

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT
BUDGET ACTIVITY 4: GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

The consolidated discussion for the appropriation "Salaries and Expenses, HUD" is shown in Part 3 of the Justifications. All data are presented on a comparable basis for the 3 fiscal years 2002, 2003, and 2004.

SCOPE OF ACTIVITY

The Government National Mortgage Association (Ginnie Mae) is responsible for the administration of activities associated with the Mortgage-Backed Securities (MBS) and Multiclass Securities Programs. A brief description of Ginnie Mae's programs is provided below.

Mortgage-Backed Securities Program. Section 306(g) of the National Housing Act authorizes Ginnie Mae to guarantee the timely payment of principal and interest on securities which are issued by approved entities and which are backed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), or Rural Housing Service (RHS) mortgages.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

TYPE OF ACTIVITY BY FUNCTION

	<u>ACTUAL</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>
	(Dollars in Thousands)		
<u>Guarantees of Mortgage-Backed Securities</u>			
Issued during year.....	\$174,853,252	\$120,000,000	\$150,000,000
Outstanding, end of year.....	568,351,015	597,830,515	641,083,809
 <u>MULTICLASS:</u>			
Issued during year	122,851,243	133,250,000	147,000,000
Outstanding, end of year.....	209,650,457	248,308,498	286,527,745

TRAVEL

	<u>ACTUAL</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>	<u>INCREASE +</u> <u>DECREASE -</u> <u>2004 vs 2003</u>
	(Dollars in Thousands)			
Travel (HQ)	\$135	\$101	\$162	+\$61
Total.....	135	101	162	+61

Travel funds on-site visits and the monitoring of program participants.

CONTRACTS

	<u>ACTUAL</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>	<u>INCREASE +</u> <u>DECREASE -</u> <u>2004 vs 2003</u>
	(Dollars in Thousands)			
General Support	\$103	\$196	\$253	+\$57
Total.....	103	196	253	+57

General Support funds the MBS, Multiclass Securities Program, and related administrative functions.

Salaries and Expenses, Housing and Urban Development
 Budget Activity 4: Government National Mortgage Association

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Guarantees of Mortgage-Backed Securities			
FTE Headquarters	63	77	77
FTE Field	...	...	...
Total FTE	63	77	77
Personal Services	\$6,380	\$8,018	\$8,235
Travel	135	101	162
Printing	3	2	2
Other Services	103	196	253
Supplies	10	10	10
Total S&E Cost	\$6,631	\$8,327	\$8,662

Overall Summary of Government National Mortgage Association Staff Requirements

	FTE			Increase + Decrease - 2004 vs 2003
	Actual 2002	Estimate 2003	Estimate 2004	
Headquarters.....	63.0	77.0	77.0	0.0
Field	0.0	0.0	0.0	0.0
Total	63.0	77.0	77.0	0.0

Summary of Government National Mortgage Association Staff Requirements

		Actual 2002	Estimate 2003	Estimate 2004	Increase + Decrease - 2004 vs 2003
<u>Headquarters Employment</u>					
	Office of the President, Ginnie Mae	8.0	8.0	8.0	0.0
	Office of Management Operations	13.0	15.0	15.0	0.0
	Office of Mortgage-Backed Securities (MBS)	17.0	20.0	21.0	1.0
	Office of Program Operations	8.0	10.0	10.0	0.0
	Office of Capital Markets	5.0	10.0	9.0	-1.0
	Office of Finance	12.0	14.0	14.0	0.0
Total	Government National Mortgage Association	63.0	77.0	77.0	0.0

Detail of Government National Mortgage Association Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Headquarters Employment												
Office of the President, Ginnie Mae												
Overall Guidance of Ginnie Mae Activities	NA	.....	.....	6.0		.....	.....	6.0		.....	.....	6.0
Provide Policy and Program Development for Ginnie Mae	# of approved issuers maintained in the Ginnie Mae MBS portfolio	458	9.30	2.0		458	9.30	2.0		458	9.30	2.0
Subtotal				8.0				8.0				8.0
Office of Management Operations												
General Guidance of Ginnie Mae Management Operations	NA	.....	.....	2.0		.....	.....	2.0		.....	.....	2.0
Provide Administrative Support	# of Ginnie Mae personnel supported	63	97.80	3.0		77	82.10	3.0		77	82.10	3.0
Provide Information Technology Support	NA	.....	.....	5.5		.....	.....	6.0		.....	.....	6.0
Support Procurement Activities and Contract Administration	# of Contracts Administered	32	165.60	2.5		50	165.60	4.0		50	165.60	4.0
Subtotal				13.0				15.0				15.0
Office of Mortgage-Backed Securities (MBS)												
General Guidance of MBS Activities	N/A	.....	.....	2.0		.....	.....	2.0		.....	.....	2.0
Support SF/Manufactured Housing MBS Program	# of approved issuers maintained in the Ginnie Mae MBS portfolio	458	36.50	8.0		458	41.00	9.0		458	41.00	9.0
Perform Monitoring and Asset Management	# of approved issuers maintained in the Ginnie Mae MBS portfolio	458	18.25	4.0		458	27.50	6.0		458	27.50	6.0
Support the Multifamily MBS Program	# of approved issuers maintained in the Ginnie Mae MBS portfolio	458	13.50	3.0		458	13.50	3.0		458	18.25	4.0
Subtotal				17.0				20.0				21.0
Office of Program Operations												
General Guidance of Ginnie Mae Program Operations	NA	.....	.....	2.0		.....	.....	2.0		.....	.....	2.0

Workload Guideline	Workload Indicator	----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Support the Operations of the MBS Programs	# of Product Lines Supported	20	519.00	5.0		20	519.00	5.0		20	519.00	5.0
Provide Risk Management Support	N/A	.....	.....	1.0		.....	.....	3.0		.....	.....	3.0
Subtotal				8.0				10.0				10.0
Office of Capital Markets												
General Guidance of Capital Markets Activities	NA	.....	.....	1.0		.....	.....	2.0		.....	.....	2.0
Provide REMIC Multi-Class Securities Transactions Functions	# of REMIC classes closed	3,214	1.00	1.5		3,246	1.91	3.0		3,246	1.91	3.0
Perform Capital Market Activities	# of approved issuers maintained in the Ginnie Mae MBS portfolio	458	7.00	1.5		458	18.40	4.0		458	13.75	3.0
Administer Multi-Class Securities Program and Program Participants	# of Multi-Class Program Participants serviced	25	87.00	1.0		25	87.00	1.0		25	87.00	1.0
Subtotal				5.0				10.0				9.0
Office of Finance												
Provide General Oversight and Support to Financial Activites	NA	.....	.....	2.0		.....	.....	2.0		.....	.....	2.0
Provide Cash Control Functions	# of Financial Reports Produced	17,016	0.61	5.0		17,500	0.72	6.0		20,000	0.63	6.0
Provide Cash Management and Disbursements	# of Transactions Processed	16,564	0.38	3.0		16,780	0.50	4.0		16,820	0.37	3.0
Perform Budgetary/Financial Management Activities	NA	.....	.....	2.0		.....	.....	2.0		.....	.....	3.0
Subtotal				12.0				14.0				14.0
Ginnie Mae Total				63.0				77.0				77.0

HEADQUARTERS EMPLOYMENT

EXPLANATION OF ALLOCATION FOR FISCAL YEARS 2002, 2003 AND 2004

All positions are required to support the consolidation of program activities, to maintain and enhance performance accountability and risk management of Ginnie Mae programs, and to assure continuity of operations. In addition to this requirement, 48 percent of the organization's current staff will be eligible to retire within the next 2 years. In order to maintain and sustain current institutional/programmatic knowledge, there is a heightened need for succession planning.

Office of Management Operations

The increase of 2 FTE are needed to complete the staffing of the newly created Procurement Management Division to provide enhanced procurement/contracts planning, management and oversight of all organizational procurement activities, and in the Information Management Division to support increased program activity and new and additional data management and systems requirements.

Office of Program Operations

Two additional FTE are required in the Office of Program Operations to enhance the planning, organization, coordination, implementation and monitoring of procedures required to administer the MBS program and support increased risk management activities.

Office of Capital Markets

Five FTE are required in the Office of Capital Markets to support the dramatic increase in the volume of workload, to assure adequate program oversight and risk management, and to replace staff capacity loss to attrition. The Office of Capital Markets directs and manages all Ginnie Mae capital market activities and administers the Multi-class program, including, the Mortgage Investment Conduit (REMIC) and Platinum Securities programs.

Office of Mortgage-Backed Securities

Four additional FTE are required in the Office of Mortgage-Backed Securities in accordance with the reorganization approved in fiscal year 2002. These FTE will provide the needed skill base required to provide adequate oversight of the Ginnie Mae MBS programs in the Singlefamily/Manufactured Housing Division and the MBS Monitoring Division and replace capacity loss to attrition.

Office of Finance

The two additional FTE are required in the Office of Finance to assist in the development and management of the budget, manage the financial transactions and risk management for the Ginnie Mae programs and replace capacity loss to attrition.