

Working Capital Fund (WCF)

The Working Capital Fund (WCF) was established by the Department of Housing and Urban Development Act of 1965 (42 U.S.C. 3535) for necessary expenses related to common administrative services, including information systems. The following chart compares HUD's 2012 request with actual and anticipated funding levels for 2010 and 2011.

Appropriations Summary
(Dollars in Thousands)

	FY 2010 <u>Actual</u>	FY 2011 <u>CR</u>	FY 2012 <u>Request</u>	FY 2012 Increase/ Decrease over <u>FY 2011</u>
Direct Appropriation	\$200,000	\$200,000	\$243,000	\$43,000
Program Transfers - FHA MMI	70,794	70,794	72,000	1,206
Subtotal, Appropriation	<u>\$270,794</u>	<u>\$270,794</u>	<u>\$315,000</u>	<u>\$44,206</u>
S&E Account Transfers	15,000			
Interagency Agreements	4,159	300	300	-
Total, Working Capital Fund	\$289,953	\$271,094	\$315,300	\$44,206
Summary of Balances ^{a/}				
Unobligated Balance: SOY	98,477	57,240	-	(57,240)
New Budget Authority	289,953	271,094	315,300	44,206
Recoveries of Prior Year Obligations	588	4,000	4,000	-
New Obligations	<u>(331,778)</u>	<u>(332,334)</u>	<u>(315,000)</u>	<u>17,334</u>
Subtotal, Unobligated Balance: EOY	57,240	-	4,300	4,300
Outlays (net)	269,521	422,000	301,000	(121,000)

a/ Figures do not reflect program transfers for information technology expenses provided by the Recovery Act (P.L. 111-5).

**WORKING CAPITAL FUND
Fiscal Year 2012 Request by Line of Business
(Dollars in Millions)**

<u>LINE OF BUSINESS (LoB)</u>	<u>FY 2010 Enacted</u>	<u>FY 2011 CR</u>	<u>FY 2012 Request</u>
Single Family Housing.....	\$16.7	\$11.6	\$16.7
Multi-Family Housing.....	\$13.1	\$9.6	\$13.1
PIH Rental Housing Assistance.....	\$12.4	\$9.6	\$12.4
Grants Management.....	\$9.4	\$5.1	\$8.0
Financial Management.....	\$26.9	\$19.5	\$26.9
Enterprise Business Solutions.....	\$23.3	\$28.7	\$30.1
e-Gov Initiatives.....	\$1.6	\$1.2	\$1.2
IT Infrastructure.....	\$125.6	\$143.0	\$164.5
IT Infrastructure Transition Costs.....	...	[2.0]	[27.0]
IT Management Direction/Support.....	<u>\$41.8</u>	<u>\$42.5</u>	<u>\$42.1</u>
TOTAL.....	\$270.8	\$270.8	\$315.0

Summary Statement

The fiscal year 2012 Budget requests a total of \$315 million to fund the information technology requirements of the Department – a direct WCF appropriation of \$243 million and \$72 million program transfer from FHA Mortgage Mutual Insurance Program account. This request will allow HUD to sustain current IT operations to meet present business needs, support IT transformation projects, allow the Department to respond to emerging requirements, and support HUD IT infrastructure transition. Although the Transformation Initiative (TI) will continue to drive HUD’s development, modernization, and enhancement (DME) efforts for a limited number of high-priority projects, the Department requests to restore the flexibility needed to utilize WCF dollars for both DME and steady-state maintenance purposes. Having assessed the fiscal year 2010 TI IT planning and implementation efforts, HUD has determined recombining development, modernization and enhancement funds with steady-state maintenance funding under the Working Capital Fund in fiscal year 2012 will allow the Department to better align the account structure and decision-making process with budget planning and full investment lifecycle management practices. This will give the Department the ability to apply any savings identified throughout in the steady state portfolio to fund urgent IT expenses critical to modernizing HUD’s antiquated IT infrastructure.

In Quarter 1 of fiscal year 2011, HUD implemented a new IT Management Framework that will drive investment decisions to shared platforms and enterprise services rather than the current organization-based approach reflected in this budget submission. Under the new construct, HUD reassessed the original 29 TI/IT projects and identified numerous redundancies in the projects’ requests for functionality. HUD reprioritized and re-scoped the transformation initiatives and identified 7 functional priorities that reflect a more manageable set of projects. These projects are now planning to provide functionality in 6-month increments over the next 18 months. HUD utilized these 7 projects as the foundation for defining a new Target Architecture and transition sequencing plan to migrate the HUD IT

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environment to the target architecture. This action will provide greater transparency into the asset portfolio and provide more modern and flexible technologies to fulfill mission needs through shared platforms and an enterprise services approach to technology based solutions.

As a result, HUD is restructuring the IT investment portfolio that will replace the information provided in this document. The restructuring will not result in a request for additional IT funds. HUD plans to provide the new portfolio structure to OMB and the appropriate Congressional appropriations committees in February 2011.

Information on the detailed use of fiscal year 2012 WCF funding continues to be provided by organization-based LoB construct. This Congressional Justification also aligns HUD's IT operations and maintenance needs with the strategic goals and objectives as outlined in the HUD Strategic Plan (fiscal years 2010 – 2015). All IT investments support HUD's *Strategic Goal 5: Transforming the way HUD does business*, but additional details are provided by LoB where appropriate.

Single Family Housing LoB, \$16.7 million

Supports Strategic Goal 1: Strengthening the nation's housing market to bolster the economy and protect consumers

The fiscal year 2012 request of \$16.7 million will sustain the operation of the systems that execute the functions of the Single Family LoB and also support priority integration and migration of automated operations to a new, more agile and more effective integrated platform. The request for the Single Family Housing LoB will cover the operating costs and maintenance of IT systems that enable HUD/FHA to deliver and oversee mortgage insurance to private lenders on loans for the development/purchase/refinancing of new or existing homes, condominiums, and manufactured housing; financing of needed housing rehabilitation; and reverse equity mortgages to elderly homeowners. These programs and the IT systems that support them, collectively back a growing mortgage insurance portfolio that currently serves over 6.3 million homeowners with mortgage insurance in-force valued in excess of \$838 billion. Single Family LoB is also supported by the Financial Management LoB, which provides automated operations for insurance in force, premium billing and collection, and claims payments.

Single Family Housing LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
16 Systems/ 340,000 Users	Collect Single Family Mortgage Insurance information used for Underwriting, Endorsement, Notes/Property/Participant Management	Support electronic endorsement of Single Family mortgages for insurance by FHA Support risk management at loan, lender, and portfolio levels Support lender eligibility determinations and re-certifications	Track and advertise Single Family properties (HUD Home for Sales) Provide Housing Counseling service to advise on buying a home, renting, default, foreclosure, credit issues, or reverse mortgages

Multifamily Housing LoB, \$13.1 million

Supports Strategic Goal 2: Meeting the need for quality affordable rental homes (Goal #2).

The fiscal year 2012 funding request of \$13.1 million for the Multifamily Housing Finance (MFHF) LoB covers the MFH Integration project initiative's operating costs and maintenance of the MFH IT systems. This request enables HUD/FHA to deliver and oversee mortgage insurance to private lenders on loans for the development/purchase/refinancing of new or existing multifamily projects and health care facilities, grants to support housing for low-income, elderly, or disabled renters and to provide project-based tenant rental assistance. These systems collectively back a mortgage insurance portfolio that currently supports over 12.3 thousand multifamily projects servicing 1.4 million units with mortgage insurance in-force valued in excess of \$64 billion. These systems support subsidies for operating costs for 27.5 thousand multifamily projects with 1.6 million units for low income, elderly, or disabled tenants. The Multifamily LoB is also supported by the Financial Management LoB, which provides automated operations for insurance in force, premium billing and collection, and claims payments.

Multifamily Housing LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
10 Systems/ 55,000 Users	Collect property location and description data that is used to categorize types of assistance and contractual terms and conditions Collect contract data for Section 8 contract renewals and payments Departmental enforcement data for properties and owners that fail to comply with regulated reporting requirements or compliance with health and safety issues or other terms Housing grants for construction/ rehabilitation of housing for elderly and disabled (Sections 202/811) Hospital construction loan insurance Program participant corporate histories that track past experience with other insured loans Loan applications for insurance rent levels and rent adjustments Newly constructed or rehabilitated multifamily housing units financed by FHA-insured mortgages	Regulatory compliance Performance tracking against Departmental goals Loan viability, and risk determination Analyze data for enforcement actions for non-compliance, fraud, waste, or late reporting Budget projections Workload tracking and priority monitoring Provide assistance as it relates to capital advances to support the production of housing targeted to the elderly and disabled	Track and advertise excess Federal civilian and military properties potentially able to be re-used by organizations helping the homeless as required by the U.S. Courts Inter-office transfer of information between Real Estate Assessment Center (REAC) and the Departmental Enforcement Center (EC) OGC Office of Assisted Housing Preservation, external business partners (Performance-based Contract Administrators) Correspondence to owners/agents regarding reporting requirements, items that are pending, and to alert them about automatic rent adjustments that are available for their property(ies) FHA insurance for underwriting multifamily projects targeted at low and moderate income units to preserve the Nation's affordable rental housing stock.

PIH Rental Housing Assistance LoB, \$12.4 million

Supports Strategic Goal 2: Meet the Need for Quality Affordable Rental Homes. Specifically, the LoB will directly support meeting developed metrics in Subgoal 2C: Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes and Subgoal 5C: Bureaucracy Busting – create flexible, modern rules and systems that promote responsiveness, openness, and transparency.

The fiscal year 2012 request of \$12.4 million for the PIH Rental Housing Assistance LoB covers the IT systems that support the core programs administered by HUD’s Office of Public and Indian Housing (PIH). The supported core programs include the Section 8 Tenant-Based Housing Choice Voucher program, the Public Housing Operating Fund, and the Public Housing Capital Fund. These programs and their underlying IT systems serve to deliver support and oversight for nearly \$26 billion in annual funding to house 3.2 million low-income households. They also serve to protect a \$120 billion Federal investment in the low-income public housing stock. Ten systems will receive steady state funding to continue to support core programmatic goals as required by law and regulation.

Rental Housing Assistance LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
13 Systems/ 50,000 Users	Collect data and report the actual state of repair and habitability on all public housing and multifamily properties in the HUD portfolio Maintain key data and controls for tenants, buildings, and units upon which PIH calculations and analytics rely Collect financial data about the status of property owners and their ability to meet loan payments and operating costs	Verify tenant income for subsidy determination	Track and advertise excess Federal civilian and military properties potentially able to be re-used by organizations helping the homeless as required by the U.S. Courts

HUD Grants Management LoB, \$8.0 million

Supports Strategic Goal 5: Transform the way HUD does business. Specifically, the planned efforts for this LoB will support Subgoal 5B: Focus on results – Create an empowered organization that is customer-centered, place-based, collaborative, and responsive to employee feedback.

The fiscal year 2012 funding request of \$8.0 million for the HUD Grants Management LoB will cover operating costs and basic maintenance of IT systems. The Grants Management LOB supports approximately 54 formula, competitive and discretionary grant programs across 6 major program areas in HUD. Collectively, these IT systems will continue to support the automation of the end-to-end grants management portfolio for HUD estimated at \$45 billion. The main objectives of the HUD Grants Management LoB include:

- (1) Providing an enterprise view and consolidation of the HUD grant systems to remove redundancies, improve data integrity, and reduce costs;
- (2) Provide oversight and budget management, systems analysis, program management office (PMO) support, strategic planning;
- (3) Compliance with OMB directives; and
- (4) Operation of all HUD’s Grants Management systems/services.

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The 2012 request must be enhanced above the fiscal year 2011 President’s Budget for several reasons. First, new Recovery Act and Transformation Initiative IT system functionalities built during fiscal years 2010 and 2011 require an increase in operational costs. Second, a new enterprise systems contract will be awarded in May 2012. Transition to the new contract will add cost above the LoB’s normal steady state requirement. Additional funds are also requested for system support for collecting data to ensure data quality for USASpending.gov and FFATA Subrecipient Reporting System (FSRS) and includes funding for an essential Grantee Help Desk that fields 11,000 technical calls annually from users who need assistance with funds drawdown or performance reporting in the eGrants systems. Lastly, this investment supports the steady-state operations for the “Electronic Grants Management in Support of the HEARTH Act” Transformation Initiative project (#16). Anything less than full steady-state funding of the eGrants systems as per HUD’s initial budget request puts this TI project at potential risk.

Grants Management LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communications
8 Systems/ 40,000+ Users	Collect grantee information used for application intake, review, selection, scoring and approval; grant awards; draw-downs or financial payments; formula grant planning (Consolidated Plan); award management and oversight including performance monitoring and reporting; and award close-out	<p>Support the automation of additional paper-based grant programs to reduce data entry burden and improve accountability including OHHLHC grants, FHEO grants, technical assistance grants, and PD&R grants</p> <p>Expand environmental review functions for all other HUD program areas</p> <p>Enable energy efficiency reporting on all programs and the aggregation of unit energy efficiency data from across the Department.</p> <p>Integrate databases of eight (8) IT systems for reduced maintenance costs and simplified data structure, as part of plan to fill more gaps of single, enterprise, end-to-end grants management solution</p> <p>Automate manual funds assignment and award letter processes using a shared web service.</p> <p>Enhance financial interconnection for planned migration from LOCCS to HIFMIP/PeopleSoft financials.</p> <p>Establish live data feed from IT Systems for real-time mapping of grant awards and performance data, at the activity (parcel) level, giving public unprecedented access to real-time program data.</p> <p>Support the recovery process by efficiently allocating HUD Disaster Grants funds to offset the costs of rebuilding and rehabilitation</p> <p>Make award of HEARTH/Continuum of Care homeless grants more efficient and enhance business intelligence dashboard reporting</p>	<p>Track grant activities from pre-award to close-out</p> <p>Provide real-time analytics and business intelligence on financial disbursements, and Grantee performance monitoring.</p> <p>Assist program area staff in providing consistent in-depth monitoring of grantees performance</p>

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Financial Management LoB, \$26.9 million

Supports Strategic Goal 5: Transform the way HUD does business. Specifically, the planned efforts for HIFMIP and HIAMS will support Subgoal 5C: Bureaucracy Busting – create flexible, modern rules and systems that promote responsiveness, openness, and transparency.

The Financial Management (FM) Line of Business maintains the mission critical financial management systems of the Department and includes two key “bureaucracy busting” initiatives that will transform HUD to its core. As a major financial institution, HUD encounters significant risk and inefficiencies associated with its current, multiple core accounting systems because they are out of date, labor intensive, and do not provide the transparent, timely information that is required to support our enterprise. In addition, the acquisition systems under this LoB are in need of significant upgrade and modernization. Through the Transformation Initiative, HUD has initiated the HIFMIP and HIAMS projects aimed at addressing the critical IT needs.

The impact of the Financial Management LoB is certainly not limited to Sub-goal 5C. As a major financial institution that acquires significant services to carry out its mission, HUD and its components are in desperate need of reliable, consistent, actionable financial information and procurement processing. With each goal of the strategic plan there is at least a supporting role by which the FM LoB helps enable the goal to be met.

Financial Management LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
42 systems/ 100,000 Users	Disburse over \$50 billion a year to liquidate HUD obligations Produce accurate, timely financial statements for FHA, Ginnie Mae, HUD General Programs, and at the consolidated Departmental level Produce budget execution reports for Treasury, OMB and the Congress	Monitor and report on funds execution by source year for HUD’s general programs Maintain cohort accounting and credit subsidy models to support FHA compliance with the Credit Reform Act Submit to annual independent financial audits, with receipt of clean opinions	Track and report grants, subsidy, loan purchase orders, and contracts management activity as legislated by the law

Enterprise Business Solutions LoB, \$30.1 million

The fiscal year 2012 funding request of \$30.1 million for Enterprise Business Solutions (EBS) represents the basic maintenance of IT systems and services that span the entire Department, as well as smaller HUD program systems not included in a major program line of business. The strategic integration of Investment Management and Enterprise Architecture principles through the EBS LoB implements HUD's IT Strategic Plans through effective project management, data quality management, IT security, and Departmental E-Government and policy functions across all offices and HUD programs. The IT systems of the EBS LoB are described as follows:

HUD Human Resource Systems: Human Resources (HR) is a cross-cutting support function within the Department. Business and support offices rely on HR functional support to provide and sustain the workforce necessary to achieve HUD's strategic goals and objectives and execute the Department's mission. Through the Transformation Initiative, HUD has initiated a modernization project aimed at addressing critical HR IT needs.

Geocode Service Center: The Geocode Service Center (GSC) is critical for monitoring and evaluating programs. GSC identifies exactly "where" HUD money is being spent, providing strategic information that directly improves program outcomes and closes performance gaps. GSC is a HUDwide enterprise service providing address matching, data cleansing, and geographic data standardization.

18 HUD IT systems use the GSC to capture, process, clean, and standardize more than 100 million addresses annually. These 18 systems support HUD's major programs, including Public Housing, Multifamily Housing Assistance, Single Family Mortgage Insurance, and Section 8. Without accurate, standardized, geocoded address data, it would be difficult to operate these programs.

Fair Housing IT Support (FHITS): The Fair Housing IT Support (FHITS) investment provides IT support for the Office of Fair Housing and Equal Opportunity (FHEO) and its direct enforcement of Federal fair housing laws through its discrimination complaint tracking and investigation system (TEAPOTS), the on-line housing discrimination complaint form. It supports the administration of the Fair Housing Assistance Program (FHAP), which involves designated state and local agency partners, and the Fair Housing Initiatives Program (FHIP), which awards competitive grants to non-profit Fair Housing organizations. In addition to supporting Strategic Goal 5, this investment is the primary IT support for *Strategic Goal 4: Build Inclusive and Sustainable Communities Free from Discrimination*. More specifically, FHITS supports *Subgoal 4C: Ensure open, diverse, and equitable communities*, and *Subgoal 4E: Build the capacity of local, state, and regional public and private organizations*. Since FHITS also supports the execution of FHEO's responsibility for Section 3 of the Housing Act, this investment also contributes to *Subgoal 4A: Catalyze economic development and job creation, while enhancing and preserving community assets*. No other investment provides automated support for this core mission area at HUD.

Healthy Homes Active Business System (HHABS): The project will refine the Office of Healthy Homes and Lead Hazard Control (OHHLHC) Business Model. HHABS focuses on improving grant and contract management, and regulatory enforcement by (1) identifying and filling gaps in grants management and monitoring processes; and (2) aligning OHHLHC's Departmentwide Lead Disclosure Rule and Lead Safe Housing Rule compliance monitoring activities with business processes. HHABS works to achieve these objectives by using HUD Enterprise Architecture (EA) and eGrants compliant platforms with SSO to enhance security, privacy, user friendliness, improved business intelligence and reporting capabilities, and operational efficiency; and by migrating legacy systems from Lotus Notes and/or Microsoft Access to the Enterprise Architecture.

HUDSTAT: This project directly supports every element of the Strategic Plan in that it allows HUD to measure progress towards each goal, subgoal and measure at as granular a level of programmatic and geographic detail as is possible. HUDStat will compile and deliver all relevant High Priority Performance Goal (HPPG) data to the OMB performance portal by doing the following:

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- Providing a newly integrated place-based view of granular cross-programmatic data in order to track agency progress toward Strategic Plan Goals;
- Supporting executive level performance management meetings with standard reports;
- Creating a new tool for field and Headquarters staff, enhancing local policy-making by enabling deep analysis of trends over time and across geographies;
- Supporting Open Government by making selected HUD datasets available via the web; and
- Facilitating the delivery of HPPGs to the OMB Performance Portal.

PD&R On-going Maintenance and Operations: This initiative provides Oracle database, SAS coding, GIS and support to HUD's Office of Policy Development & Research (PD&R). PD&R's mission is to advise the Secretary, other HUD executives, and the Congress with economic analysis; evaluate HUD programs; calculate and disseminate statistics (Fair Market Rents); improve regulations; produce congressionally mandated reports; produce maps; and improve decision-making for hundreds of regulations annually. It directly provides critical SAS, GIS, and Oracle database support for mission-related tasks, helping HUD to narrow performance gaps. Output is used by thousands of PHAs, state/local governments, the real estate industry, non-profits, and other business partners, leading to more informed policy decisions.

OGC Systems Integration and Development: The fiscal year 2012 budget requests for \$330,000 for corrective maintenance and system operations. The HUD OGC Systems Integration and Development (SID) project will serve OGC staff and over 650 employees who use several disparate systems and applications on a daily basis for providing legal services to all HUD program offices. The project will provide cross-organizational reporting and data sharing ability in relation to the various systems and applications as well as an automated electronic filing capability to approximately 2,000 HUD employees who are required to file 450 or 270 ethics forms annually, which currently is a cumbersome paper-based. The OGC Systems Integration and Development (SID) project will provide resources needed to develop software modules to integrate disparate OGC systems and applications with varied functionality (such as the OGC ETS, E-Discovery, ECIS, DECMS, ECPCIS, Microsoft SharePoint) and program office HUD business systems (such as the iREMS and TEAPOTS) to gain operational efficiency and staff resources. This will reduce redundant data entry and automate manual processes across all HUD programs, such as the annual 450 Ethics filings, to increase legislative compliance across the Department.

Business Solutions: The fiscal year 2012 request will be critical to ensuring that the technical skills and tools are maintained for the services that the Office of the Chief Information Officer provides to the Department. Business Solutions includes some contracted resources that provide supplemental support for the more than 30 efforts we are supporting when the level of effort surpasses our resources. The Business Solutions group is transforming the way HUD does business by providing the capability to analyze, develop and maintain systems in-house, standardizing components and services at an enterprise level. This reduces the cost and time avoiding the need to obtain contracted resources or wait through the acquisition period.

Facilities Integrated Resource Management System (FIRMS): The Facilities Integrated Resource Management System (FIRMS) is the application used by HUD nationwide for facilities resource management. It constitutes an integrated suite of Commercial-off-the-Shelf applications with associated modules that provide an automated solution to mitigate deficiencies of the previous system. Upgrading FIRMS to an open systems environment will integrate new technology layers resulting in a cost reduction across multiple portfolios. This project is a participant in the E-Government Initiative relative to e-Records Management. Additionally, the functionality contained in all these projects will be integrated into a web-based enterprise workflow. Through FIRMS, the Chief Financial Officer's General Ledger receives purchase, excess and depreciation data which serve as the foundation for the GL reconciliation process. FIRMS provides an environment for personal property inventory management, purchase cost tracking, Quarterly Depreciation Reports for the OCFO, and Annual Personal Property Reports for OIG and GSA. FIRMS facilitates space management activities by monitoring and tracking space usage and assignment throughout the Department. FIRMS also generates ad hoc reports that reflect space assignment and usage in graphical representation and format. The most recent review of FIRMS ability to meet the standards set forth in JFMIP SR-00-4, as well as the open GAO audit with deficiencies to still be corrected and annual management (deficiency) letters from the Office of Inspector General (OIG) have shown significant gaps.

Enterprise Business Solutions LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
40 Systems/ 55,000 Users	<p>Provide HUD with enterprise address matching, data cleansing, and geographic data standardization services</p> <p>Ensure data security and data encryption across the enterprise to protect PII (Personal Identifiable Information) data “at rest” and “in transit”</p>	<p>Enable investigation and tracking of electronically discoverable information on HUD employees for pending litigations</p> <p>Title VIII Automated Paperless Office Tracking System (TEAPOTS)/TEAPOTS is an automated case management system that allows the processing of housing complaints and compliance reviews, as well as the tracking of these activities</p> <p>Enable investigation and tracking of housing discrimination complaints and compliance reviews</p>	<p>Communicates Information on all IT systems to all HUD@Work users</p> <p>Allows for communication from the Office of Public Affairs to media outlets</p> <p>Allows for the distribution of HUD publications to the general public</p> <p>Provides ability for the public to submit FOIA requests and to check the real-time status of their requests on-line</p> <p>Allows for the transmission of payroll information from the National Finance Center to HUD systems that use the data for related business processes</p> <p>The HUD Internet allows for the communication to the public on all HUD programs</p> <p>The HUD Intranet site allows for seamless and effective communications of HUD mission, training, and personnel related information</p>

e-Gov Initiatives LoB, \$1.2 million

The fiscal year 2012 funding request of \$1.2 million will support the eGov LoB. Funding for this LoB will support the following e-Gov cross-agency initiatives: GovBenefits.gov (Managing Partner – DOL), Disaster Assistance Improvement Plan (Managing Partner – DHS/FEMA), E-Rulemaking (Managing Partner – EPA), Grants.gov (Managing Partner - HHS) and the Integrated Acquisition Environment (Managing Partner – GSA). HUD continues to provide support for innovative solutions that meet Departmental priorities, promote transparency and accountability, and encourage participation in government. Through the framework established by the E-Government Act of 2002 and the on-going collaborative efforts with other Federal agencies, HUD is providing simple, easy-to-use governmental services and information that are accessible, effective, and less burdensome for our customers. Additional funds for e-Gov Initiatives are provided through HUD’s Administration, Operations and Management account.

IT Infrastructure LoB, \$164.5 million

The departmental infrastructure investment directly supports HUD’s mission from a Departmental level as well as the mission of each program office. The investment provides the underlying IT infrastructure to support HUD’s 12,000 workstations and host over 200 business applications. This investment provides HUD with modernized enterprise-wide IT infrastructure services through the HUD Information Technology Services (HITS) contract and its follow-on contract(s) known as HUDNET.

HITS provides a firm fixed-price, performance-based solution for enterprisewide IT infrastructure service delivery. As part of the HITS program, HUD continues to refresh its IT infrastructure through initiatives that are within the fixed price contract baseline. Technology refresh is on a pre-defined cycle and ensures that the

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underlying infrastructure continues to meet HUD's business needs. Contractor performance is measured via a robust set of Service Level Agreements (SLAs) which are re-negotiated annually. SLAs are in place that measure important performance parameters related to each core function delivered through the HITS contract. There are over 29 SLAs with over 119 metrics that are independently evaluated by an Independent Verification and Validation (IV&V) contractor on a monthly, quarterly, semi-annual and annual basis. HITS contractors comply with all regulatory requirements and promote "green" IT initiatives, including the Federal Data Center Consolidation Initiative. Thin client solutions are also being evaluated to reduce power consumption and improve desktop security.

The HITS contract, originally targeted for re-competition in fiscal year 2011, is now targeted for fiscal year 2012 based on current acquisition planning and strategy efforts underway. The fiscal year 2011 IT infrastructure budget currently includes \$2 million to support transition efforts from the current IT infrastructure managed services contract, (HITS), to the follow-on contract(s) known collectively as HUDNET. The fiscal year 2012 IT Infrastructure budget includes \$27.0 million to support the continued transition to the final contract(s). The estimated total funding requirement for transition costs (\$71 million) remains unchanged; the \$27 million identified in fiscal year 2012 will initiate a phased transition to HUDNet.

The HUD infrastructure provides enterprise-wide services support to HUD Headquarters and 83 field offices, encompassing approximately 12,000 workstations (HUD employees, contractor support staff, conference and training rooms) and 242 business applications. The data center operates in a virtualized environment which provides capacity on demand, virtually zero down-time and rapid provisioning and deployment of new services. Infrastructure services to be funded in fiscal year 2012 include:

- **Data Center Services (Hardware, Software Support, Database Management, Disaster Recovery, Electronic Data Interchange, Printing and Distribution):** Provision, management, storage, maintenance, upgrade, backup, and operation of all computer hardware; provision, management, maintenance, and upgrade of the operating systems, layered products, commercial off-the-shelf software, and voice response systems; management, maintenance, and upgrade of the HUD/Internet/Intranet; management, monitoring, control, backup, support, and maintenance of all HUD databases on all servers and platforms consisting of IBM and Unisys mainframes, which host mission critical core business systems and a Windows and SUN virtualized environment with over 700 servers; disaster recovery services with real-time data replication for the Department's mission critical business systems. Database platform support services support for over 250 databases (Oracle, Sybase and Microsoft SQL, DB2, IMS, UDS, DMS 1100, RDMS 1100). HUD continues to modernize its systems and to automate greater parts of the business process, both to improve our internal capability for analysis and to improve responsiveness to our partners and the public. For example, the greater use of electronic mortgage files helps facilitate mortgage work with partners, but also requires significant new storage capacity. The uptrend in HUD's participation in the general mortgage market also has created greater processing demands and storage capacity requirements. Because these records are maintained and used for many years, this demand is multiyear in nature.
- **Application Management Services (Enterprise Engineering, Performance Modeling, Technology Assessment, System Acceptance, Integration and Test, Security, Configuration Management, Program Management, Tape Management, and Service Level Agreement Incentive):** Engineering services include analysis and decision support capabilities to identify and implement technology solutions; evaluation of new technologies that can improve the quality of service or efficiency to HITS users; testing and certification of all software applications and products prior to dissemination to the customer; integration and test of all new/modified software and hardware; development, implementation, and maintenance of security plans, threat analysis, business resumption plans, and critical infrastructure plans determined by legislation; incorporation and maintenance of security; access and protection of databases and communications; management of all configuration changes on all processing platforms; management functions related to staffing, planning, scheduling, and reporting; management and retention of tape library; and support for approximately 700 application maintenance releases/corrective fixes into the production environment annually. The email platform consists of 22 primary servers and 9 disaster recovery servers, with 3-year retention on all email messages. Security demands continue to grow and are especially important to the public since we maintain significant privacy data regarding many of the public. Security costs grow to meet the increased complexity and threats faced by all financial institutions with privacy data.

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- **Facilities Management:** Operational access to the facilities 24 hours per day, seven days per week.
- **Adjunct Services:** IT support for office relocations and renovations and HUD Television Network (HTN) satellite relocations and repairs.
- **Economic Price Adjustment:** Annual adjustment to the firm-fixed unit price of the HITS Option CLINs based on the Consumer Price Index (CPI).
- **End User Support Services (Wireless and Mobile Communications, Desktops, Notebooks and Help Desk):** Provision configuration, installation, upgrade, and maintenance of approximately 12,000 desktops and notebooks, which are refreshed every 48 months; over 4,500 equipment installation/moves/changes annually; software currency and on-site technical customer support; support for approximately 750 Blackberry devices and 450 broadband internet aircards; de-Centralized National Helpdesk responds to an average of 12,000 support calls per month.
- **Network and Telecommunication Services (Telecommunications, TV/Video Conferencing, LAN/WAN Administration and Wide Area Network (WAN) Circuits):** Over 300 high-speed wide area network circuits; nationwide video conferencing services averaging 700 conferences annually; webcasting services averaging 100 annually; mobile/remote access services for approximately 3,000 customers; Virtual Private Network (VPN) services to approximately 55 business partners; email services for over 14,000 email accounts (individual accounts and generic/group accounts) processing over 1.5 million messages. Increasingly, there is a demand for mobile and/or remote computing. This creates new costs for the IT infrastructure in terms of types of devices supported, access costs, and the need to provide remote solutions in a secure environment. This also includes non-HITS local telecommunication network connectivity services where those services can only be provided by local companies for a particular area.
- **Independent Validation and Verification:** Performance monitoring and technical expertise for oversight and delivery of HITS infrastructure services.
- **Accommodations for Persons with Disabilities:** Information technology support for disabled employees.
- **HITS Transition:** Transition from HITS to a new service provider is currently targeted to begin in fiscal year 2012. Transition will require continuity of services with the two existing HITS managed service providers and the new HUDNet provider(s).

As program Transformation Initiatives progress, the need for increased infrastructure capacity is anticipated. These increased costs will be offset by cost reductions experienced in transitioning from current manual and paper-based processes, as well as anticipated savings from the retirement of antiquated systems.

Infrastructure LoB Profile

Number of Systems/Users (Approximately)	Data	Analytics	Communication
8 General Support Systems hosting 242 Business Systems/ 15,000 Users	<p>Maintain an agile, scalable, redundant and secure IT infrastructure to ensure the integrity of the Department's business data</p> <p>Rapidly respond to litigation requests for electronically stored information (ESI)</p> <p>Update HITS Infrastructure to effectively meet significant increase in Housing business volumes</p>	<p>Maintain robust business intelligence tools</p> <p>Integrate data through the use of web mash-ups to rapidly create new innovative applications with business relevance</p>	<p>Maintain internet presence that serves over 1.7 million unique visitors a month, providing information, services, and access to over 50 different applications 24 hours a day, 7 days a week to its customers</p> <p>Improve the public's experience when doing business with HUD through a dynamic and interactive web portal</p> <p>Ensure increased demand for web-based HUD services can be accommodated without disruption to daily system operations</p>

Working Capital Fund

IT Management Direction and Support (Salaries & Expenses) \$42.1 million

The fiscal year 2012 funding request of \$42.1 million will support personnel and administrative services, including: salaries, training, travel, supplies, printing, and related indirect costs. The requested funding level enables the Department to support a staffing level of 300 FTE for IT-related functions in the Office of Chief Information Officer (OCIO), the Office of the Chief Financial Officer (OCFO), and the Office of the Chief Procurement Officer (OCPO).