

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WORKING CAPITAL FUND

For additional capital, the Working Capital Fund (42 U.S.C) was established pursuant to section 7 for the development of, modifications to, and infrastructure for Departmentwide information technology systems, and for the continuing operation of both Departmentwide and program-specific information systems.

Appropriation Highlights

The following table summarizes the funding sources for the proposed new account structure.

				INCREASE +
				DECREASE -
	<u>ACTUAL</u> <u>2001 a/</u>	<u>ENACTED</u> <u>2002 a/</u>	<u>ESTIMATE</u> <u>2003</u>	<u>2002 VS</u> <u>2003</u>
(Dollars in Thousands)				
<u>Budget Authority</u>				
From Appropriation Bill				
Direct Appropriation	\$276,300	\$276,300
Leg. Proposal (CSRS/FEHB)	<u>2,437</u>	<u>2,437</u>
Subtotal	278,737	278,737
<u>Reimbursable Authority</u>				
Transfer from Housing				
Certificate Fund	. . .	\$13,400	\$3,000	-\$10,400
Transfer from Public				
Housing				
Capital Fund	. . .	52,700	18,600	-34,100
Transfer from Native				
American				
Housing Block Grants	. . .	3,000	600	-2,400
Transfer from Community				
Development Fund	. . .	13,800	3,400	-10,400
Transfer from HOME				
Investment				
Partnership Program	. . .	17,000	1,100	-15,900
Transfer from Homeless				
Assistance Grants	. . .	5,600	1,500	-4,100
Transfer from Housing for				
Special Populations	. . .	1,200	500	-700
Transfer from FHA MMI	. . .	118,400	21,360	-97,040
Transfer from FHA GI/SRI	. . .	41,000	14,240	-26,760
Transfer from Salaries and				
Expenses	. . .	85,000	10,500	-74,500
Transfer from the Office of				
Inspector General	300	300
Interagency Agreements	. . .	<u>306</u>	<u>306</u>	<u>. . .</u>
Subtotal Transfers	. . .	351,406	75,406	-276,000
Total	. . .	351,406	354,143	2,737

a/ Please reference the budget table on page two for fiscal year 2001. Fiscal year 2002 is shown for comparison purposes.

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CURRENT ACCOUNT STRUCTURE

PROGRAM HIGHLIGHTS

	<u>ACTUAL</u> 2001	<u>ENACTED</u> 2002	<u>ESTIMATE</u> 2003 a/	INCREASE + DECREASE - <u>2003 vs 2002</u>
	(Dollars in Thousands)			
<u>Reimbursement Authority</u>				
Departmental Accounts				
Salaries and Expenses	\$102,937	\$85,000	...	-\$85,000
Inspector General	<u>\$932</u>	...	...	...
Subtotal	\$103,869	\$85,000	...	-\$85,000
Program Accounts				
FHA Fund	\$129,714	\$159,400	...	...
Comm. Planning & Develop. ..	\$39,554	\$36,400	...	-\$36,400
Public and Indian Housing ..	\$50,725	\$55,700	...	-\$55,700
Other Program Accounts .....	...	...	...	...
Interagency Services	\$306	\$306	...	-\$306
Section 8 Program	\$10,976	\$13,400	...	-\$13,400
Section 202/811 Program	\$998	\$1,200	...	-\$1,200
Transfer to CIO Council	<u>-\$191</u>	...	...	...
Subtotal	\$335,951	\$351,406	...	-\$192,006
<u>Unobligated Balances (rounded)</u>				
Unobligated Balance: SOY	\$24,803	\$23,772	...	-\$23,772
New Budget Authority	\$336,142	\$351,406	...	-\$351,406
Recovery: Prior Year Obl	\$2,488	\$2,000	...	-\$2,000
New Obligations	<u>-\$339,661</u>	<u>-\$376,200</u>	...	<u>+\$376,200</u>
Subtotal	\$23,772	\$978	...	-\$978

a/ The table on page one reflects the new account structure for fiscal year 2003.

OBLIGATIONS BY OBJECT CLASS

The following table shows estimated obligations for fiscal years 2001 through 2003 for the Working Capital Fund by object class:

Working Capital Fund

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
(Dollars in Thousands)				
Personal Services	\$30,826	\$36,000	\$40,437	+\$4,437
Travel and Transportation Of Persons	\$441	\$1,500	\$1,500	...
Transportation Of Things	\$150	\$0	\$0	...
Rent, Communications, and Utilities	\$35,455	\$40,000	\$40,000	...
Printing and Reproduction	\$17	\$0	\$0	...
Other Services	\$223,309	\$262,900	\$236,366	-\$26,534
Supplies and Materials	\$469	\$800	\$840	+\$40
Furniture and Equipment	<u>\$48,994</u>	<u>\$35,000</u>	<u>\$35,000</u>	<u>...</u>
Total Obligations	\$339,661	\$376,200	\$354,143	-\$22,057

STAFFING

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
Full-Time	354	380	380	. . .
Equivalents.....				

SUMMARY OF BUDGET REQUEST

The fiscal year 2003 Working Capital Fund (WCF) request for the Department of Housing and Urban Development (HUD) is approximately \$354,000,000; comprised of \$279 million in new budget authority and \$75 million in reimbursable authority transfers from HUD program areas. This is no increase over the fiscal year 2002 WCF funding level, after removal of prior-year carryover funds.

HUD continues to create innovative partnerships and focus on value-added, integrated solutions. As the expectations of business partners and citizens who look to HUD for vital services rise, HUD is aligning itself to meet and exceed their needs. To this end, HUD has positioned itself on the forefront of e-Government, becoming a knowledge-driven leader. HUD is also providing support, training, and adaptive computer equipment as necessary to ensure access to HUD's systems by the disabled.

HUD also continues to stress the importance of enterprise initiatives that eliminate duplication, assist in streamlining, and reduce paperwork. Enterprise initiatives also assist the Department in complying with the Clinger-Cohen Act. At the same time, HUD continues to aggressively control spending on the maintenance of systems and infrastructure, curtailing additional investments in obsolete or redundant systems and making strategic investments in new technology. It is the continuation of this leadership upon which HUD's fiscal year 2003 Information Technology (IT) goals and objectives are based. Accomplishing this, however, requires extensive planning, a strong IT portfolio investment and control process that emphasizes performance measurement, an enterprise architecture (EA) to provide strategic direction, and adequate funding.

HUD has a firmly established IT investment management (ITIM) process that continues to evolve, adapt, and mature based on emergent requirements and lessons learned. HUD has implemented quarterly portfolio control reviews that focus on cost, schedule, and performance. In fiscal year 2003, HUD will conduct numerous post implementation evaluation reviews for IT investments in accordance with the ITIM process. HUD also

continues to improve the dynamic tool developed for the storage and analysis of enterprise architecture information and will soon establish a complete target architecture that will require continued governance and maintenance. The continuation of these efforts is crucial for ensuring that funding is leveraged to produce IT projects on time, on cost, and at the expected technical performance level. The EA 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.

The process for transitioning the IT policy and planning functions at HUD to align with the Department's IT applications, systems, and infrastructure resources is nearly complete. The new Office of Chief Information Officer (OCIO) organization at HUD better reflects the needs for greater accountability, a more accessible organization, and a smarter, more efficient operation. HUD is focusing on its core businesses, and utilizing and aligning IT to meet business needs.

IT INVESTMENTS

A. Infrastructure

HUD continues to upgrade its IT infrastructure by investing in modern high technology equipment. Such investments include enterprise servers, network servers, routers, frame-relays, proxy servers, file servers, printers, notebooks, and workstations. These infrastructure investments are critical for the modernization and enhancement of HUD operations and IT offerings. Although HUD continues to explore opportunities to reduce operations and maintenance costs and make prudent investments based on business need, the HUD IT infrastructure is the backbone of the organization and the foundation for efforts to advance e-Government, as well as improving and supporting the internal operations of the Department.

The desktop platform enables HUD staff to communicate with vendors, customers and receive information from electronic mail and the Internet. The desktop platform also serves as an interface for HUD's applications and for software and tools that provide standard office functionality and enables HUD to use commercial-off-the-shelf rather than customized solutions consistent with the Clinger-Cohen Act. In fiscal year 2003, HUD will be upgrading from Windows 95 to Windows 2000 Professional because it provides a stable and supported platform. Windows 2000 also solves disk-space issues and ongoing file compatibility problems, enhances productivity of existing applications, and provides additional tools to HUD staff. This upgrade will be a monumental undertaking that requires testing all applications, modifying applications, integrating the operating system with the network, determining proper configurations, and testing reliability.

HUD's core computing environment for information technology (IT) services is currently developed and maintained through the HUD Integrated Information Processing Service (HIIPS) contract. The current HIIPS contract was awarded in 1990 to a single vendor. Prior to the HIIPS investment, the Department's information systems and telecommunications services were provided through 60 separate contracts. The HIIPS contract will expire in May 2003.

HUD is in the process of finalizing a procurement strategy that will satisfy its programmatic and operational needs for IT services. In the near future, the Department will be conducting a recompetition to provide a full range of integrated IT services for its nationwide operations. This project is designated as the HUD Information Technology Service (HITS). Services include data processing and management, data recovery, printing and distribution, LAN communications, LAN and PC maintenance, wide area network services, TV and video conferencing, web site administration, and additional related services. A performance-based contract will allow the contractor(s) to serve as a partner in achieving the Department's goals and objectives.

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 EA 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 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 contracts for an independent assessment of its ITIM process (based on a GAO framework) annually and then develops 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 Calendar Year (CY) 2003.

HUD's e-Government planning is guiding efforts to transform the Department toward a customer- and business-partner centric organization. E-Gov enables our staff to process less paper and move into more customer-facing roles that provide increased levels of service to our citizens and business partners. HUD's February 2001, e-Gov Strategic Plan builds on the fundamental elements of HUD's mission, vision, and strategic goals. The plan also outlines short-term initiatives that are targeted for implementation between fiscal years 2001 through 2003, and long-term opportunities that are targeted for implementation between fiscal years 2004 through 2005. Satisfying Government Paperwork Elimination Act (GPEA) requirements are integrated into information technology budgeting and strategic planning processes throughout HUD.

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 in the development of e-Gov solutions.

C. Maintenance

HUD's portfolio of IT systems requires ongoing corrective/adaptive maintenance for all operational systems. Maintenance activities are often required to satisfy audit findings, support legislative mandates, and comply with standards and best practices. System maintenance costs are incurred until a system is retired or replaced. Maintenance includes systems operations and corrective/adaptive maintenance activities, such as ongoing user training, minor coding changes, and 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.

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. The ITIM process governs systems development at HUD and requires any funding proposals to be fully documented, have benefits that exceed costs, and be driven by business needs.

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. Systems development funding is in line with industry and government benchmarks.

HUD's fiscal year 2003 WCF request for systems development represents a continuing commitment to bring development expenditures in line with government and industry best practices. Planned development activities will allow HUD to adapt to changing business and user requirements, address GAO and IG deficiencies, and comply with legislative requirements like the Government Paperwork Elimination Act (GPEA), the Government Performance and Results Act (GPRA), the Section 504 and 508 accessibility requirements, Federal Financial Management Improvement Act (FFMIA), and the Government Information Security Reform Act (GISRA).

In fiscal year 2003, HUD will continue to develop the HUD Integrated Human Resources and Training System (HIHRTS), which will combine all HR information on a single platform facilitating strategic planning and resource management. HUD will improve its financial management systems by continuing the phased implementations of the FHA Subsidiary Ledger and Departmental General Ledger. In addition, HUD will continue to invest resources in the existing tenant eligibility systems in order to decrease the amount of excess subsidies paid out by the Department. HUD will also continue to invest in systems that assist the Department in assessing the performance of lenders, public housing authorities, and multifamily housing property owners.

ANNUAL PERFORMANCE PLAN SUMMARY

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Strategic Goal 6: Embrace high standards of ethics, management and accountability.			
FTE	354	380	380
Outcome Indicator 5.1.10. HUD will advance the goals of the E-government initiative to be reflected in more efficient, useful and transparent grant and other program processes.	NA	TBD	TBD

PERFORMANCE MEASURE

Strategic Goal 6: Embrace high standards of ethics, management and accountability.

Strategic Objective 6.1: Improve HUD's management and internal controls, including FHA's financial management, and resolve audit issues.

Indicator 6.1.9: The number of non-compliant financial management systems is reduced from 11 to 8.

Indicator 6.1.11: During fiscal year 2003, eight additional mission-critical data systems will be certified, increasing the total number of certified systems to fifteen.

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Indicator 6.1.12 The percentage of existing automated data systems and system development projects that achieve their performance goals increases by 5 percent from the fiscal year 2002 baseline.

Indicator 6.1.13 During fiscal year 2003 HUD will complete five milestones in support of its Computer Security Program.

Strategic Objective 6.2: Improve accountability, service delivery and customer service of HUD and our partners.

Indicator 6.2.10 HUD will advance the goals of the E-Government initiative to be reflected in more efficient, useful and transparent grant and other program processes.

Detail of Working Capital Fund Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2002 -----				----- Fiscal Year 2003 -----			
		Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
<u>Field Employment (Administration)</u>									
Operation									
DAS Office		2			3.0	2			3.0
Field Ops. & Technical Support		11			24.0	11			24.0
Provide IT Support	Number of HUD staff supported		7,416	12.67	45.0		7,416	12.67	45.0
Support IT infrastructure	Number of PCs, servers, printers, and laptops supported		11,320	11.62	63.0		11,320	11.62	63.0
Subtotal					135.0				135.0
<u>Headquarters Employment (Chief Information Officer)</u>									
Office of the Chief Information Officer									
Provide Program and Policy Support	NA		...	...		...	...		5.0
Subtotal					5.0				5.0
Administrative Services Staff									
Perform Personnel Management	# of CIO Personnel		360	127.50	22.0		360	127.50	22.0
Perform General Direction	# of CIO Personnel		360	36.54	6.3		360	36.54	6.3
Subtotal					28.3				28.3
Office of Central Information Management									
Develop and Manage the Enterprise Program Information Center (EPIC)	NA	1	...	...	7.0	1	...	...	7.0
Subtotal					7.0				7.0
Contract Oversight/monitoring									
Project management	# of projects managed		568	36.65	10.0		568	36.65	10.0
Subtotal					10.0				10.0
Office of IT Reform									
Capital Planning and Investment Control									

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Division

	# of Projects Over \$5 Million Per Fiscal Year								
Support, Develop and Report on the IT Portfolios Within HUD		40	520.00	10.0		40	520.00	10.0	
Subtotal				10.0				10.0	
Enterprise Architecture and Solutions Division									
Develop, Support and Maintain HUD's Enterprise Architecture (EA)	NA	2	...	...	8.0	2	...	...	8.0
Subtotal				8.0		5		8.0	
Office of Investment Strategies Policy and Management									
Establish and Implement an IT/IRM Policy and Governance Department-wide to Ensure Legislative Compliance	NA	9	...	...	14.0	9	...	...	14.0
Subtotal				14.0		5		14.0	
Office of Systems Integration and Efficiency									
Develop and Manage Critical Infrastructure Protection Assurance	# of IT Systems	192	27.08	2.5		240	22.00	2.5	
Develop and Manage Business Process Reengineering and Systems Integration	# of Reviews Conducted	4	1,300.00	2.5		7	735.00	2.5	
Develop and Manage Configuration Management	# of Components Requiring Configuration Management	252	20.97	2.5		350	15.00	2.5	
Develop and Manage Departmental Grants Management Systems (DGMS)	NA	...	...	6.5		...	...	6.5	
Coordinate the development and maintenance of systems	# of systems maintained and supported	242	440.11	51.0		232	459.11	51.0	
Subtotal				65.0		15		65.0	
Office of Security									
Office of Information Technology									
Immediate Office									
Provide General Direction	NA	2.0		2.0	
Subtotal				2.0				2.0	
Computer Services, Operations, and Maintenance Group									

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Provide General Direction	NA	3.0	3.0
Subtotal				3.0			3.0
Customer Services Division							
Manage Customer IT Support Services	# of Customers Supported	14,000	1.20	8.0	14,000	1.20	8.0
Provide ADPE and Audiovisual Conferencing Equipment Installation Services	# of Individual Desk Top Users Supported	14,000	0.74	5.0	14,000	0.74	5.0
Provide Customer Helpdesk Service and Training Support	# of Customers Supported	14,000	1.04	7.0	14,000	1.04	7.0
Provide Audio Visual Conferencing Equipment Acquisitions and Inventory Management Services	# of Individual Desk Top Users Supported	14,000	1.64	11.0	14,000	1.64	11.0
Subtotal				31.0			31.0
Telecom Processing Division							
Manage LAN, WAN, Internet, and Intranet services	# of Servers	521	19.96	5.0	521	19.96	5.0
Manage Technical Support and Network Infrastructure for Group Video Conferencing	# of Group Video Conferencing Units	87	11.95	0.5	87	11.95	0.5
Manage Technical Support and Network Infrastructure for FTS2001 (Federal Telecommunications System Contract)	# of Circuits	234	13.33	1.5	234	13.33	1.5
Subtotal				7.0			7.0
Departmental Platform and Processing Division							
Manage Client Servers and Lotus Notes Applications Environment	# of Lotus Note Accounts Supported	14,000	0.59	4.0	14,000	0.59	4.0
Manage Production Systems Environment	# of Application Systems Supported	220	121.00	12.7	234	113.00	12.7
Subtotal				16.7			16.7
Systems Engineering, Oversight and Performance Management Division							
Provide Systems Development Standards, Guidance and Technical Assistance to the Development Community	# of Systems Supported	236	61.69	7.0	236	61.69	7.0
Subtotal				7.0			7.0

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Systems Integrity and Quality Assurance Division

Provide a Sterile, Independent Environment Where Products are Integrated, Tested and Certified Against HUD-Approved Standard IT Resources	# of Applications, Plus COTS, That Go Through the Test Center	552	49.35	13.0	552	49.35	13.0
Provide Day-to-Day Security Operations and Consultant Services in Compliance with Federal and Regulatory Security Policy	# of Customer Service Account Transactions Processed Per Year	26,000	0.40	5.0	26,000	0.40	5.0
Provide an Automated, End-to-End Change Control Process in Support of the Systems Development Life-Cycle, Using Certified Configuration Management Technology	# of Applications, Plus COTS, That Go Through the Test Center	550	11.35	3.0	550	11.35	3.0
Subtotal				21.0			21.0
Chief Information Officer Total				235.0	235.0		
Office of Chief Financial Officer							
Manage Working Capital Fund	# of Contract Action (HPS) processed	879	23.75	10.0	879	23.75	10.0
Subtotal				10.0			10.0

Detail of Working Capital Fund Staff Requirements

	Budget Estimate 2002	Estimate 2003	Increase + Decrease - 2003 vs 2002
<u>Headquarters Employment</u>			
Chief Information Officer			
Office of the Chief Information Officer	5.0	5.0	0.0
Administrative Services Staff	28.3	28.3	0.0
Office of Central Information Management	7.0	7.0	0.0
Contract Oversight/monitoring	10.0	10.0	0.0
Office of IT Reform			
Capital Planning and Investment Control Division	10.0	10.0	0.0
Enterprise Architecture and Solutions Division	8.0	8.0	0.0
Subtotal	18.0	18.0	0.0
Office of Investment Strategies Policy and Management	14.0	14.0	0.0
Office of Systems Integration and Efficiency	65.0	65.0	0.0
Office of Information Technology			
Immediate Office	2.0	2.0	0.0
Computer Services, Operations, and Maintenance Group	3.0	3.0	0.0
Customer Services Division	31.0	31.0	0.0
Telecom Processing Division	7.0	7.0	0.0
Departmental Platform and Processing Division	16.7	16.7	0.0
Systems Engineering, Oversight and Performance Management Division	7.0	7.0	0.0
Systems Integrity and Quality Assurance Division	21.0	21.0	0.0
Subtotal	87.7	87.7	0.0
Office of Chief Financial Officer	10.0	10.0	0.0
Total	245.0	245.0	0.0
<u>Field Employment</u>			
Administration			
Operation	135.0	135.0	0.0
Subtotal	135.0	135.0	0.0
Total	380.0	380.0	0.0

Detail of Working Capital Fund Staff Requirements

	FTE			
	Actual	Budget	Estimate	Increase +
	2001	Estimate	2003	Decrease -
	<u>2003 vs 2002</u>			
Headquarters.....	0.0	245.0	245.0	0.0
Field	0.0	135.0	135.0	0.0
Total	0.0	380.0	380.0	0.0