

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF THE CHIEF INFORMATION OFFICER
WORKING CAPITAL FUND

PROGRAM HIGHLIGHTS

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)					
<u>Reimbursement Authority</u>					
Departmental Accounts					
Salaries and Expenses	\$69,729	\$100,000	\$99,780	\$85,000	-\$14,780
Inspector General	<u>\$1,700</u>	<u>\$500</u>	<u>\$889</u>	<u>...</u>	<u>-\$889</u>
Subtotal	\$71,429	\$100,500	\$100,669	\$85,000	-\$15,669
Program Accounts					
FHA Fund	\$119,631	\$140,000	\$129,714	\$159,400	+\$29,686
Comm. Planning & Develop. ..	\$20,272	\$40,000	\$39,554	\$47,200	+\$7,646
Public and Indian Housing ..	\$53,381	\$42,200	\$44,901	\$55,700	+\$10,799
Other Program Accounts .....	...	...	...	...	...
Interagency Services	\$368	\$250	\$306	\$250	-\$56
Section 8 Program .....	...	...	\$10,976	\$13,400	+\$2,424
Section 202/811 Program	<u>...</u>	<u>...</u>	<u>\$998</u>	<u>\$1,200</u>	<u>+\$202</u>
Subtotal	\$265,081	\$322,950	\$327,118	\$362,150	+\$35,032
<u>Unobligated Balances (rounded)</u>					
Unob. Bal: SOY	\$32,139	\$10,000	\$24,803	\$1,353	-\$23,450
New Budget Authority	\$265,081	\$323,000	\$327,000	\$362,000	+\$35,000
Recovery: Prior Year Obl	\$2,681	\$1,500	\$1,500	...	-\$1,500
New Obligations	<u>-\$275,098</u>	<u>-\$324,500</u>	<u>-\$351,950</u>	<u>-\$362,000</u>	<u>-\$10,050</u>
Subtotal	\$24,803	\$10,000	\$1,353	\$1,353	...

OBLIGATIONS BY OBJECT CLASS

The following table shows estimated obligations for fiscal years 1999 through 2001 for the Working Capital Fund by object class:

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)					
Personal Services	\$29,851	\$43,500	\$32,823	\$44,000	+\$11,177
Travel and Transportation Of Persons	\$613	\$1,000	\$1,396	\$1,500	+\$104
Rent, Communications, and Utilities	\$43,208	\$56,000	\$45,030	\$46,000	+\$970
Other Services	\$191,978	\$202,850	\$239,739	\$249,700	+\$9,961
Supplies and Materials	\$368	\$650	\$555	\$800	+\$245
Furniture and Equipment	<u>\$9,081</u>	<u>\$20,500</u>	<u>\$32,407</u>	<u>\$20,000</u>	<u>-\$12,407</u>
Total Obligations	\$275,098	\$324,500	\$351,950	\$362,000	+\$10,050

STAFFING

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2001 vs 2000
Full-Time Equivalent.....	349	462	365	436	71

1. SUMMARY OF BUDGET REQUEST

The fiscal year 2002 Working Capital Fund (WCF) request for the Department of Housing and Urban Development (HUD) is \$362,000,000. The increase is largely due to the planning and development for a new contract to support the operation of the bulk of HUD's IT infrastructure - the HUD Integrated Information Processing Service (HIIPS) contract. HIIPS is the most significant IT infrastructure contract in the investment portfolio. The HIIPS contract will expire in May 2003 and recompetition planning efforts will require extensive resources in fiscal year 2002.

HUD continues to fundamentally transform its business, creating innovative partnerships, and focusing on value-added, integrated solutions. As technology continues to reshape the world, HUD is aligning itself to meet and exceed the rising expectations of business partners and citizens who look to HUD for vital services. To this end, HUD has positioned itself on the forefront of e-Government, becoming a knowledge-driven leader. It is the continuation of this leadership upon which HUD's IT goals and objectives are based. Accomplishing this, however, requires extensive planning, a strong IT portfolio investment and control process, an enterprise architecture (EA) to provide strategic direction, and adequate funding.

HUD has a firmly established an IT portfolio selection process, and the Department is implementing quarterly portfolio control reviews. In fiscal year 2001, HUD also refined and will test pilot an evaluation process for IT investments. HUD has developed a dynamic tool for the storage and analysis of enterprise architecture information, a baseline enterprise architecture, and an initial target architecture with a focus on business processes and systems supporting financial and grants management. The continuation of these efforts is crucial for ensuring that funding is leveraged to produce IT projects on time, within cost, and at the expected technical performance level. The EA will be continually updated and strengthened. It will be used to identify opportunities, uncover gaps, and ensure that investment decisions are aligned to properly support business needs.

HUD is continuing strategic investment in the modernization of its information technology infrastructure and systems. At the same time, until new development is complete and modern systems are operational, there is a continuing demand to maintain certain legacy systems.

In fiscal year 2001, the IT policy and planning functions at HUD were aligned with the Department's IT applications, systems, and infrastructure resources through a transformation of the Office of the Chief Information Officer (OCIO). The transition process is proceeding in an orderly and open manner. The new OCIO organization at HUD better reflects the need for greater accountability, a more accessible organization, and a smarter, more efficient operation. HUD is focusing on its core businesses, utilizing and aligning IT to meet business needs, and becoming a customer-centric, highly adaptable, 24-7-365 organization.

2. IT INVESTMENTS

A. Infrastructure

HUD is taking significant steps to upgrade its IT infrastructure by investing in modern high technology equipment. Such investments include enterprise servers, network servers, routers, frame-relays, proxy servers, and file servers. These infrastructure investments are critical for the modernization and enhancement of HUD operations and IT offerings. Although HUD continues to make prudent investments based on business needs while exploring opportunities to reduce operations and maintenance costs, the HUD IT infrastructure is the backbone of the organization and the foundation for efforts to advance e-Government and support the internal operations of the Department.

The desktop platform enables HUD staff to communicate with vendors and customers and to receive information from electronic mail and the Internet. The desktop platform also serves as an interface for HUD's applications, software, and tools that provide standard office functionality and enable HUD to use commercial-off-the-shelf

systems rather than more costly, customized solutions - a business decision consistent with the Clinger-Cohen Act. In fiscal year 2001, HUD is upgrading from Office 95 to Office 2000 to ensure that employees can communicate with third parties. HUD has been innovative in investing in stationary and mobile Kiosk technology and hardware, as well as hand-held computer devices for certain field workers. Efforts are continually made to stay abreast of emerging technologies.

HUD's core computing environment is continually developed and maintained through the HUD Integrated Information Processing Service (HIIPS) contract. The current HIIPS contract was awarded in 1990 to a single vendor responsible for the acquisition, installation, operation, and maintenance of HUD's IT infrastructure, including the procurement of all necessary computing hardware and software. HUD initiated the HIIPS investment to eliminate deficiencies and redundancies in the management of information systems. Prior to the HIIPS investment, the Department's information systems and telecommunications services were provided through 60 separate contracts. The HIIPS contract is vital to the day-to-day operations of the Department.

HIIPS is currently a combination fixed price and cost reimbursable contract. It is performance based, with an award fee determined bi-annually. The HIIPS contract will expire in May 2003. Recompetition planning for a procurement action of the size, scope, and complexity of HIIPS requires a disciplined approach to developing the acquisition strategy, as well as adequate lead time to draft the Request For Proposals, thoroughly evaluate bidders, award the contract, and transition from the current vendor to the winner. Planning for the original HIIPS contract spanned 4 years and involved the full-time work of an average of 30 government employees and contract support staff. The recompetition planning and implementation will require a significant investment of time and financial resources. The demands of the HIIPS recompetition planning initiative accounts for a major portion of the request for a net increase in WCF funding for fiscal year 2002.

B. IT Strategy and Policy Development

IT Strategy and Policy Development investments provide the "blueprint" necessary to develop and maintain the IT portfolio. HUD is a recognized government leader in the planning, development, and implementation of IT Capital Planning and Investment Control policies and procedures. The Department is at the forefront of governmental efforts to develop and implement an enterprise architecture and use it as a strategic tool to guide decision making. Not only has the Department developed an EA, it has invested in an interactive, Internet-based EA management system that will ensure the EA is current and allow for analysis and planning.

HUD is committed to remaining a leader in the strategy and policy development area. These activities will allow the Department to leverage its IT investments to further business goals and strategies. HUD is also committed to ensuring that its project managers and business area sponsors are adequately trained in basic and advanced techniques. HUD's IT Investment and Project Management Training program uses industry and government best practices, cases studies, and adult learning theory to ensure that its personnel are provided with the knowledge, tools, and techniques to develop and implement successful IT initiatives.

HUD continues to improve its policies, processes, and procedures. HUD contracted for an independent assessment of its ITIM process (based on a GAO framework) in fiscal year 2001 and developed an action plan to increase the maturity level of its processes by one stage per year. It is expected that HUD will reach stage three maturity by the close of fiscal year 2002.

HUD's e-Government planning is guiding efforts to transform the Department toward a customer - and business-partner-centered organization. HUD has also made great strides in security policy, data management policy, privacy policy, and knowledge management policy, among others. HUD is also increasing resources for business process improvement--a critical component for the automation of process and a key area of emphasis in the development of e-Government solutions. The Department has also invested in an independent assessment of its financial systems to ensure compliance with financial management systems statutes and regulations.

C. Maintenance

HUD's portfolio of IT systems requires ongoing corrective/adaptive maintenance for all operational systems. System maintenance costs are incurred until a system is retired or replaced. Maintenance activities include providing on-going user training, making minor coding changes when needed, and managing user support. HUD is making major investments to modernize its financial systems, consolidate its grants management systems, integrate its human resource systems, and combine certain help desk support operations. The development work on these investments is progressing. As these and similar investments become operational, a number of older systems will be retired and the high maintenance costs associated with these systems will be eliminated.

A key goal of the OCIO is to continually assess spending patterns and seek opportunities for consolidation and efficiency. The EA will be utilized further in fiscal year 2002 to identify gaps, targets, and opportunities to reduce maintenance in other areas.

D. Systems Development

There are two main sub-categories of systems development: ongoing systems development/enhancement and new systems development. Enhancing existing systems and building new functionality is executed, when possible, in modular fashion, with useful segments completed within 18 months from inception. The decision to invest in new technologies follows a careful and rigorous process that ensures that HUD invests only in those initiatives that provide the highest return and are closely linked with the Annual Performance Plan. Systems development at HUD is governed by the ITIM process, and any relevant funding proposals must be fully documented, have benefits that exceed costs, and be driven by business needs.

Systems development funding at HUD is also highly correlated with Departmental e-Government strategies and plans. HUD has a strategic plan for e-Government that is part of a larger effort to reform processes, modernize operations, and evolve into a customer-focused department.

HUD has focused on enterprisewide solutions and these efforts will increase as the Department moves from stovepipe systems toward integrated, business-oriented outcomes. HUD is committed to utilizing state-of-the-art applications that are implemented utilizing the best project management practices available.

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
Strategic Goal 5: Ensure public trust in HUD.			
FTE	349	365	436
5.1.L.1: During FY 2002, 8 mission-critical data systems will be assessed and those systems will be certified by the end of FY 2003.	Not Applicable	7	8