

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT

BUDGET ACTIVITY 5: POLICY DEVELOPMENT AND RESEARCH

The consolidated discussion for the appropriation "Salaries and Expenses, HUD" is shown in Part 3 of the Justifications. All data are presented on a comparable basis for fiscal years 2006, 2007, and 2008.

SCOPE OF ACTIVITY

Personnel of the Office of Policy Development and Research (PD&R) are responsible for the management of research and technology studies conducted under contracts, interagency agreements, cooperative agreements and grants, as well as in-house research, economic analyses, tax policy analysis, program evaluation and program monitoring, and policy development.

Staff has provided analytical skills and experience to assist in the development of performance measures; developed the formula allocation for the Hurricane Katrina CDBG Supplemental to five affected states; targeted funds so that attention is given to low-income families and vulnerable populations; and assured that questions of consistency of approach across program lines are addressed. PD&R is responsible for major program evaluations and analyses of important issues such as minority homeownership, the removal of regulatory barriers to affordable housing and the reform of RESPA (Real Estate Settlement Procedures Act). Staff provides continued short-range research on basic housing and urban issues to allow the Secretary to be a national spokesperson on these matters. PD&R will continue its economic intelligence function, including the American Housing Survey and related publications such as the quarterly U.S. Housing Market Conditions report. Likewise, setting Fair Market Rents (FMR) and income limits, and assisting on HUDwide special initiatives are ongoing functions of PD&R.

Staff continues to provide extensive support to the Chief Financial Officer and Deputy Secretary on tasks related to the Government Performance and Results Act (GPRA), including development of the Strategic Plan, Annual Performance Plan (APP), and the Performance Accountability Report (PAR).

PD&R staff supports activities necessary for disseminating and supporting our research products. These materials are made available to all levels of the government, researchers, policy analysts, the private sector and to interested parties through PD&R's research information clearinghouse, HUD USER and via our website www.huduser.org.

Staff works closely with the program offices and the Office of Chief Information Officer to improve automated systems and the program data that reside in these systems, in order to support research and evaluations, and to assure that program managers throughout HUD's organization have the information needed to monitor results.

PD&R is also responsible for the examination of the outcomes of current HUD programs; the evaluation of programs in view of those outcomes; and the review of the continuing efficacy of programs.

PD&R provides technical support to FHA. New ways of doing business require careful up-front study and prompt and thorough evaluations. Actuarial studies, program design, development of automated underwriting systems, and assessments of whom FHA serves are areas where FHA and the Secretary need assistance. PD&R's analytical approach and economic expertise make its advice particularly useful to FHA and the Secretary.

Staff also administers outreach and grant programs of the Office of University Partnerships, including the following grant programs: Community Outreach Partnership Center (COPC), Historically Black Colleges and Universities (HBCU), Hispanic-serving Institutions Assisting Communities (HSIAC), Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC), and the Tribal Colleges and Universities Program (TCUP).

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On behalf of the Secretary, staff of the Office of International Affairs supports and encourages bilateral relations with other countries. As such, this Office is responsible for conducting studies and research as well as attending international conferences to support the international exchange of information and data on housing and development topics.

The economists who serve in HUD field offices report to PD&R. The field economists serve as the Department's primary source of intelligence on local economic and housing conditions, providing analysis and recommendations to field and headquarters management and program officials, including reports for the U.S. Housing Market Conditions quarterly report. The field economists also assist HUD clients in identifying and analyzing economic and demographic data; provide market analysis reviews of various program applications such as for FHA Multifamily insurance; conduct needs assessments of assisted housing proposals; and advise on the allocations of assisted housing funds.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

WORKLOAD

The workload of PD&R focuses on ways to improve the efficiency, effectiveness, and equity of HUD programs. This entails developing policy recommendations for the Secretary, performing policy and economic analyses, conducting program evaluations, directing research and demonstration activities, gathering programmatic and basic housing and urban data, and evaluating and monitoring new and existing programs for the Department. The workload also includes supporting the Secretary in carrying out his oversight responsibilities with respect to Fannie Mae and Freddie Mac and preparing reports to Congress. In carrying out its responsibilities, PD&R conducts analyses using either contract or in-house staff resources, depending on the issue and the nature of the work. In fiscal year 2008, PD&R expects to continue increasing contracting for research with small businesses to achieve more innovative and diverse research products. PD&R also works with other HUD staff, State and local governments, academicians, representatives of various interest groups, and other interested parties, to assure that all accessible knowledge is brought to bear on issues of concern to the Department.

TRAVEL

	ACTUAL <u>2006</u>	ESTIMATE <u>2007</u>	ESTIMATE <u>2008</u>	INCREASE + DECREASE - <u>2008 vs 2007</u>
		(Dollars in Thousands)		
Travel	\$231	\$237	\$254	+\$17
Total	231	237	254	+17

The requested travel amount of \$254 thousand in fiscal year 2008 will provide funds for the travel requirements of PD&R including: essential travel by the front office and other senior staff, travel to Hurricane affected regions by PATH and other PD&R staff, travel by the University Partnership staff related to grant monitoring, field economists' travel, inspection trips to ensure that contractor performance is in line with objectives, international travel, and other staff travel. There is a slight increase in 2008 for travel.

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CONTRACTS

The following table identifies the specific contracts unique to this activity and is followed by a brief description.

	<u>ACTUAL</u> <u>2006</u>	<u>ESTIMATE</u> <u>2007</u>	<u>ESTIMATE</u> <u>2008</u>	INCREASE + DECREASE - <u>2008 vs 2007</u>
		(Dollars in Thousands)		
Data and Statistical Services	\$2,104	\$2,396	\$2,395	-\$1
Total	2,104	2,396	2,395	-1

The 2008 estimate will provide funds for the contract needs of PD&R as described below.

DATA AND STATISTICAL SERVICES

The following are fiscal year 2008 contracts planned for Salaries and Expenses (S&E) funding:

	Amounts (Dollars in Thousands)
Quality Control (QC) for Rental Assist Subsidy Determinations..	\$1,150
F.W. Dodge Data.....	139
Temp Personnel Services Contract.....	215
REIS, various small contracts.....	437
Program Support Research, Training.....	454
Total.....	2,395

Starting in fiscal year 2006, the Quality Control (QC) for Rental Assistance Subsidy Determinations contract was to be co-funded by the Office of the Chief Financial Officer (CFO). Prior to 2006, the Office of Policy Development and Research fully funded this contract. The \$1,150 thousand will be used for the QC study in 2008.

There is a slight decrease in 2008 for these contracts.

The F.W. Dodge Data study provides information used by Field Economists in reviewing the marketability and risk of multifamily projects proposed for FHA insurance.

The program Support Research is for FMR-related research, including funds for Interagency Agreements to obtain supplemental information on rental housing surveys. Training includes staff development, GTR training, Field Economist training and technical courses for professional staff.

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POLICY DEVELOPMENT AND RESEARCH
Personal Services
Summary of Change
(Dollars in Thousands)

<u>Personal Services</u>	<u>FTE</u>	<u>S&E Cost</u>
2006 Actual.....	145	\$17,210
2007 Estimate.....	143	17,617
<u>Changes Due To</u>		
Additional Workdays (2).....		132
2008 January Pay Raise.....		310
2007 January Pay Raise.....		105
Staffing increase/decrease.....	-2	-246
Other benefit changes.....		135
2008 Request.....	141	\$18,053

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POLICY DEVELOPMENT AND RESEARCH
 Summary of Requirements by Grade
 Salaries and Expenses
 (Dollars in Thousands)

<u>Grade:</u>	<u>2006 Actual</u>	<u>2007 Request</u>	<u>2008 Request</u>	<u>Increase/ Decrease</u>
Executive Level	1	0	1	+1
Executive Service	2	2	2	0
GS-15	27	27	26	-1
GS-14	48	45	44	-1
GS-13	30	28	29	+1
GS-12	14	12	13	+1
GS-11	8	12	8	-4
GS-10	1	1	1	0
GS-9	6	6	6	0
GS-8	4	4	4	0
GS-7	6	1	6	+5
GS-6	0	1	0	-1
GS-5	0	0	0	0
GS-4	1	4	1	-3
GS-3	0	0	0	0
GS-2	0	0	0	0
GS-1	0	0	0	0
Total Positions	148	143	141	-2
Average ES Salary	\$151,057	\$157,514	\$161,294	+\$3,780
Average GS Salary	\$94,224	\$96,486	\$98,801	+2,316
Average GS Grade	12.9	12.8	12.8	0.01

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POLICY DEVELOPMENT AND RESEARCH
Summary of Requirements by Object Class
Salaries and Expenses
(Dollars in Thousands)

<u>Object Class</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Request</u>	<u>Increase/Decrease</u>
Personal Services.....	\$17,210	\$17,617	\$18,053	+\$ 436
Travel and Transportation of Persons.....	231	237	254	+17
Transportation of Things.....	9	0	0	0
Rent, Communication & Utilities.....	0	0	0	0
Printing and Reproduction.....	230	149	157	+8
Other Services.....	2,104	2,396	2,395	-1
Supplies and Materials.....	32	25	26	+1
Furniture & Equipment.....	0	0	0	0
Insurance Claims & Indemnities.....	0	0	0	0
Total Obligations.....	19,816	\$20,424	\$20,885	+\$461

Overall Summary of Policy Development and Research Staff Requirements

	Actual 2006	Estimate 2007	Estimate 2008	Increase + Decrease - 2008 vs 2007
Headquarters.....	110.0	105.0	107.0	2.0
Field	35.0	38.0	34.0	-4.0
Total	145.0	143.0	141.0	-2.0

Summary of Policy Development and Research Staff Requirements

	Actual 2006	Estimate 2007	Estimate 2008	Increase + Decrease - 2008 vs 2007
<u>Headquarters Employment</u>				
AS for Policy Development and Researc	8.5	8.0	8.0	0.0
Budget, Contracts, and Program Control Divisio	7.2	7.0	7.0	0.0
Management and Administrative Services Divisic	5.6	4.7	5.3	0.6
Subtotal	21.3	19.7	20.3	0.6
Office of University Partnerships	6.0	5.3	6.0	0.7
DAS for International Affairs	5.4	5.1	5.1	0.0
<u>DAS for Economic Affairs</u>				
DAS for Economic Affairs	2.6	2.3	2.3	0.0
Economic Market Analysis Division	6.3	6.3	6.3	0.0
Housing Finance Analysis Division	2.5	2.5	2.5	0.0
Housing and Demographic Analysis Division	4.0	4.0	4.0	0.0
Economic Development and Public Finance Division	3.3	3.0	3.0	0.0
Financial Institutions Regulation Division	5.1	5.1	5.1	0.0
Subtotal	23.8	23.2	23.2	0.0
<u>DAS for Policy Development</u>				
DAS for Policy Development	2.0	2.0	2.0	0.0
Policy Development Division	8.2	8.0	8.0	0.0
Research Utilization Division	7.5	7.5	7.5	0.0
Subtotal	17.7	17.5	17.5	0.0

	Actual 2006	Estimate 2007	Estimate 2008	Increase + Decrease - 2008 vs 2007
DAS for Research, Evaluation, and Monitoring				
DAS for Research, Evaluation, and Monitoring	3.1	3.1	3.1	0.0
Program Evaluation Division	10.0	9.7	9.7	0.0
Program Monitoring and Research Division	12.6	11.3	12.0	0.7
Affordable Housing Research and Technology Division	10.1	10.1	10.1	0.0
Subtotal	35.8	34.2	34.9	0.7
Total	110.0	105.0	107.0	2.0
<u>Field Employment</u>				
Field Economists	35.0	38.0	34.0	-4.0
Total	35.0	38.0	34.0	-4.0

Detail of Policy Development and Research Staff Requirements

Workload Guideline	Workload Indicator	Fiscal Year 2006			Fiscal Year 2007			Fiscal Year 2008				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Headquarters Employment												
AS for Policy Development and Research												
Immediate Office DAS	NA	...	...	3.0		...	...	3.0		...	...	3.0
Provide Policy and Program Support	NA	...	...	5.5	0.5	...	...	5.0	0.5	...	...	5.0
Subtotal				8.5	0.5			8.0	0.5			8.0
Budget, Contracts, and Program Control Division												
	# of Grants Processed (Research & University Grants)											
Administer Financial Agreements		199	74.88	7.2	1.2	195	74.88	7.0	1.2	195	74.88	7.0
Subtotal				7.2	1.2			7.0	1.2			7.0
Management and Administrative Services Division												
Administrative and Management Support for PD&R	# of Personnel Supported	141	82.42	5.6	1.2	119	82.42	4.7	0.3	135	82.42	5.3
Subtotal				5.6	1.2			4.7	0.3			5.3
Office of University Partnerships												
Award and Administer Grant Programs	# of Grants Awarded	450	21.40	4.6	2.4	380	21.40	3.9	1.7	450	21.40	4.6
Outreach to Colleges, Community Based Organizations, Local Governments, and HUD Staff	# of Customer Contacts	4,352	0.67	1.4	0.0	4,352	0.67	1.4	0.0	4,352	0.67	1.4
Subtotal				6.0	2.4			5.3	1.7			6.0
DAS for Economic Affairs												
DAS for Economic Affairs												
DAS Economic Affairs	NA	...	...	2.6	0.3	...	...	2.3	0.3	...	...	2.3
Subtotal				2.6	0.3			2.3	0.3			2.3
Economic Market Analysis Division												
Subtotal	NA	...	...	6.3	2.0	...	...	6.3	2.0	...	...	6.3
Housing Finance Analysis Division												
Expert Advice on Systems for Financing Single-Family and Multifamily Housing in the United States	# of Offices and Agencies Supported	15	354.96	2.5	2.5	15	354.96	2.5	2.5	15	354.96	2.5
Subtotal				2.5	2.5			2.5	2.5			2.5

Workload Guideline	Workload Indicator	----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----			----- Fiscal Year 2008 -----				
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Housing and Demographic Analysis Division												
	# of Surveys Produced or Supported											
Perform Survey Functions		42	200.77	4.0	1.0	41	200.77	4.0	1.0	42	200.77	4.0
Subtotal				4.0	1.0			4.0	1.0			4.0
Economic Development and Public Finance Division												
Perform Special Initiatives, Studies and Projects	NA	...	...	3.3	2.3	...	...	3.0	2.3	...	...	3.0
Subtotal				3.3	2.3			3.0	2.3			3.0
Financial Institution Regulation Division												
Support for HUD's Regulatory Oversight Function for Fannie Mae and Freddie Mac	# of Analyses Produced	170	62.64	5.1	0.0	170	62.64	5.1	0.0	170	62.64	5.1
Subtotal				5.1	0.0			5.1	0.0			5.1
DAS for Policy Development												
Immediate Office DAS Ploicy	NA	...	...	2.0	0.0	...	...	2.0	0.0	...	...	2.0
Subtotal				2.0	0.0			2.0	0.0			2.0
Policy Development Division												
Substantive Policy Guidance on HUD's Programs and Research Agenda	# of Programs and Policies Developed and Reviewed	620	27.43	8.2	0.2	610	27.43	8.0	0.2	610	27.43	8.0
Subtotal				8.2	0.2			8.0	0.2			8.0
Research Utilization Division												
Dissemination of Research Results and Policy Information	NA	...	...	7.5	0.5	...	...	7.5	0.5	...	...	7.5
Subtotal				7.5	0.5			7.5	0.5			7.5
DAS for Research, Evaluation, and Monitoring												
Provide Policy and Program Support	NA	...	...	2.1	2.0	...	...	2.1	2.0	...	...	2.1
Immediate Office DAS REM	NA	...	...	1.0	...	...	...	1.0	...	...	...	1.0
Subtotal				3.1	2.0			3.1	2.0			3.1
Support and Enhance Departmental Programs and Program Monitoring	# of Organizations Supported	19,800	1.32	12.6	2.0	17,800	1.32	11.3	0.2	19,000	1.32	12.0
Subtotal				12.6	2.0			11.3	0.2			12.0
Program Evaluation Division												
Program Research, Evaluations, and Demonstrations	# of Research Projects	50	416.50	10.0	1.3	49	416.50	9.7	1.3	49	416.50	9.7
Subtotal				10.0	1.3			9.7	1.3			9.7

Workload Guideline	Workload Indicator	----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----			----- Fiscal Year 2008 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Affordable Housing Research and Technology Division												
Conduct Studies Related to Building Technologies, Environmental Issues and Community Development	# of Studies Conducted	76	275.00	10.0		76	275.00	10.0		76	275.00	10.0
Perform Procurement administration	# of procurements managed	1	225.73	0.1	1.0	1	225.73	0.1	1.0	1	225.73	0.1
Subtotal				10.1	1.0			10.1	1.0			10.1
DAS for International Affairs												
Develop and manage International Exchanges, Contracts, and Programs	International Exchanges, Contracts, and Programs Developed and Managed	49	227.97	5.4	3.5	47	227.97	5.1	3.2	47	227.97	5.1
Subtotal				5.4	3.5			5.1	3.2			5.1
Subtotal PD&R Headquarters				110.0	23.9			105.0	20.2			107.0
Field Employment												
Field Economists												
Field Administration & Mgmt	# of multifamily project reviews	85	417.6	17.0	1.0	90	417.6	18.1	1.0	84	417.6	16.6
Economic Analysis, Evaluations, and Reviews	# of Section 221(D)(3) and (D)(4) reviews	338	74.4	12.1	1.0	363	74.4	13.0	1.0	332	74.4	11.8
Economic Intelligence and Advice to Program and Management Officials and Outside Clients	# regional Summaries & spot narratives	8	927.2	3.5		9	927.2	4.0		7	927.2	3.2
Fair Market Rents	NA	...	...	0.9	1.0	...	...	1.0	1.0	...	...	0.9
Database Management	# of models, databases, and spreadsheets updated	46	69.32	1.5	1.0	58	69.32	1.9	1.0	46	69.32	1.5
Subtotal				35.0	4.0			38.0	4.0			34.0
TOTAL PD&R FTE				145.0	27.9			143.0	24.2			141.0

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PD&R Headquarters/field Employment

EXPLANATION OF CHANGES FROM 2006 BUDGET ESTIMATE TO 2007 ESTIMATE

- The 2007 current estimate of the PD&R FTE level is 143.0, a decrease of 2.0 FTEs, when compared to the 2006 level of 145.0. There are decreases of 5.0 FTEs in 2007 for PD&R in Headquarters resulting in decreased work as described below. Additionally, there are increases of 3.0 FTEs in 2007 for PD&R in the Field resulting in increased work as described below.
- There is a decrease of .5 FTE in the Office of the Assistant Secretary for Policy Development and Research. This office is the principal advisor to the Secretary on overall Departmental policy, program evaluations, demonstrations, and research, and is responsible for providing economic information and analyses of housing and community development statistics and other data.
- There is a decrease of .2 FTE in the Budget, Contracts and Program Control Division of the Office of the Assistant Secretary.
- This division serves as the primary focal point for the development, award, and administration of all PD&R grants and cooperative agreements. Staff in this division reviews and monitors all contract work performed for PD&R, and prepares and administers the PD&R program budget.
- There is a decrease of .9 FTE in the Management and Administrative Services Division of the Office of the Assistant Secretary. This division provides administrative and management support for the Office of Policy Development and Research.
- There is a decrease of .7 FTE in the University Partnerships Office. This office is committed to helping universities join with their neighbors in partnerships that address urban problems.
- There is a decrease of .3 FTE in the Office of Economic Affairs. This office is responsible for providing economic information and analyses and policy recommendations to the Secretary, Deputy Secretary, Assistant Secretaries, and the principal staff within the Department.
- There is a decrease of .3 FTE in the Economic and Public Finance Division of the Office of Economic Affairs. This division conducts policy research studies of public finance, economic development, taxation and general economic policy as it affects housing, public sector financing, and community development.
- There is a decrease of .2 FTE in the Policy Development Division of the Office of Policy Development. This division has principal responsibility for the development of program and legislative initiatives, analysis of legislative proposals, interpretation of statutory language, and preparation of regulatory guidance.
- There are decreases of 1.3 FTEs in the Program Monitoring and Research Division of the Office of Research, Evaluation and Monitoring. This division conducts research and carries out a variety of efforts designed to support and enhance Departmentwide program monitoring. Division staff works closely with HUD's program offices in assembling, maintaining, and promoting the use of data and information describing HUD operations.
- There is a decrease of .3 FTE in the Program Evaluation Division of the Office of Research, Evaluation and Monitoring. This division conducts research, evaluations, and demonstrations across a wide range of topics.

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- There is a decrease of .3 FTE for the International Affairs Office. This office coordinates the Department's international exchanges and contacts from the Office of Policy Development and Research concerning issues in housing policy, housing finance, urban development and the environment.

There are increases of 3.0 FTEs for the field office economists. The field office economists advise program managers, provide them with economic data and analysis, and conduct market analysis reviews of housing and community development applications.

EXPLANATION OF CHANGES FROM 2007 BUDGET ESTIMATE TO 2008 ESTIMATE

The 2008 requested PD&R FTE level of 141.0, is a decrease of 2.0 FTEs when compared to the 2007 current estimate of 143.0. There are increases of 2.0 FTEs in 2008 for PD&R in Headquarters resulting in increased work as described below. There are decreases of 4.0 FTEs in 2008 for PD&R in the Field resulting from projected retirements and their replacements hired later in the year.

- There is an increase of .6 FTE in the Management and Administrative Services Division of the Office of the Assistant Secretary. This division provides administrative and management support for the Office of Policy Development and Research.
- There is an increase of .7 FTE in the University Partnerships Office. This office is committed to helping universities join with their neighbors in partnerships that address urban problems.
- There is an increase of .7 FTE in the Program Monitoring and Research Division of the Office of Research, Evaluation and Monitoring. This division conducts research and carries out a variety of efforts designed to support and enhance Departmentwide program monitoring. Division staff works closely with HUD's program offices in assembling, maintaining, and promoting the use of data and information describing HUD operations.

There are decreases of 4.0 FTEs for the field office economists. The field office economists advise program managers, provide them with economic data and analysis, and conduct market analysis reviews of housing and community development applications.