



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

CHIEF FINANCIAL OFFICER

DEC 22 2004

The Honorable Richard B. Cheney  
President of the Senate  
Washington, DC 20510-0001

Dear Mr. President:

In accordance with section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199), please find enclosed the Department of Housing and Urban Development's report to Congress on its competitive sourcing efforts for FY 2004. Please note that HUD did not complete any competitions in FY 2004; however, HUD did announce one standard competition on April 1, 2004.

The competition involves the administration of the Office of Multifamily Housing's Non-Section 8 rental housing assistance contracts and assisted properties. The Government Accountability Office (GAO) and HUD's Office of Inspector General have both reported high risks and material weaknesses associated with HUD's rental assistance programs. The objective of the competition is to determine the appropriate level of resources and best available source for adequately administering and overseeing this activity. The competition is on schedule and expected to be completed by September 30, 2005.

As reported in the FY 2003 report, HUD has integrated competitive sourcing as a viable component of its strategic human capital management process. During FY 2004, HUD completed comprehensive workforce analyses and plans for the following four core business program offices: Housing, Public and Indian Housing, Community Planning and Development, and Fair Housing and Equal Opportunity. Once the workforce analysis was completed, each program Assistant Secretary was required to assess opportunities to fulfill identified existing or anticipated staffing or skill gaps through the competitive sourcing process. In addition, a Departmental Workforce Plan will be developed using the combined input of all four analyses, with the objective of comparing priority needs across the Department and making workforce management decisions that best serve the Department's mission. HUD's Competitive Sourcing Official and its Human Capital Executive Steering Committee will assess and decide upon additional competitions. HUD expects to announce and complete 4-5 new competitions with a total estimated FTE of 80 in FY 2005. As with the current competition, HUD will concentrate its efforts not only on achieving cost efficiency savings for the Department, but also on attaining improved program performance to meet the goals of the President's Management Agenda.

If your staff has questions or would like additional information on HUD's competitive sourcing efforts, please contact James M. Martin, Assistant Chief Financial Officer for Financial Management, at (202) 708-0614, extension 3706.

Sincerely,

A handwritten signature in black ink that reads "Carin Marcy Barth". The signature is written in a cursive style with a large, stylized initial "C".

Carin Marcy Barth

Enclosure

**DEPARTMENT OF HOUSING & URBAN DEVELOPMENT  
FY 2004 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

**Announced Competitions\***  
(Dollars in Millions)

Competition Description												
Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study**	Source Selection Strategy Used (If Known)	Start Date Mo/Yr	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)	
<b>COMPETITIONS</b>												
<b>SUBTOTAL, STREAMLINED COMPETITIONS</b>											N/A	
<b>STANDARD COMPETITIONS</b>												
Housing/FHA	D706	N/A	N/A	Non-Section 8 Multifamily Housing Contract Administration	Standard competition	Nationwide	394	N/A	04/04	0.145		
<b>SUBTOTAL, STANDARD COMPETITIONS</b>												0.145

**TOTAL, ALL  
COMPETITIONS**

0.145

**FY04 FIXED COSTS\*** 0.223 (estimated)

*\*Note: These costs are not competition-specific*