

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.

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	ACTUAL <u>2001</u>	ENACTED <u>2002</u>	ESTIMATE <u>2003</u>	INCREASE + DECREASE - <u>2003 vs 2002</u>
	(Dollars in Thousands)			
<u>Budget Authority</u>				
From Appropriation Bill:				
Salaries and Expenses, HUD .	\$542,072	\$556,067	\$509,529	-\$46,538
Transfer from FHA Fund . . . . .	\$516,860	\$530,457	\$548,203	+\$17,746
Transfer from GNMA . . . . .	\$9,362	\$9,383	\$10,343	+\$960
Community Planning Development (Sec. 108) . . . . .	\$998	\$1,000	\$1,000	...
Title VI Indian Federal Guarantees Program Account .	\$150	\$150	\$150	...
Indian Housing Loan Guarantee Fund Program Account . . . . .	\$200	\$200	\$200	...
Native Hawaiian Housing Loan Guarantee Fund . . . . .	...	\$35	\$35	...
Legislative Proposals . . . . .	...	...	\$50,642	+\$50,642
GSA Reimbursable Services ..	<u>...</u>	<u>...</u>	<u>\$769</u>	<u>+\$769</u>
Subtotal . . . . .	\$1,069,642	\$1,097,292	\$1,120,871	+\$23,579
Other Transfers:				
Transfer from Revolving Fund for Liquidating Programs ...	\$1,000	\$300	\$100	-\$200
Interstate Land Sales Registration Fees . . . . .	\$350	\$350	\$350	...
Manufactured Housing Fees ..	\$839	\$850	\$850	...
Community Development Grants	\$34	\$34	\$34	...
PIH Technical Assistance Travel . . . . .	\$2,500	\$3,900	...	-\$3,900
Non-expenditure Transfer to GSA . . . . .	<u>-\$309</u>	<u>-\$309</u>	<u>-\$309</u>	<u>...</u>
Subtotal . . . . .	<u>\$4,414</u>	<u>\$5,125</u>	<u>\$1,025</u>	<u>-\$4,100</u>
Subtotal . . . . .	\$1,074,056	\$1,102,417	\$1,121,896	+\$19,479
Outlays (net) . . . . .	\$553,000	\$556,000	\$544,000	-\$12,000
<u>FTE</u>				
Headquarters . . . . .	3,173	3,469	3,469	...
Field . . . . .	<u>5,753</u>	<u>5,631</u>	<u>5,631</u>	<u>...</u>
Subtotal . . . . .	8,926	9,100	9,100	...

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

SUMMARY OF BUDGET REQUEST

For fiscal year 2003, the requested appropriation is \$1,120,871 thousand, which consists of \$536,893 thousand in budget authority (including \$26,594 thousand for proposed legacy costs and \$769 thousand for General Services Administration (GSA) reimbursable services), and transfers of \$571,779 thousand from various FHA accounts (including \$23,377 thousand for proposed legacy costs), \$10,761 thousand from Ginnie Mae (including \$418 thousand for proposed legacy costs), \$1,040 thousand from Community Planning and Development in administrative funds (Section 108) (including \$40 thousand for proposed legacy costs), \$156 thousand from Title VI Indian Federal Guarantees Program Account (including \$6 thousand for proposed legacy costs), \$207 thousand from Indian Home Loan Guarantee Fund Program Account (including \$7 thousand for proposed legacy costs),

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and \$35 thousand from Public and Indian Housing's Native Hawaiian Loan Guarantee Program Account. Including reimbursements, fees and other sources, it is estimated that total obligations for "Salaries and Expenses" will be \$1,121,896 thousand. These funds will support 9,100 full-time equivalent staff.

The President's 2003 Budget corrects a long-standing understatement of the true cost of the Civil Service Retirement System (CSRS) and the Federal Health Benefits Program (FEHB). For some time, the accruing charge of CSRS and all retiree health benefits has been charged to central accounts. Beginning in fiscal year 2003, the Department's request reflects the shifting of these costs from central accounts to Salaries and Expenses, HUD. These CSRS costs are for current CSRS employees and the FEHB costs are for all post-retirement employees. The Department's total fiscal year 2003 request for funds associated with legacy costs is \$23,781 thousand for CSRS and \$26,861 thousand for FEHB. For comparability purposes, estimates for fiscal years 2001 and 2002 for CSRS are \$27,330 thousand and \$25,663 thousand, respectively, and for FEHB, \$23,458 thousand and \$25,101 thousand, respectively. In addition to funding for baseline operational costs adjusted for inflation, this request includes funding for the proposed legislation, as well as \$769 thousand for GSA reimbursable services.

The fiscal year 2003 Budget request of \$1,120,871 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. It also supports the President's Management Agenda in the areas of investment and strategic management of human capital, addressing material weaknesses, and increasing homeownership. This funding level will enable the Department to execute programs and services outlined in the Annual Performance Plan.

This request also includes the continuation of approximately \$3 million in funding for the new Center for Faith-Based and Community Initiatives (CFBCI) which was established by Executive Order 13198 on January 29, 2001. The purpose of CFBCI is to coordinate the Department's efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services. Further, CFBCI will play a key role in facilitating intra-Departmental and inter-Agency cooperation concerning the needs of faith-based and community organizations.

The increase in this justification includes personal services funding for the anticipated January 2003 pay raise, time in grade with-in-grade increases, promotions, and increased benefits costs, which includes funding for the above-mentioned legacy costs. Additional funding is being requested for travel (\$5.9 million) and other services (\$2.7 million) associated with technical assistance, which in the past was funded in program accounts. An increase is also being requested for rent, communications and utilities based on inflationary adjustments. All other objects of expenses remain level with 2002 estimates.

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ESTIMATED OBLIGATIONS

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

	ACTUAL <u>2001</u>	ENACTED <u>2002</u>	ESTIMATE <u>2003</u>	INCREASE + DECREASE - <u>2003 vs 2002</u>
	(Dollars in Thousands)			
Personal Services .....	\$740,765	\$798,727	\$830,693	+\$31,966
Legislative Proposals: ..				
Full Cost Active CSRS Emp. ...	\$0	\$0	\$23,781	+\$23,781
Full Cost Health Benefits ....	\$0	\$0	\$26,861	+\$26,861
Travel and Transportation Of				
Persons .....	\$18,172	\$19,608	\$25,508	+\$5,900
Transportation Of Things .....	\$523	\$370	\$370	...
Rent, Communications, and				
Utilities .....	\$120,469	\$119,427	\$125,529	+\$6,102
Printing and Reproduction .....	\$4,750	\$4,644	\$4,644	...
Other Services .....	\$171,448	\$148,838	\$77,807	-\$71,031
Supplies and Materials .....	\$5,721	\$4,932	\$4,932	...
Furniture and Equipment .....	\$5,994	\$582	\$582	...
Insurance Claims and				
Indemnities .....	<u>\$1,305</u>	<u>\$164</u>	<u>\$164</u>	<u>...</u>
Total Obligations .....	\$1,069,147	\$1,097,292	\$1,120,871	+\$23,579

NOTE: Estimated obligations excludes "other transfers."

ANALYSIS OF INCREASES AND DECREASES:

	2001 VS 2002	2002 VS 2003
	(Dollars in Thousands)	
Prior year obligations	\$1,069,147	\$1,097,292
Increase to personal services	57,962	82,608
Legacy Costs	0	[50,642]
Increase to travel and transportation of persons	1,436	5,900
Decrease to rent, communications and utilities	-1,042	6,102
Decrease to other services	-22,610	-71,031
Decrease to furniture and equipment	-5,412	0
Decrease to claims and indemnities	-1,141	0
All other changes	-1,048	0
Total Obligations	\$1,097,292	\$1,120,871

EXPLANATION OF INCREASES AND DECREASES:

Personal services costs increased by \$57,962 thousand in 2002 and by \$82,608 thousand in 2003. The changes are due to the following:

- changes to the average employment level result in an estimated increase of \$14,181 thousand in 2002 and no anticipated increase to employment levels in 2003;

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- the 4.6 percent pay raise which became effective during January 2002 is estimated to require an increment of \$25,587 thousand during 2002 and a further increase of \$8,529 thousand during 2003;
- the proposed pay raise of 2.6 percent which would become effective in January 2003 is expected to cost \$15,261 thousand during 2003;
- other changes in average FTE costs, such as within-grade increases and promotions, would result in an increase of \$14,282 thousand in 2002 and a further increase of \$8,176 thousand in 2003. The lower increase in 2003 reflects the Department's efforts to reduce the average cost per FTE. More specifically, hiring actions will be focused on bringing lower graded staff into the Department through intern programs and backfilling positions at lower grades.
- increased costs for benefits such as transit subsidy, child subsidy and relocation costs are expected to increase by \$3,912 thousand in 2002 and remain level in 2003; and
- proposed legislative changes in 2003 to affected salary and expense accounts to reflect the full cost of accruing benefits for current employees under the Civil Service Retirement System is estimated to require an additional \$23,781 thousand, and the accruing cost for post-retirement health care benefits for all employees is estimated to require an additional \$26,861 thousand;

Support costs have net decreases of \$29,817 thousand in 2002 and \$59,029 thousand in 2003. The changes are due to the following:

- travel requirements associated with a higher staff level in 2002, as well as increased monitoring and oversight of field activities and staff training, result in the need for a travel funding increase of \$1,436 thousand in 2002, and the decision to request technical assistance travel in the salaries and expenses account rather than the program accounts results in a further increase of \$5,900 thousand in 2003;
- miscellaneous equipment rental costs are expected to decrease \$1,042 thousand in 2002, and inflationary adjustments for postal services, other communication costs, and the payment to the General Services Administration (GSA) for space rental costs result in an increase \$6,102 thousand in 2003;
- a decrease of \$22,610 thousand in 2002 is due principally to the reduced level required for ADP services as well as one-time contractual agreements entered into in 2001. The further decrease of \$71,031 thousand in 2003 is the net result of the decision to request funding the Department's Working Capital Fund (WCF) in major part by direct appropriation, reducing the portion funded by the salaries and expenses account by \$74,500 thousand, partially offset by the decision to request \$2,700 thousand in technical assistance training dollars in the salaries and expenses account rather than the program accounts, and \$769 thousand for GSA reimbursable services.
- a decrease of \$5,412 thousand in 2002 for furniture and equipment purchases reflects a reduced requirement due to purchases made in 2001. No change to the 2002 level is anticipated for 2003.
- a decrease of \$1,141 thousand in 2002 for insurance claims and indemnities reflects large payments in 2001 which are not anticipated for 2002 or 2003; and
- a net decrease of \$1,048 thousand in 2002 for all other items such as transportation of things, printing, supplies, and other requirements which are included in this account. No additional funding is being requested for these items for 2003.

EXPLANATION OF CHANGES IN 2003 VS. 2002

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.

The fiscal year 2003 estimate is \$881,335 thousand and will fund approximately 9,100 FTE. This level of funding reflects an increase of \$82,608 thousand and will cover an anticipated 2.6% pay raise in January 2003, the full-cost of accruing benefits for current employees under the Civil Service Retirement System, post-retirement costs for health care benefits for all employees, increases to the average cost per FTE, within-grade increases, benefits, terminal leave payments, transit subsidy, and relocation costs.

An increase of \$23,781 thousand is due to the proposed legislation requiring each agency to pay the full-cost of retirement for their active Civil Service Retirement System (CSRS) employees. Basically, this reflects an increase from 7 percent to an average of 17.4 percent for the Department's share of the retirement benefit costs for active CSRS employees. In the last quarter of fiscal year 2001, active CSRS employees made up 48.4 percent of the Department's permanent staff. It is anticipated that a minimal number of CSRS staff will be among the new external staff hired to reach the requested fiscal year 2003 staffing level of 9,100 FTE.

An increase of \$26,861 thousand is due to the proposed legislation requiring each agency to pay the full-cost of post retirement health benefits for all employees. The estimated additional cost was calculated using factors established by the Office of Management and Budget. The additional cost assumes an additional \$3,434 for each of the 9,100 FTE requested for fiscal year 2003.

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 2003 estimate is \$25,508 thousand and reflects an increase of \$5,900 thousand over the 2002 current estimate. The increase is due principally to the decision to fund technical assistance travel with S&E funds rather than program funds, which has been the case in the past. This additional funding will support increased travel due to the expected increase in the number of troubled public housing agencies, essential site visits to severely distressed public housing (HOPE VI), and travel associated with the Indian Housing Block Grants program. This request will also cover anticipated higher costs due to inflation. 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 2003 estimate is \$370 thousand, which is level with the 2002 estimate.

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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 (GSA) establishes rental rates and provides cost estimates for the space requirements identified by the Department.

The fiscal year 2003 estimate is \$125,529 thousand, which is \$6,102 thousand over the 2002 estimate, and principally reflects an increase in the rental payment to the GSA based on GSA adjusted rental rates and inflationary adjustments for postal services and other communications. This estimate includes anticipated savings in space allocation achieved through office consolidations.

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 2003 estimate is \$4,644 thousand, which is level with the fiscal year 2002 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. This budget request proposes new and increased contractual activity in support of the President's Management Agenda as discussed below.

The fiscal year 2003 estimate of \$77,807 thousand is a decrease of \$71,031 thousand to the fiscal year 2002 estimate. This object class includes automated data processing (ADP) at \$10,500 thousand and all other services, including contracts at \$67,307 thousand.

A decrease of \$74,500 thousand, from \$85,000 thousand to \$10,500 thousand, is being proposed for ADP Services and reflects the decision to request a direct appropriation for approximately three quarters of the total funding of the Department's Working Capital Fund, with the remaining requirement consisting of transfers from program accounts. The direct appropriation amount will cover normal operations such as infrastructure and maintenance costs for the Department, and the program specific funding will continue to be requested and justified by the various elements and be shown under their appropriations. Program transfers will be principally for new systems development. The Department will continue to actively invest in information technology and expand use of electronic communications with clients and business partners. The proposed decrease in 2003 is partially offset by an increase of \$2,700 thousand for technical assistance training funds which were previously requested in the program accounts, and \$769 thousand for GSA reimbursable services. Following are some examples of the type and purpose of work being proposed for outsourcing in 2003, which support the President's Management Agenda:

Community and Faith-Based Initiatives -- contractual support to expand outreach efforts conducted by the new Faith-Based and Community Initiatives Program established during fiscal year 2001. Plans are to annually conduct several inter-agency summits to increase diversity among faith-based and community groups;

Investment in Human Capital -- plans include increased training enrollments, an IAA with the Department of Transportation for HUD's new Virtual University, the determination of HUD's Core Competency Initiatives for development of a Workforce Planning Strategy, Quality Assurance Needs Assessment Studies, a Tuition Reimbursement program, as well as, maintain the Upward Mobility Program, supervisory/management development training, professional skills development and career counseling activities. Also, beginning in fiscal year 2003, the HUD Training Academy will train HUD staff on cultural awareness and government contracting pertaining to the Indian Housing Block Grants Program. In prior years, this type of training was paid with program technical assistance funds. In addition, the Department will continue to provide technologically advanced training through distance learning and video conferencing systems.

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Strategic Management of Human Capital - management studies to support implementation of the Department's Resource Estimation and Allocation Process (REAP) and its associated FTE verification component known as the Total Estimation Allocation Mechanism (TEAM), business process reengineering studies, and support to update policies and procedures;

Addressing Material Weaknesses - entering into an interagency agreement for preparing the Single Audit Clearinghouse Report and for Audit Services;

Increased Homeownership - provide technical assistance to HUD program recipients with disabilities—through seminars, Internet, mailings, etc. and increase support for fair housing enforcement with regards to accessibility requirements, as well as public information services for further education and outreach to Limited English Proficiency (LEP) persons to increase awareness of federally conducted programs and provide Title VI policy guidance to LEP advocates and communities.

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 2003 estimate of \$4,932 thousand is level with the 2002 estimate.

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 2003 estimate of \$582 thousand level with the 2002 estimate. The reduction in 2002 reflects accomplishments realized in 2001 through installation of systems furniture throughout the Department.

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 2003 estimate is \$164 thousand which is level with the 2002 estimate.



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ESTIMATED OBLIGATIONS AND FULL-TIME EQUIVALENT SUMMARY

PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)

<u>ACTIVITY</u>	<u>Fiscal Year 2001</u>		<u>Fiscal Year 2002</u>		<u>Fiscal Year 2003</u>	
	<u>\$ in 000's</u>	<u>FTE</u>	<u>\$ in 000's</u>	<u>FTE</u>	<u>\$ in 000's</u>	<u>FTE</u>
Housing						
Headquarters	\$63,653	711	\$74,484	787	\$83,092	787
Field	<u>196,658</u>	<u>2,550</u>	<u>211,158</u>	<u>2,590</u>	<u>235,561</u>	<u>2,590</u>
Subtotal	260,311	3,261	285,642	3,377	318,653	3,377
Government National Mortgage Assn.						
Headquarters	6,364	66	6,932	68	7,733	68
Public and Indian Housing						
Headquarters	68,446	761	77,968	820	86,979	820
Field	<u>59,422</u>	<u>726</u>	<u>68,875</u>	<u>796</u>	<u>76,835</u>	<u>796</u>
Subtotal	127,868	1,487	146,843	1,616	163,814	1,616
Community Planning and Development						
Headquarters	22,111	233	20,365	203	22,719	203
Field	<u>44,020</u>	<u>551</u>	<u>50,843</u>	<u>602</u>	<u>56,719</u>	<u>602</u>
Subtotal	66,131	784	71,208	805	79,438	805
Fair Housing and Equal Opportunity						
Headquarters	14,157	157	14,871	156	16,590	156
Field	<u>37,419</u>	<u>478</u>	<u>40,302</u>	<u>487</u>	<u>44,960</u>	<u>487</u>
Subtotal	51,576	635	55,173	643	61,550	643
Policy Development and Research						
Headquarters	11,156	112	12,109	115	13,508	115
Field	<u>3,847</u>	<u>40</u>	<u>3,762</u>	<u>37</u>	<u>4,197</u>	<u>37</u>
Subtotal	15,003	152	15,871	152	17,705	152
Departmental Management						
Headquarters	13,592	146	18,109	184	20,202	184
Healthy Homes & Lead Hazard Control						
Headquarters	2,168	22	3,855	37	4,301	37
Chief Financial Officer						
Headquarters	11,742	147	14,862	176	15,711	176
Field	<u>4,624</u>	<u>62</u>	<u>4,652</u>	<u>59</u>	<u>5,190</u>	<u>59</u>
Subtotal	16,366	209	19,514	235	20,901	235
General Counsel						
Headquarters	36,911	392	43,002	432	47,972	432

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Field	<u>21,458</u>	<u>230</u>	<u>24,657</u>	<u>250</u>	<u>27,507</u>	<u>250</u>
Subtotal	58,369	622	67,659	682	75,479	682

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**PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)**

(Dollars in Thousands)

	<u>Fiscal Year</u>		<u>Fiscal Year</u>		<u>FTE</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>FTE</u>	
Administration					
Headquarters	32,361	425	31,371	390	32,878
Field	<u>18,450</u>	<u>259</u>	<u>23,872</u>	<u>317</u>	<u>26,631</u>
Subtotal	50,811	684	55,243	707	59,509
Field Policy and Management					
Headquarters	0	0	2,512	23	2,802
Field	<u>72,110</u>	<u>857</u>	<u>43,334</u>	<u>493</u>	<u>48,342</u>
Subtotal	72,110	857	45,846	516	50,509
Faith Based & Community Development Initiatives					
Headquarters	96	1	812	8	906
Intern Programs	0	0	6,020	70	6,879
Summary					
Headquarters	282,757	3,173	327,272	3,469	355,393
Field	<u>458,008</u>	<u>5,753</u>	<u>471,455</u>	<u>5,631</u>	<u>525,942</u>
Total	740,765	8,926	798,727	9,100	881,335

NOTE: In the above table, personal services for each program includes a prorated share of centrally funded costs such as the Federal Employee Compensation Act payment (Workers' Compensation), Change of Station, Transit Subsidy, Unemployment, and in 2003, legacy costs for active Civil Service Retirement System employees and post-retirement health care benefits for all employees.

CHANGES 2001 TO 2002

Changes from the 2001 actual to the 2002 enacted reflects an increase of \$57,962 thousand and 174 FTE. The additional funding is required as follows:

- \$14,181 thousand for additional FTE;
- 25,587 thousand for the January 2002 pay raise;
- 14,282 thousand for changes to average FTE costs due principally to within-grade increases, promotions and increased health benefit costs; and
- 3,912 thousand for benefits such as transit subsidy, child subsidy, and change of station costs.

The additional 174 FTE will be distributed throughout the Department in accordance with the newly implemented Resource Estimated Allocation Process (REAP) discussed in more detail elsewhere in these justifications.

CHANGES 2002 to 2003

Changes from the 2002 enacted level to the 2003 request reflects an increase of \$82,608 thousand. The additional funding is required as follows:

- 8,529 thousand for the January 2002 pay raise;
- 15,261 thousand for the January 2003 pay raise;

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8,176 thousand for changes to average FTE costs due principally to within-grade increases and promotions;  
23,781 thousand for the full cost of accruing benefits for current employees under the Civil Service Retirement System; and  
26,861 thousand for the accruing cost for post-retirement health care benefits for all employees.

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DISTRIBUTION OF STAFF BY GRADE LEVEL

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 VS 2002
Executive Level I	1	1	1	0
Executive Level II	2	2	2	0
Executive Level III	0	0	0	0
Executive Level IV	6	11	11	0
Executive Level I	0	0	0	0
Subtotal	9	14	14	0
ES-6	10	10	10	0
ES-5	14	17	17	0
ES-4	17	15	15	0
ES-3	7	8	8	0
ES-2	14	16	16	0
ES-1	18	37	37	0
Subtotal	80	103	103	0
GS/GM-15	838	848	831	-17
GS/GM-14	1,200	1,213	1,189	-24
GS/GM-13	2,218	2,207	2,185	-22
GS-12	2,386	2,387	2,402	15
GS-11	473	489	505	16
GS-10	57	66	66	0
GS-9	401	461	477	16
GS-8	89	86	86	0
GS-7	829	867	883	16
GS-6	101	105	105	0
GS-5	100	116	116	0
GS-4	172	174	174	0
GS-3	21	19	19	0
GS-2	34	28	28	0
GS-1	5	2	2	0
Subtotal	8,924	9,068	9,068	0
Total	9,011	9,185	9,185	0
Average GS/GM Grade	11	11	11	0

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ANNUAL PERFORMANCE PLAN FTE SUMMARY

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
<b>Strategic Goal 1: Make the home-buying process less complicated, the paperwork less demanding and the mortgage process less expensive.</b>			
FTE			
Headquarters	13	23	23
Field	50	50	50
Subtotal	63	73	73
<b>Strategic Goal 2: Help families move from rental housing to homeownership.</b>			
FTE			
Headquarters	272	321	321
Field	1,386	1,496	1,496
Subtotal	1,658	1,817	1,817
<b>Strategic Goal 3: Improve the quality of public housing and provide more choices for its residents.</b>			
FTE			
Headquarters	953	987	979
Field	1,390	1,418	1,412
Subtotal	2,343	2,405	2,391
<b>Strategic Goal 4: Strengthen and expand faith-based and community partnerships that enhance communities.</b>			
FTE			
Headquarters	6	14	20
Field	55	56	56
Subtotal	61	70	76
<b>Strategic Goal 5: Effectively address the challenge of homelessness.</b>			
FTE			
Headquarters	39	36	36
Field	115	122	122
Subtotal	154	158	158
<b>Strategic Goal 6: Embrace high standards of ethics, management and accountability.</b>			
FTE			

Salaries and Expenses, Housing and Urban Development

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Headquarters	1,568	1,762	1,761
Field	1,753	1,456	1,457
Subtotal	3,321	3,218	3,218
<b>Strategic Objective 6.1: Improve HUD's management and internal controls, including FHA's financial management and resolve audit issues.</b>			
The Resource Estimation and Allocation Process will be fully implemented and will establish a baseline for managing resource requirements and prioritizing staffing allocations by program and office.	Achieved	Implemented	Implemented
HUD will continue implementing its five-year plan to reduce the numbers of managers and supervisors and organizational layers in the Department.	NA	To be Determined	To be Determined
HUD will pursue training and development and recruitment strategies designed to ensure that critical positions are filled.	NA	To be Determined	To be Determined
<b>Strategic Objective 6.2: Improve accountability, service delivery and customer service of HUD and our partners.</b>			
Indicator: HUD employees become more satisfied with the Department's performance and work environment.	NA	To be Determined	To be Determined
<b>Strategic Goal 7: Ensure equal opportunity and access to housing.</b>			
FTE			
Headquarters	188	192	194
Field	660	671	677
Subtotal	848	863	871
<b>Strategic Goal 8: Support community and economic development efforts.</b>			
FTE			
Headquarters	134	134	135
Field	344	362	361
Subtotal	478	496	496
<b>Total FTE, S&amp;E</b>			
<b>Headquarters</b>	<b>3,173</b>	<b>3,469</b>	<b>3,469</b>
<b>Field</b>	<b>5,753</b>	<b>5,631</b>	<b>5,631</b>
<b>FTE Total</b>	<b>8,926</b>	<b>9,100</b>	<b>9,100</b>

Salaries and Expenses, Housing and Urban Development

NA = Not Applicable