	\$0	Pass	-\$100	Fail	-\$200	Fail						
May	\$0	Pass	\$0	Pass	-\$200	Fail	-\$200	Fail				
June	\$0	Pass	\$0	Pass	\$0	Pass	\$0	Pass	-\$200	Fail		
July	\$0	Pass	\$0	Pass	\$0	Pass	\$0	Pass	\$0	Pass	\$0	Pass



Section 18 Validation Checks and Business Rules



Validation Checks and Business Rules

- HUD will validate section 18 data using 50058 data and through the application of business rules
- Application of business rules will be based on:
 - Known / provided data, such as
 - Section 18 Data: HAP Amount, Effective HAP Time Period, & HAP Reason Code
 - 50058 Data: Action Code, Effective Date, Total HAP
 - Established thresholds

Validation Checks and Business Rules – Example 1: New Admissions / Move - in

Issue – Current 50058 does not provide prorated HAP amount for a new admissions / move-in

50058 Data	
Head of Household	Ms. Doyle
Action Code	1 (New Admissions)
Effective Date	08.15.18
Monthly HAP	\$400

Business Rules		Business Rule Assumptions
Acceptable Range (Min)	\$192	Based on Actual Days in Month, Effective Date, 1% Allowance
Acceptable Range (Max)	\$202	Based on 30 Day Standard in Month, Effective Date, 1% Allowance

Section 18 Data (Example 1)	
Head of Household	Ms. Doyle
HAP Reason Code	A01 (New Admission/Landlord Payment)
Effective Period	08.15.18 - 08.31.18
HAP Amount	\$200

Application of Business Rule	
Validation Check	PASS
System Message	PHA Section 18 record reported \$200 HAP landlord payment, for the time period 08/15/2018 through 08/31/2018, as part of a move-in action. 50058 data shows new admissions effective 08/15/2018 with a total monthly HAP amount of \$400. Expected Section 18 HAP dollars is between \$192 and \$202 based on 50058 data.

Section 18 Data (Example 2)	
Head of Household	Ms. Doyle
HAP Reason Code	A01 (New Admission/Landlord Payment)
Effective Period	08.15.18 - 08.31.18
HAP Amount	\$400

Validation Check	FAIL
System Message	PHA Section 18 record reported \$400 HAP landlord payment, for the time period 08/15/2018 through 08/31/2018, as part of a move-in action. 50058 data shows new admissions effective 08/15/2018 with a total monthly HAP amount of \$400. Expected Section 18 HAP dollars should be between \$192 and \$202 based on 50058 data.

Section 18 Data (Example 3)	
Head of Household	Ms. Doyle
HAP Reason Code	A01 (New Admission/Landlord Payment)
Effective Period	08.15.18 - 08.31.18
HAP Amount	\$100

Validation Check	FAIL
System Message	PHA Section 18 record reported \$100 HAP landlord payment, for the time period 08/15/2018 through 08/31/2018, as part of a move-in action. 50058 data shows new admissions effective 08/15/2018 with a total monthly HAP amount of \$400. Expected Section 18 HAP dollars should be between \$192 and \$202 based on 50058 data.

Validation Checks and Business Rules – Example 2: Gap in Occupancy

Issue:

Current 50058 does not allow for temporary gap in occupancy (for example the family has to move out of the unit for a limited period of time but is still on the program). There will be a 50058 with an effective date in PIC, but the HAP payment for the month will be less (including zero) than what is shown on the 50058

50058 Data	
Head of Household	Ms. Hall
Action Code	2 (Annual Reexam.)
Effective Date	03.01.18
Monthly HAP	\$350

Business Rules		Business Rule Assumptions
Acceptable Range (Min)	\$78	Based on Actual Days in Month, Effective Date, 1% Allowance
Acceptable Range (Max)	\$82	Based on 30 Day Standard in Month, Effective Date, 1% Allowance

Application of Business Rule	
<i>Validation Check</i>	PASS
<i>System Message</i>	PHA Section 18 record reported \$79 HAP landlord payment, for the time period 08/01/2018 through 08/07/2018. PHA HAP reason code shows that there is a gap in occupancy with the family still in the program. 50058 data shows an annual reexamination record effective 03/01/2018 with a total monthly HAP amount of \$350. Expected Section 18 HAP dollars is between \$78 and \$82 based on 50058 data based on effective period for reduced payment for the gap in occupancy.

Section 18 Data (Entry 1)	
Head of Household	Ms. Hall
HAP Reason Code	G01 (Reduced Payment - GAP in Occupancy / Landlord)
Effective Period	08.01.18 - 08.07.18
HAP Amount	\$79

Section 18 Data (Entry 2)	
Head of Household	Ms. Doyle
HAP Reason Code	F99 (No Payment - GAP in Occupancy / No Payee)
Effective Period	08.08.18 - 08.31.18
HAP Amount	\$0

<i>Validation Check</i>	PASS
<i>System Message</i>	PHA Section 18 record reported \$0 HAP landlord payment, for the time period 08/08/2018 through 08/31/2018, as there is a gap in occupancy and no further HAP payment needs to be made. 50058 data shows an annual reexamination record effective 03/01/2018 with a total monthly HAP amount of \$350. However, the PHA indicated no additional HAP payment is needed to gap in occupancy and the record is accepted.

Validation Checks and Business Rules – Example 3: EOP / Move-out

Issue – Current 50058 does not provide prorated HAP amount for a EOP / move-out. In addition, some PHAs’ policy is to pay the owner/landlord 100% of the HAP for the month in which the move-out occurs

50058 Data	
Head of Household	Mr. Cook
Action Code	6 (EOP)
Effective Date	08.15.18
Monthly HAP	\$500

<= Prior effective 50058

Business Rules		Business Rule Assumptions
Acceptable Range (Min)	\$240	Based on Actual Days in Month, Effective Date, 1% Allowance
Acceptable Range (Max)	\$253	Based on 30 Day Standard in Month, Effective Date, 1% Allowance

Section 18 Data (Entry 1)	
Head of Household	Mr. Cook
HAP Reason Code	C01 (End of Participation / Move-Out/Landlord Payment)
Effective Period	08.01.18 - 08.15.18
HAP Amount	\$250

Application of Business Rule	
Validation Check	PASS
System Message	PHA Section 18 record reported \$250 HAP landlord payment, for the time period 08/01/2018 through 08/15/2018, as part of an end of participation / move-out action. 50058 data shows EOP effective 08/15/2018 with a total monthly HAP amount of \$500. Expected Section 18 HAP dollars is between \$240 and \$253 based on 50058 data.

Section 18 Data (Entry 2)	
Head of Household	Mr. Cook
HAP Reason Code	H01 (End of Participation / Move-Out - PHA Policy Pay 100% HAP/Landlord Payment)
Effective Period	08.16.18 - 08.31.18
HAP Amount	\$250

Validation Check	PASS
System Message	PHA Section 18 record reported \$250 HAP landlord payment, for the time period 08/16/2018 through 08/31/2018, as part of an end of participation / move-out action. PHA has reported that their policy is to pay 100% of HAP in the month of the move-out. 50058 data shows EOP effective 08/15/2018 with a total monthly HAP amount of \$500. Expected Section 18 HAP dollars for the remainder of the month should be between \$240 and \$253 based on 50058 data. Section 18 data for both entries equals \$500 and matches the previous 50058's monthly HAP amount.

Section 18 Records for Partial 50058 Actions & Automatic Funding Adjustments

Section 18 Records for Partial 50058 Actions

- As part of the section 18 submission, a PHA will be able to request additional HAP for the upcoming month that is not fully supported by a 50058 at the time the section 18 submission is due to HUD. For example:
 - A PHA will be able to request funds for move-ins for families that have been issued a voucher but are still searching
 - A PHA will be able to request funds for immediate need/use of tenant protection vouchers
- A partial 50058 will be submitted by the PHA to substantiate the request for funds
- When the following month's (**September payment**) section 18 data is submitted, HUD will automatically adjust the upcoming month's (**September**) disbursement for the difference between the previous month's (**August**) estimated amount and the actual amount as reported on the (**September**) section 18 submission
- Each month the PHA can make such a request, including for the same family (e.g., the family is into their 2nd month of searching for a unit)

Automatic Funding Adjustments

Voucher Issuance Example

- Example:
 - The PHA issued vouchers to three (3) new families in early July and expects all three families to be under lease in early August
 - The PHA also submitted a voucher issuance 50058 (action code 10) for each family in early July
 - The PHA has estimated a HAP need of \$200 per family to cover the HAP for August (prorated first month)
 - In July, the PHA submitted three (3) section 18 records, requesting a total \$600 of additional HAP for August for these three families
 - Only two families found housing in August and mid-month HAP for each family was only \$100 each (total \$200)
 - New Admissions 50058s were submitted for both families in August and both were effective August 10th
 - The September 1st HAP disbursement would automatically decrease the disbursement by \$400 (\$600 estimate provided in August minus \$200 actually needed)
 - The September section 18 records (submitted in August) would have two (2) entries for each family, dated: (1) 08.10.18 – 08.31.18 (from voucher issuance to new admissions of which funds were received) and (2) 09.01.18 - 09.30.18 (normal monthly HAP)

Validation Checks / Funding Adjustment Report

- HUD will provide all the information and data needed by the PHAs to produce a “validation check / funding adjustment report” in the PHA’s system
- HUD will provide
 - The actual data HUD used in the validation checks
 - Both Section 18 and 50058 data used
 - At Head of Household level
 - The code / business rules applied to the data to determine records that passed or failed

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Section 7: HUD Disbursement Processing



HUD HAP Disbursements



HUD HAP Disbursements

- The use of a section 18 record rather than VMS data will improve HUD's efficiency and accuracy in determining the PHA's monthly disbursements
- The amount of annual HAP funding provided to a PHA will continue to be calculated in accordance with appropriation language
 - Currently a PHA's annual budget authority is tied to its previous validated HAP costs from the prior calendar year **(No Change)**
- HUD will continue to provide HAP funds to PHAs on the 1st of each month

Transitioning from VMS to the Section 18 Record

- HUD is reviewing its current processes, disbursement procedures, and funding systems for automation
- Updates will need to be made to these processes as section 18 data integrates with HUD systems
- Regardless of the source of data (i.e., section 18 or VMS) used to calculate HAP and Administrative fees, the PHAs funding will be the same under both methods, with the exception that section 18 data will likely improve the accuracy on which HUD makes the above calculations

PHA Reporting Needs from PIC-NG

- Under the PIC-NG model, HUD will no longer provide reports but will provide data via web calls /APIs from which a PHA can create reports within their own software system
- Data will be provided from the PIC-NG system to allow a PHA's software system to create the following reports
 - Head of Household Pass / Fail Report
 - Section 18 Detail Record Processed Report
 - Section 18 Summary Record Processed Report

PHA Reporting Needs from HCV Program Office

- For accounting and management purposes, the HCV program office will still provide reports and information, such as
 - Annual Budget Authority
 - Obligation and Disbursement Schedules
 - Cash Reconciliations
 - Two-year Forecasting Tool



Funding Portability



PHA Thoughts on Portability from 50058 Listening Sessions

- From February to April of 2018 HUD held six (6) listening sessions on the redesign of the 50058 under PIC-NG
- The portability provision allowed under the HCV program was a major discussion item as these sessions
- The common theme heard from PHAs was the excessive administrative time needed and cost associated with processing portability families and related billing with the Initial PHA

PHA Thoughts on Portability from 50058

Listening Sessions (continued)

- To improve the process, PHAs recommended that:
 - The paper form HUD-52665 (Family Portability Information) be captured electronically as part of the PIC NG 50058 redesign
 - A separate portal for portability voucher processing be designed where PHAs and HUD could exchange needed portability data electronically in a secure system
 - HUD eliminate the billing between receiving and initial PHAs and pay the receiving PHA directly (both HAP and administrative fees)

Funding Portability and the Section 18 Record

- Near-term, HUD will maintain the current payment method which is to fund the initial PHA as at this time, HUD is unable to directly fund the receiving PHA for port-in families
- Section 18 Head of Household record will be validated by:
 - Matching to the 50058 Move-out record (initial 50058)
 - Port information in 50058 of the receiving PHA
 - 12e – Cost billed per month
 - 12f – PHA code billed



Administrative Fees



Administrative Fee Calculation

- Ongoing administrative fees and administrative fees for new vouchers are paid based on leasing **(No Change)**
 - PHAs are paid a fee for each voucher that is under HAP contract as of the first day of each month
 - HUD will continue to develop and post administrative fee rates for each PHA to enable PHAs to calculate potential fee eligibility
 - PHAs may continue to request a blended administrative fee rate and higher administrative fee rates:
 - HUD will continue to apply a proration factor as needed

Administrative Fees and the Section 18 Record

- PHAs will provide the number of vouchers leased on the first of the month on the non-family funding (recurring) area of the section 18 record
- HUD will validate this figure by counting the unit months leased on the first of the month as provided in:
 - The PHAs section 18 record
 - 50058 information
- Periodic reconciliations will occur taking into consideration updates, corrections, etc.

Special Fees

- HUD is normally provided a small amount of funds to provide special fees (2017 - \$10 million)
- Earning event and amount of special fee is different than the calculation for administrative fees (i.e., some special fees are a one-time event or must be requested by the PHA)
- HUD is currently assessing the application of these special fees in association with the section 18 record

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Section 8: Voucher Demonstration

Demonstration Overview

- **Demonstration Notice** to be published in Federal Register for 60 days. Purpose of Demonstration:
 - Test and evaluate Revised HCV Payment Process
 - Test and evaluate Revised 50058 form
 - Test and evaluate PIC-NG functionalities
- Launch of Voucher Demonstration by January 2019
- **Demonstration Notice** will provide information on selection criteria and general participation requirements
- Agencies that are interested in participating should follow the instructions in the notice once published

Demonstration Information

Components of Demonstration

- HUD will test for up to 2 years
- PHAs in Demo will have an additional Sections 18 & 19 on the 50058 to allow for HCV payment processing and collection of other program metrics, etc.
- Up to **XXX** PHAs can participate in demonstration on a rolling basis and placed in cohorts †

Selection Criteria

- PHA must administer HCV program
- PHA and vendor software must certify that they are compliant with PIC-NG requirements (e.g., must be able to stream data, has to be able to correct data using dual date PIC-NG design)
- Participants will be selected to test for variations in: 1) Software system used; 2) Geography; 3) Size of HCV portfolio; and 4) Portfolio characteristics (e.g., RAD, project-based, portability)

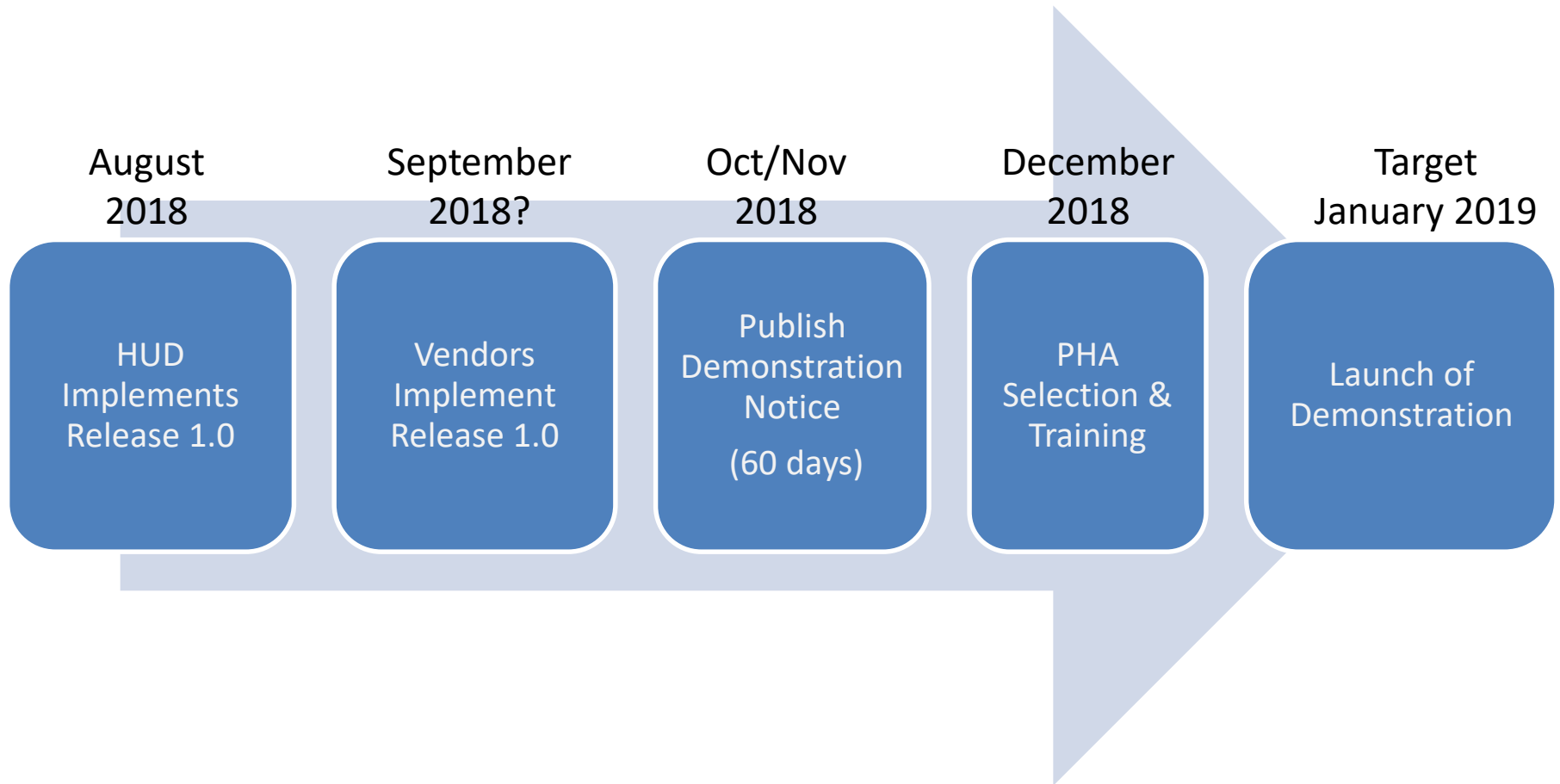
General Participation Requirements

- **PHA/Vendor Role** – 1) Agree to participate for duration of demonstration; 2) Agree to participate in focus groups, conference calls, and training sessions
- **HUD Role** – 1) Provide training on revised 50058 form and HCV Payment process; and 2) Provide technical assistance (business and IT) to participating PHAs

† = MTW PHAs cannot participate in the demonstration. The following PHAs can participate in the demonstration if they meet the selection criteria:

- PHAs can participate in both UPCS-V and 50058 / HCV Payment demo
- PHAs using in-house software

Target Timeframe



HCV Portfolio Snapshot

Size Category	Count of PHAs	% of PHAs	Count of Vouchers	Administers Special Purpose (SP) Vouchers					Administers Only Traditional Vouchers
				MTW Activity	RAD Activity	Port. Activity	PBV Activity	Other Special Purpose Vouchers	
01. 1 - 100	407	19%	24,322	0	1	246	13	47	145
02. 101 - 250	505	23%	84,840	0	9	374	47	162	91
03. 251 - 500	419	19%	151,365	0	15	367	79	237	22
04. 501 - 1,000	354	16%	252,649	2	21	337	126	288	6
05. 1,001 - 2,500	300	14%	462,526	5	48	297	181	283	0
06. 2,501 - 5,000	112	5%	398,739	11	25	111	86	112	0
07. 5,001 - 10,000	52	2%	358,117	8	15	51	45	52	0
08. 10,001 -20,000	25	1%	345,495	9	5	24	21	25	0
09. 20,001 +	11	1%	431,770	4	9	11	11	11	0
Total	2,185	100%	2,509,823	39	148	1,818	609	1,217	264

Note - Counts of Vouchers and PHA is based on unit months available as of 12-31-2017

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Section 9: Closing

Conclusion

- Final Thoughts
- Please complete your evaluations
- Continue to provide your thoughts at 58sessions@hud.gov



THANK YOU