

Chapter 21

ISSUES SPECIFIC TO STATES

The major difference between state PJs and entitlement PJs deals with the use of State Agencies and State Recipients.

In some cases, the HOME grants assigned to a state PJ are made payable to a State agency. Although the State agency receives the HOME funds directly from the State's Letter of Credit, all IDIS draws of those funds must be approved by a State user.

State PJs can subgrant portions of their grants to State Recipients. State Recipients can use their subgrants to fund activities and create draws. The exception is CHDO funds. A State may subgrant CHDO funds (CR, CC, and CL) to State Recipients, but the State Recipients cannot use CHDO funds to fund activities directly. They may, however, subgrant the CHDO funds to a CHDO. The State subgrants CHDO funds to a State Recipient who subgrants them to a CHDO, and hence the term "three-level subgranting."

State Recipients are allowed to have direct banking if the State so chooses. In this way, the State can provide State Recipients with funds and access to State activities, allowing them to carry out the activities with no further State involvement except for the approval of draws.

All draws from a grant assigned to a State must be approved by a State user.