

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT

This section provides a consolidated justification for all Salaries and Expenses funds of the Department. Pursuant to 12 U.S.C.701(c)(3), the Secretary is authorized to consolidate all operating expenses into a single account to simplify day-to-day financial operations and provide some measure of flexibility in the use of personnel to carry out the wide variety of Departmental programs. This also permits simplification of personnel, payroll, management, and accounting procedures.

APPROPRIATION HIGHLIGHTS

The following table summarizes the funding sources and staffing included in this request.

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)					
<u>Budget Authority</u>					
From Appropriation Bill:					
Salaries and Expenses, HUD .	\$477,000	\$565,000	\$542,072	\$556,067	+\$13,995
Transfer from FHA Fund . . . .	\$518,000	\$518,000	\$516,860	\$530,457	+\$13,597
Transfer from GNMA . . . . .	\$9,383	\$9,383	\$9,362	\$9,383	+\$21
Community Planning					
Development (Sec. 108) . . . .	\$1,000	\$1,000	\$998	\$1,000	+\$2
America's Private Investment Companies Program Account . .	. . .	\$1,000	. . .	. . .	. . .
Title VI Indian Federal					
Guarantees Program Account .	\$150	\$150	\$150	\$150	+\$0
Indian Housing Loan					
Guarantee Fund Program					
Account . . . . .	\$200	\$200	\$200	\$200	+\$0
Subtotal . . . . .	\$1,005,733	\$1,094,733	\$1,069,642	\$1,097,257	+\$27,615
Other Transfers:					
Transfer from Revolving Fund					
for Liquidating Programs . . .	\$1,100	\$1,100	\$1,000	\$900	-\$100
Interstate Land Sales					
Registration Fees . . . . .	\$350	\$350	\$350	\$350	. . .
Manufactured Housing Fees . .	\$1,083	\$1,083	\$806	\$2,000	+\$1,194
Community Development Grants	\$152	\$55	\$34	\$34	. . .
PIH Technical Assistance					
Travel . . . . .	\$3,118	\$2,000	\$4,525	\$3,900	-\$625
Non-expenditure Transfer to					
GSA . . . . .	a/ -\$32	. . .	-\$309	-\$309	. . .
Subtotal . . . . .	\$5,771	\$4,588	\$6,406	\$6,875	+\$469
Subtotal . . . . .	\$1,011,504	\$1,099,321	\$1,076,048	\$1,104,132	+\$28,084
Outlays (net) . . . . .	\$433,000	\$544,760	\$542,000	\$553,000	+\$11,000
Full-Time Equivalents . . . . .	8,979	9,300	9,100	9,100	. . .

NOTE: The 2001 current estimate of \$1,069,642 thousand includes a rescission of \$2,348.4 thousand.

a/ Non-expenditure transfer to GSA is HUD's share of funding to pay for Governmentwide council activities.

Salaries and Expenses, Housing and Urban Development

SUMMARY OF BUDGET REQUEST

For fiscal year 2002, the requested appropriation is \$1,097,257 thousand, which consists of \$556,067 thousand in budget authority, and transfers of \$530,457 thousand from various FHA accounts, \$9,383 thousand from Ginnie Mae, \$1,000 thousand from Community Planning and Development in administrative funds (Section 108), \$150 thousand from Title VI Indian Federal Guarantees Program Account, and \$200 thousand from Indian Home Loan Guarantee Fund Program Account. Including reimbursements, fees and other sources, it is estimated that total obligations for "Salaries and Expenses" will be \$1,104,132 thousand. These funds will support 9,100 full-time equivalent staff.

The fiscal year 2002 Budget request of \$1,097,257 thousand represents the Department's required funding level to more effectively promote homeownership for Americans free from discrimination, revitalize communities, strengthen economic opportunities and restore public trust throughout the United States. Additionally, this funding level will enable the Department to execute programs and services outlined in the Annual Performance Plan.

There are no new initiatives proposed for fiscal year 2002, only the cost of doing business. The requested funding level includes baseline operational costs and an adjustment to personal services for inflation.

The increase in this justification is in the personal services object class and includes funding for the anticipated January 2002 pay raise, time in grade with-in-grade increases, promotions and increased benefits costs.

ESTIMATED OBLIGATIONS

The table below displays total obligations by object class and is followed by discussions of the estimates.

	ACTUAL	BUDGET	CURRENT		INCREASE +
	2000	ESTIMATE	ESTIMATE	ESTIMATE	DECREASE -
		2001	2001	2002	2002 vs 2001
		(Dollars in Thousands)			
Personal Services .....	\$711,480	\$761,300	\$756,332	\$798,727	+\$42,395
Travel and Transportation Of					
Persons .....	\$20,705	\$22,623	\$22,573	\$22,573	...
Transportation Of Things .....	\$341	\$847	\$370	\$370	...
Rent, Communications, and					
Utilities .....	\$119,862	\$127,000	\$119,427	\$119,427	...
Printing and Reproduction .....	\$5,335	\$3,700	\$4,644	\$4,644	...
Other Services .....	\$137,752	\$173,610	\$160,618	\$145,838	-\$14,780
Supplies and Materials .....	\$5,301	\$3,760	\$4,932	\$4,932	...
Furniture and Equipment .....	\$8,314	\$1,590	\$582	\$582	...
Insurance Claims and					
Indemnities .....	\$163	\$303	\$164	\$164	...
Total Obligations .....	\$1,009,253	\$1,094,733	\$1,069,642	\$1,097,257	+\$27,615

NOTE: Estimated obligations excludes "other transfers."

EXPLANATION OF CHANGES IN 2001 VS. 2000

1. Personal Services. Personal services costs include all salaries and personnel benefits which are paid by the Department. These include health and life insurance, the Government's contribution to employee retirement plans, accrued leave, and reimbursement for costs incurred during transfers, as well as salary and overtime payments and payments made to the Employees' Compensation Fund (ECF) for the medical support of former employees who have job-related medical problems.

Personal services costs also include payments to or for former personnel, including payments to the Federal Employee Compensation Account (FECA), which is a vehicle for reimbursing the various States for unemployment compensation payments made to former HUD employees. The FECA program is administered by the Department of Labor. In addition, severance pay for employees who have been involuntarily separated is directly provided to eligible former employees.

Salaries and Expenses, Housing and Urban Development

The fiscal year 2002 estimate is \$798,727 thousand and will fund approximately 9,100 FTE. This level of funding reflects an increase of \$42,395 thousand and will cover increases to the average cost per FTE, within-grade increases, benefits, terminal leave payments, transit subsidy, and relocation costs.

2. Travel and Transportation of Persons. This category represents the transportation of Government employees and/or other persons who travel under the auspices of the Federal Government, their per diem allowances when in authorized travel status, and other expenses incidental to travel which are paid by the Government directly or by reimbursing the traveler. It consists of travel both away from the official duty station and in and around the official station of an employee.

The fiscal year 2002 estimate is \$22,573 thousand which is level with the fiscal year 2001 current estimate. Travel supported by this request includes program and function activities, such as monitoring and inspecting, and training travel.

3. Transportation of Things. This classification consists of charges for the transportation of things and the care of such things while in the process of being transported. It includes rental trucks and other transportation equipment, and reimbursement to Government personnel for authorized movement of household effects or house trailers.

The fiscal year 2002 estimate is \$370 thousand, which is level with the fiscal year 2001 current estimate.

4. Rent, Communications, and Utilities. The funds under this object classification provide for all rental costs--both space and equipment--communication services, and utilities. The major cost associated with this object class is real property rental. The General Services Administration establishes rental rates and provides cost estimates for the space requirements identified by the Department.

The fiscal year 2002 estimate is \$119,427 thousand, which is level with the fiscal year 2001 current estimate. The Department estimates that the average annual increase due to inflation will be offset by savings in space allocation achieved through office consolidations. However, it is important to note that the Department may need to incur "build out" costs to achieve future space savings.

5. Printing. The funds included under this object class represent the cost of contractual printing and reproduction services, and related composition and binding operations performed by or through the Government Printing Office (GPO).

The fiscal year 2002 estimate is \$4,644 thousand, which is level with the fiscal year 2001 current estimate.

6. Other Services. This object class encompasses a wide array of services that are not captured in the other object classes. The types of services included are training; storage of household goods; data processing services; contracts such as data and statistical collection and analysis, management studies, technical, and public information services; and other services such as health services, library services, stenographic services, visual art services, etc.

The fiscal year 2002 estimate of \$145,848 thousand is a decrease of \$14,780 thousand to the fiscal year 2001 current estimate. This object class contains two major areas of expenditure: automated data processing (ADP) at \$85,000 thousand and all other services, including contracts at \$60,838 thousand. A \$14,780 thousand decrease in ADP Services reflects accomplishments in fiscal year 2001 towards enhancing the Department's infrastructure, as well as the implementation of a comprehensive information technology investment strategy. The Department will continue to actively invest in information technology and expand use of electronic communications with clients and business partners. For fiscal year 2002, it is the Department's decision to use the savings generated in information technology in personal services to partially offset the funding required to support the requested 9,100 FTE. No change to the fiscal year 2001 current estimate is being proposed for the Department's 2002 contractual activity.

The fiscal year 2002 estimate for training will be used to provide staff with new or strengthened skills to support objectives set forth in the Annual Performance Plan. The requested funding level will continue support of HUD's Upward Mobility Program, supervisory/management development training, professional skills development and career counseling activities. In addition, the Department will continue to provide technologically advanced training through distance learning and video conferencing systems.

7. Supplies and Materials. This object class identifies charges for commodities, whether acquired by formal contract or other form of purchase, that are ordinarily consumed or expended within 1 year after they are put into use, converted in the process of construction or manufacture, or used to form a minor part of equipment or fixed property.

The fiscal year 2002 estimate of \$4,932 thousand is level with the fiscal year 2001 current estimate.

Salaries and Expenses, Housing and Urban Development

8. Equipment. This object classification is used to support the purchase of various types of equipment. Equipment purchases may include, but are not limited to, office furniture and fixtures, office equipment, such as typewriters, quick copy machines and calculators; equipment to deliver in-house training and books.

The fiscal year 2002 estimate of \$582 thousand is level with the fiscal year 2001 current estimate. The requested level reflects accomplishments realized in immediately preceding fiscal years to install systems furniture throughout the Department and make workplace environments for the newly established Centers and satellite offices fully operational and compatible to receive and deliver training through cost-effective means of technology.

9. Insurance Claims and Indemnities. This object provides for the Federal Government's self insurance costs including court ordered payments. Historically, it is difficult to project these types of claims. In recent years average claims have ranged between \$100 thousand and \$500 thousand. The fiscal year 2002 estimate is \$164 thousand, which is level with the fiscal year 2001 current estimate.

ANNUAL PERFORMANCE PLAN FTE SUMMARY

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
<b>Strategic Goal 1: Increase the availability of decent, safe and affordable housing in American communities.</b>			
FTE	3,030	2,971	2,971
<b>Strategic Goal 2: Ensure equal opportunity in housing for Americans.</b>			
FTE	610	643	641
<b>Strategic Goal 3: Promote housing stability, self-sufficiency and asset development of families and individuals.</b>			
FTE	561	559	554
<b>Strategic Goal 4: Improve community quality of life and economic vitality.</b>			
FTE	560	562	562
<b>Strategic Goal 5: Ensure public trust in HUD.</b>			
FTE	4,218	4,320	4,327
Total	8,979	9,055	9,055

Following are selected Salaries and Expenses indicators:

Strategic Objective 5.1 HUD and HUD's partners effectively deliver results to customers			
5.1.1: HUD's workforce is empowered, capable and focused on results.	72 percent	To Be Determined	To Be Determined
5.1.a.o: HUD financial statements receive unqualified audit opinions.	Achieved	To Be Determined	To Be Determined
5.1.b: Ensure that contractors produce results by not less than 20 percent of total eligible service contract dollars using outcome or performance-based service contracting techniques (for contracts over \$25,000)	\$48.7 million	\$63.3 million	20 percent of all eligible contracts
5.1.b.5: The Resource Estimation and Allocation Process (REAP) initiative will be fully implemented and will establish a baseline for estimating resource requirements and prioritizing staff allocations by program and office.	Not Applicable	Not Applicable	Implementation 12/02 and baseline TBD