

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES**

	FY 2015 ACTUAL				FY 2016 ENACTED				FY 2017 REQUEST				FY 2016 TO FY 2017	
	FTE	PS	NPS	Amount	FTE	PS	NPS	Amount	FTE	PS	NPS	Amount	FTE	Amount
<i>(Dollars in Thousands)</i>														
PROGRAM OFFICES														
Community Planning and Development	747.0	\$98,900	\$1,788	\$100,688	748.0	\$101,053	\$3,747	\$104,800	748.0	\$102,758	\$7,501	\$110,259	0.0	\$5,459
Fair Housing and Equal Opportunity	490.2	64,367	1,872	66,239	514.0	68,802	3,198	72,000	518.0	70,475	3,760	74,235	4.0	2,235
Office of Lead Hazard Control and Healthy Homes	46.8	6,512	220	6,732	46.2	6,774	226	7,000	49.0	7,368	458	7,826	2.8	826
Housing	2743.5	362,797	10,291	373,088	2,708.0	360,080	14,920	375,000	2717.0	366,423	26,725	393,148	9.0	18,148
Policy Development and Research	146.8	20,914	1,858	22,772	149.0	21,818	1,282	23,100	155.0	22,518	1,982	24,500	6.0	1,400
Public and Indian Housing	1349.8	184,184	10,949	195,133	1,396.0	194,351	11,149	205,500	1390.0	196,880	24,052	220,932	(6.0)	15,432
TOTAL	5524.1	737,674	26,977	764,651	5,561.2	752,878	34,522	787,400	5577.0	766,422	64,478	830,900	15.8	43,500
EXECUTIVE SUPPORT OFFICES														
Immediate Office of the Secretary	18.4	3,249	612	3,861	18.6	3,172	585	3,757	18.7	3,272	729	4,001	0.1	244
Office of the Deputy Secretary	4.8	1,135	30	1,165	5.7	953	48	1,001	5.7	1,037	36	1,073	0.0	72
Office of Congressional and Intergovernmental Relations	17.0	2,513	78	2,591	14.8	2,145	61	2,206	16.2	2,420	51	2,471	1.4	265
Office of Public Affairs	20.8	3,187	229	3,416	22.6	3,518	235	3,753	22.4	3,561	140	3,701	(0.2)	(52)
Office of Adjudicatory Services	8.1	1,254	98	1,352	8.8	1,338	86	1,424	9.6	1,407	83	1,490	0.8	66
Office of Small and Disadvantaged Business	3.3	533	25	558	4.6	571	92	663	4.9	615	92	707	0.3	44
Office of Faith-Based and Neighborhood Partnerships	8.3	1,046	101	1,147	7.1	898	98	996	7.2	951	85	1,036	0.1	40
TOTAL	80.7	12,917	1,174	14,091	82.2	12,595	1,205	13,800	84.7	13,263	1,216	14,479	2.5	679
ADMINISTRATIVE SUPPORT OFFICES														
Office of the Chief Human Capital Officer	176.0	32,823	21,887	54,710	152.0	28,399	27,901	56,300	153.0	28,917	12,724	41,641	1.0	(14,659)
Office of Administration	230.9	29,543	172,825	202,368	235.0	31,044	176,556	207,600	238.0	31,987	170,836	202,823	3.0	(4,777)
Office of the Chief Financial Officer	190.3	34,849	11,602	46,451	192.0	35,970	43,030	79,000	195.0	36,832	16,619	53,451	3.0	(25,549)
Office of the Chief Procurement Officer	114.7	15,867	558	16,425	117.0	16,363	837	17,200	120.0	17,003	2,127	19,130	3.0	1,930
Office of Field Policy and Management	357.6	50,177	717	50,894	352.0	50,500	1,000	51,500	346.0	50,500	2,130	52,630	(6.0)	1,130
Office of Departmental Equal Employment Opportunity	19.0	2,716	425	3,141	20.0	2,867	433	3,300	21.0	3,141	750	3,891	1.0	591
Office of the General Counsel	585.7	88,629	4,354	92,983	581.0	89,512	4,988	94,500	576.0	90,270	4,931	95,201	(5.0)	701
Office of Strategic Planning and Management	26.6	3,637	719	4,356	29.0	3,927	573	4,500	33.0	4,556	591	5,147	4.0	647
Office of the Chief Information Officer	231.6	35,030	8,904	43,934	236.0	35,873	9,327	45,200	236.0	36,496	9,652	46,148	0.0	948
TOTAL	1,932.4	293,270	221,991	515,262	1914.0	294,455	264,645	559,100	1918.0	299,702	220,360	520,062	4.0	(39,038)
TOTAL HUD Salaries and Expenses	7,537.2	1,043,860	250,142	1,294,004	7557.4	1,059,928	300,372	1,360,300	7579.7	1,079,387	286,054	1,365,441	22.3	5,141
Government National Mortgage Association	124.6	19,718	1,615	21,333	134.5	21,738	1,262	23,000	139.9	23,000		23,000	5.4	-
Office of Inspector General	598.6	94,257	31,429	125,686	643.0	97,515	28,485	126,000	655.0	99,298	29,702	129,000	12.0	3,000

Housing and Urban Development – Salaries and Expenses Overview

The Department of Housing and Urban Development (HUD) requests \$1,365.4 million for the Salaries and Expenses (S&E) account in fiscal year 2017, which reflects an increase of \$5.1 million and an increase of 22.3 Full Time Equivalents (FTE) from the fiscal year 2016 enacted levels. Overall, this request includes \$1,079.4 million for Personnel Services and \$286.1 million for Non-Personnel Services. The request will enable the Department to continue working to build a stronger HUD with a focus on investing in people, enhancing our systems, and improving business processes. These efforts include making sure HUD's resources are aligned to our highest priorities, streamlining management processes, centralizing enterprise-wide support functions and investments within the appropriate offices, and institutionalizing continuous improvement as a central tenet of how HUD carries out its work.

The fiscal year 2017 S&E budget is being requested in 8 accounts:

- Program offices including:
 - Community Planning and Development, \$110.3 million and 748.0 FTE;
 - Fair Housing and Equal Opportunity, \$74.2 million and 518.0 FTE;
 - Office of Lead Hazard Control and Healthy Homes, \$7.8 million and 49.0 FTE;
 - Housing, \$393.1 million and 2,717.0 FTE;
 - Policy Development and Research, \$24.5 million and 155.0 FTE.
 - Public and Indian Housing, \$220.9 million and 1,390.0 FTE;
- Executive Offices, \$14.5 million and 84.7 FTE; and
- Administrative Support Offices, \$520.1 million and 1,918.0 FTE.

In addition to the eight accounts above, the request includes authority for HUD to continue towards full implementation of the Working Capital Fund established in the 2016 Consolidated Appropriations Act.

Description of Need

The fiscal year 2017 S&E request of \$1,365.4 million is slightly less than 3 percent of HUD's total discretionary request. The requested level will help address under-investments in the crucial areas of monitoring, oversight, operations, and management. HUD's S&E resources are dedicated to carrying out the Department's mission. Eighty-five percent of HUD's total budget request is needed solely to renew rental assistance to 5.5 million HUD-subsidized households, including public housing operating subsidies and

Housing and Urban Development – Salaries and Expenses Overview

capital needs, and to renew existing HUD grants to homeless assistance programs. Detailed data on over 4.66¹ million tenants reveals that: 56 percent are elderly or disabled, 73.6 percent are extremely low-income (below 30 percent of area median income) and an additional 20 percent are very low-income (below 50 percent of area median income). The Department's programs are critical to addressing the structural gap between household incomes and housing prices and persistent un-affordability of housing. HUD plays an important role in making housing affordable through its investments in rental vouchers, public and assisted housing, and HUD-funded efforts led by states and localities. This work to ensure a stable supply of affordable housing in safe and quality communities enables low-income families and individuals to live healthy and productive lives. HUD is also a vehicle for advancing sustainable and inclusive growth patterns, communities of choice, energy efficiency, community and economic development, enforcing fair housing, as well as broad homeless assistance. In fiscal year 2017, HUD will continue its collaboration with other agencies, including the Departments of Transportation, Education, Justice, Energy, and the Environmental Protection Agency, to ensure that the location of affordable housing enhances access to employment and educational opportunities, and makes the way we develop and redevelop our communities a key part of the nation's strategy for addressing climate change and energy independence.

HUD remains at the forefront of the federal response to strengthen the mortgage market. As of September 30, 2015, the Mortgage Mutual Insurance portfolio included 7.7 million loans with an unpaid principal balance exceeding \$1.1 trillion. Federal Housing Administration (FHA) mortgage insurance enhances a borrower's credit and provides banks with better access to capital markets, most notably through Ginnie Mae securities. FHA has long been a valuable resource for enabling the purchase of a first home, especially among minority and low-income families. In fiscal year 2015, 81.5 percent of FHA-insured purchase-loan endorsements were for first time homebuyers.

The Salaries and Expenses Budget

HUD's fiscal year 2017 request for S&E seeks to continue progress on efforts to build a stronger HUD—increasing the efficiency and effectiveness of HUD operations, while also increasing transparency. The Department looks forward to working with Congress to continue progress towards these goals. The request reflects the same account structure as the enacted 2016 appropriations, including the new Working Capital Fund. The budget also requests flexibilities for HUD to be able to be proactive and responsive in budget execution, applying resources where they make the most impact. As provided for in the 2016 appropriation, this budget request carries forward a General Provision to authorize transfer of a limited amount of funds between accounts that provide for personnel and non-personnel expenses by up to 10 percent or \$4,000,000, whichever is less. The budget request also proposes that up to \$10 million in S&E funding may be transferred to the Information Technology (IT) fund.

¹ This figure reflects tenants for whom the Department has recently reported demographic data, and not total tenants supported by these programs.

Housing and Urban Development – Salaries and Expenses Overview

Other key priorities and initiatives include:

Shared Services. In fiscal year 2017, HUD will continue its shared-service arrangement with Treasury’s Bureau of Fiscal Services (BFS) for certain financial system and accounting services, procurement, travel, support, and human resources (HR) service delivery. The shared services model aims to improve service levels and efficiency—reducing redundancy and allowing HUD to focus its operational resources on delivering on HUD’s mission.

Working Capital Fund (WCF). The fiscal year 2017 budget request supports the Department’s continued implementation of a true WCF. The objectives of the WCF are to centralize common administrative services, align incentives, drive efficiencies, and provide better data to executives. Funding for the Department’s Shared Services transactions costs and other centralized functions as determined by the Secretary will be paid out of the working capital fund. Starting in 2017, the S&E request incorporates shared services funding within each Program Office, and anticipates that each Office will pay the working capital fund for its proportional use of goods and services.

Centralization of Enterprise Services: In addition to centralizing funding for enterprise goods and services through the WCF, starting in fiscal year 2016, the Department is considering realigning functions to streamline and centralize responsibility for core enterprise functions in the appropriate Administrative Support Office. These efforts would improve service delivery, and allow each office to focus on what they do best—their core missions. As part of these efforts, the Offices of Administration, Chief Financial Officer, Chief Human Capital Officer, Chief Procurement Officer and Chief Information Officer plan to request buyout authority and target hiring to ensure the appropriate skills and personnel are in place to efficiently and effectively carry out Departmental needs.

Cross-Cutting and Priority Initiatives. In the 2017 budget, the Department will continue its focus on a number of cross-cutting and priority initiatives to support the President’s goal of targeting multiple federal resources across agencies to tackle complex problems, and effect change in how federal agencies operate.

The Affirmatively Furthering Fair Housing (AFFH) Rule Initiative – The Department continues to invest in AFFH, which was finalized in 2015 and supports HUD’s Strategic Plan Goal 4A: “Ensure compliance with civil rights and economic opportunity requirements by providing high quality technical assistance and training to stakeholders.” The ultimate goal of AFFH and the new rule is to carry out the purposes of the Fair Housing Act, change the policies and practices that perpetuate segregation and support diverse, inclusive communities where all have access to opportunity. In doing so, all of HUD’s efforts to promote opportunity will be strengthened. The Offices involved in the rule have devoted extensive staff hours to ensure the rule is both effective at achieving a fair housing outcome and feasible for grantees.

There are a number of additional areas of work that will require staffing in several of the Offices, such as providing guidance, training, and technical assistance; reviewing submissions and provision of feedback where necessary; and evaluating progress.

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Additionally, a very small number of staff resources will be used to establish ways to measure HUD’s implementation of the AFFH regulation and eventually the outcomes in communities across the country.

HUD’s fiscal year 2017 request reflects cross-cutting and collective AFFH efforts requiring a total 135.9 FTE, across OGC, CPD, FHEO, PDR and PIH. More detailed information regarding the specific AFFH-related activities can be found within the respective Congressional Justifications (CJs) for each program office. The following chart identifies the FTE support provided for each program office in HUD supporting this initiative:

AFFH Initiative	
Program Office	FTE
OGC	8.2
CPD	8.0
FHEO	107.2
PDR	2.5
PIH	<u>10.0</u>
Total	135.9

Rental Assistance Demonstration Conversion (RAD) Initiative – The proposed S&E funding levels for the Rental Assistance Demonstration Program (RAD) support HUD’s efforts in shifting the Public Housing, Moderate Rehabilitation, Moderate Rehabilitation SRO, Rent Supplement, Rental Assistance Payment and, as proposed in the Budget, Section 202 Housing for the Elderly Project Rental Assistance Contract (PRAC) stocks to the more sustainable project-based Section 8 platform. HUD’s cross-cutting and collective RAD efforts will target conversion and incremental subsidy to properties in high-poverty neighborhoods where the Administration is supporting a comprehensive revitalization strategy, such as through a Promise Zone designation and/or a Choice Neighborhoods grant. These conversions supplement and complement the ongoing conversions that will occur without additional subsidy, and these investments will place HUD on a strong trajectory to convert 500,000 public housing units over the next 5 years.

Housing and Urban Development – Salaries and Expenses Overview

HUD’s fiscal year 2017 request reflects cross-cutting and collective RAD efforts requiring 177.8 FTE across the Office of Housing, PIH, FHEO, PDR, CPD, and OGC. More detailed information regarding the specific RAD-related activities can be found within the respective CJs for each program office.

RAD Initiative	
Program Office	FTE
OGC	28.3
CPD	13.0
PDR	2.5
FHEO	13.0
Housing	96.0
PIH	<u>25.0</u>
Total	177.8

Promise Zones Initiative – The Promise Zones initiative is a place-based effort with the purpose of revitalizing high-poverty communities across the country by creating jobs, increasing economic activity, improving educational opportunities, reducing serious and violent crime, leveraging private capital, and assisting local leaders in navigating federal programs and cutting through red tape. The Promise Zone designation partners the federal government with local leaders who are addressing multiple community revitalization challenges in a collaborative way and have demonstrated a commitment to results. Specifically, federal staff will be stationed in each designated community to help navigate the array of federal assistance and programs available to Promise Zones, subject to availability of appropriations and agency policies, rules and statutes.

HUD’s fiscal year 2017 request reflects the consolidation of Promise Zones implementation efforts in FPM, with 22 FTE, and 1.2 FTE in PDR to support evaluation. More detailed information regarding the specific PZ-related activities can be found within the respective CJs for each program office.

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Promise Zones Initiative	
Program Office	FTE
PDR	<u>1.2</u>
FPM	<u>22.0</u>
Total	23.2

Personnel Services: \$1,079.4 million

The Department requests \$1,079.4 million to fund employee salaries as well as nominal increases to fund the pay raise, within grade, and promotions in fiscal year 2017. This funding level represents a \$19.5 million increase over fiscal year 2016 enacted levels, and will also support programmatic changes. The fiscal year 2017 request is estimated to support a total of 7,579.7 FTE, an increase of 22.3 FTE from the fiscal year 2016 request.

Non-Personnel Services: \$286.1 million

The Department requests \$286.1 million in Non-Personnel Services in fiscal year 2017. This represents a \$14.3 million decrease over fiscal year 2016 enacted levels.

Housing and Urban Development – Salaries and Expenses Overview

	TRAVEL	TRANS OF THINGS	RENT, UTIL, COMM	PRINTING	OTHER SERVICES	TRAINING	SUPPLIES	EQUIP.	CLAIMS	WORKING CAPITAL FUND	TOTAL
	<i>(Dollars in Thousands)</i>										
PROGRAM OFFICES											
Community Planning and Development	\$900	-	-	\$15	\$937	\$170	\$20	-	-	\$5,459	\$7,501
Fair Housing and Equal Opportunity	1,213	-	2	10	590	190	20	-	-	1,735	3,760
Office of Lead Hazard Control and Healthy Homes	181	-	-	21	-	55	8	-	-	193	458
Housing	3,827	-	2	31	6,485	1,620	229	-	100	14,431	26,725
Policy Development and Research	290	5	-	150	572	211	25	30	-	700	1,982
Public and Indian Housing	2,949	-	-	40	2,746	1,550	35	-	-	16,732	24,052
Subtotal	9,360	5	4	267	11,330	3,796	337	30	100	39,250	64,478
EXECUTIVE SUPPORT OFFICES											
Immediate Office of the Secretary	80	-	-	2	335	5	28	-	-	279	729
Office of the Deputy Secretary	27	-	-	-	3	2	4	-	-		36
Office of Congressional and Intergovernmental Relations	22	-	-	1	23	3	2	-	-		51
Office of Public Affairs	54	-	-	1	76	5	4	-	-		140
Office of Adjudicatory Services	17	-	-	-	61	2	3	-	-		83
Office of Small and Disadvantaged Business	13	-	10	-	60	5	4	-	-		92
Office of Faith-Based and Neighborhood Partnerships	40	-	15	20	3	3	4	-	-		85
Subtotal	253	-	25	24	561	25	49	-	-	279	1,216
ADMINISTRATIVE SUPPORT OFFICES											
Office of the Chief Human Capital Officer	506	-	-	-	7,657	3,700	50	60	-	751	12,724
Office of Administration	1,600	7	129,500	100	35,758	238	1,190	1,620	-	823	170,836
Office of the Chief Financial Officer	85	-	60	46	14,936	195	45	-	-	1,252	16,619
Office of the Chief Procurement Officer	66	-	-	5	741	229	56	-	-	1,030	2,127
Office of Field Policy and Management	900	-	-	1	55	40	4	-	-	1,130	2,130
Office of Departmental Equal Employment Opportunity	60	-	-	1	500	90	8	-	-	91	750
Office of the General Counsel	938	20	-	107	1,404	374	289	-	317	1,482	4,931
Office of Strategic Planning and Management	5	-	-	1	380	55	3	-	-	147	591
Office of the Chief Information Officer	150	-	-	2	8,308	207	27	-	10	948	9,652
Subtotal	4,310	27	129,560	263	69,739	5,128	1,672	1,680	327	7,654	220,360
TOTAL FY 2017 NON-PERSONNEL SERVICES	13,923	32	129,589	554	81,630	8,949	2,058	1,710	427	47,183	286,054
Government National Mortgage Association	-	-	-	-	-	-	-	-	-	-	-
Office of Inspector General	4,620	95	8,025	33	14,526	824	306	1,123	150		29,702