

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.

	<u>ACTUAL</u> 2002	<u>ESTIMATE</u> 2003	<u>ESTIMATE</u> 2004	<u>INCREASE + DECREASE - 2004 vs 2003</u>
	(Dollars in Thousands)			
<u>Budget Authority</u>				
From Appropriation Bill:				
Salaries and Expenses, HUD	\$556,067	\$509,529	\$536,000	+\$26,471
Transfer from FHA Fund ...	530,457	548,203	564,000	+15,797
Transfer from GNMA .....	9,383	10,343	10,695	+352
Community Planning				
Development (Sec. 108) ..	1,000	1,000	1,000	...
Title VI Indian Federal				
Guarantees Program				
Account .....	150	150	150	...
Indian Housing Loan				
Guarantee Fund Program				
Account .....	200	200	250	+50
Native Hawaiian Housing				
Loan Guarantee Fund .....	35	35	35	...
Rescission (P.L. 107-206)	-1,269	...	...	...
GSA Reimbursable Services	...	769	...	-769
Subtotal .....	1,096,023	1,070,229	1,112,130	+41,901
Other Transfers:				
Transfer from Revolving				
Fund for Liquidating				
Programs .....	200	100	...	-100
Interstate Land Sales				
Registration Fees .....	350	350	350	...
Manufactured Housing Fees	1,024	1,106	1,143	+37
Community Development				
Grants .....	2	...	...	...
Housing Opportunities for				
Persons with AIDS .....	28	...	...	...
PIH Technical Assistance				
Travel .....	2,882	...	...	...
Subtotal .....	4,486	1,556	1,493	-63
Subtotal .....	1,100,509	1,071,785	1,113,623	+41,838
Outlays (net) .....	590	520	529	+9
<u>FTE</u>				
Headquarters .....	3,258	3,610	3,610	...
Field .....	5,655	5,720	5,720	...
Subtotal .....	8,913	9,330	9,330	...

SUMMARY OF BUDGET REQUEST

For fiscal year 2004, the requested appropriation is \$1,112,130 thousand, which consists of \$536,000 thousand in budget authority and transfers of \$564,000 thousand from various FHA accounts, \$10,695 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, \$250 thousand from Indian Home Loan Guarantee Fund Program Account, 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 \$1,113,623 thousand. These funds will support 9,330 full-time equivalent staff.

The increase in this justification includes personal services funding for the anticipated 2.0 percent January 2004 pay raise, time in grade with-in-grade increases, promotions, and increased health and other benefits costs. With the exception of other services, increases are requested in all other objects of expense and are discussed in more detail later in this justification.

HUD's Resource Estimation Allocation Process (REAP) supports a requirement of 9,661 FTE in 2004. The lower request of 9,330 FTE is a more manageable increase within one year and reflects the further refinement of the Department's strategic workforce plan that will guide all recruiting, hiring and other key human capital efforts. In developing HUD's strategic plan, a workforce examination was conducted including an analysis to identify and confirm mission-critical positions, skills imbalances, and the organizational impact and potential risks associated with the retirement eligibility of the existing staff. The 9,330 FTE level represents an incremental step-up to the higher workload-based FTE requirement of 9,661 FTE.

This request also includes funding to modernize many of HUD's field offices. The funding will be utilized to correct long standing physical defects and substandard furniture and equipment. These necessary upgrades will improve the safety and environment for the Department's employees and clients and partners that HUD serves. The types of improvements include: installing new phone systems; replace dilapidated furniture; and improve use of space through build-out and installation of systems furniture. Some of these improvements will be forced as a result of lease expirations that require moving to a new building location. The following offices are in need of enhancements: New York, Camden, Newark, Manchester, Philadelphia, Cleveland, Orlando, Tampa, Jackson, Knoxville, Memphis, Louisville, Denver, Omaha, Albuquerque, San Francisco, Los Angeles, Santa Ana, Las Vegas, and Seattle.

The fiscal year 2004 Budget request of \$1,112,130 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 and 10 FTE for the 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 CFBCI reports to the Offices of the Secretary and Deputy Secretary. CFBCI staff will focus their efforts on areas of research, law and policy; development of an inter-agency resource center to service faith-based and community partners; and expanding outreach, training and coalition building. These areas of emphasis are in compliance with the Executive Order. Additionally, the Center will participate in the furtherance of HUD's overall strategic goals and objectives-particularly as they relate to partnership with faith-based and community organizations.

Also included in this request is funding for 20 FTE in support of the Real Estate Settlement Procedures Act (RESPA). The RESPA is a consumer protection statute with the primary purpose of helping consumers become better shoppers for settlement services, as well as to eliminate kickbacks and referral fees that unnecessarily increase the costs of certain settlement services. HUD will issue new RESPA regulations to reform the mortgage disclosure process. While reforming the rules governing settlement disclosure and simplifying the settlement process for the homebuyer, with the additional staff the Department will also increase its monitoring of RESPA to stop illegal referral fees and unearned fees that ultimately raise the price that uninformed homebuyers pay for their homes.

## Salaries and Expenses, Housing and Urban Development

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Administration and Staff Services			
FTE Headquarters	415	420	420
FTE Field	285	287	287
Total FTE	700	707	707
Personal Services	\$58,079	\$60,316	\$61,945
Travel	3,993	3,668	3,854
Transportation of Things	66	79	82
Rent, Communications & Utilities	121,592	124,497	135,473
Printing	1,162	855	869
Other Services	43,775	31,147	40,146
Supplies	4,692	3,840	3,893
Furniture & Equipment	5,599	1,180	3,200
Claims & Indemnities	129	12	12
Total S&E Cost	\$239,087	\$225,594	\$249,474
Center for Faith-Based and Community Initiatives			
FTE Headquarters	4	10	10
FTE Field	...	...	...
Total FTE	4	10	10
Personal Services	\$386	\$992	\$1,019
Travel	54	154	162
Printing	10	...	...
Other Services	1,394	1,173	1,512
Supplies	4	33	33
Total S&E Cost	\$1,848	\$2,352	\$2,726
Community Planning and Development			
FTE Headquarters	253	278	278
FTE Field	598	645	645
Total FTE	851	923	923
Personal Services	\$74,205	\$82,801	\$85,019
Travel	880	811	852
Printing	602	450	458
Other Services	2,415	2,502	3,225
Supplies	74	29	29
Total S&E Cost	\$78,176	\$86,593	\$89,583
Departmental Management			

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FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE Headquarters	181	205	205
FTE Field	...	...	...
Total FTE	181	205	205
Personal Services	\$17,308	\$20,108	\$20,652
Travel	738	669	702
Rent, Communications & Utilities	9	32	35
Printing	503	593	603
Other Services	3,096	1,434	1,848
Supplies	129	147	149
Total S&E Cost	\$21,783	\$22,983	\$23,989
Fair Housing and Equal Opportunity			
FTE Headquarters	161	178	178
FTE Field	492	580	580
Total FTE	653	758	758
Personal Services	\$55,102	\$65,681	\$67,455
Travel	1,115	855	898
Rent, Communications & Utilities	26	32	35
Printing	81	161	164
Other Services	1,780	1,531	1,973
Supplies	275	257	261
Claims & Indemnities	1	...	...
Total S&E Cost	\$58,380	\$68,517	\$70,786
Field Policy and Management			
FTE Headquarters	11	25	25
FTE Field	640	531	531
Total FTE	651	556	556
Personal Services	\$57,496	\$50,627	\$51,994
Travel	1,224	1,117	1,174
Printing	2	2	2
Other Services	1	...	...
Supplies	15	5	5
Total S&E Cost	\$58,739	\$51,751	\$53,175
General Counsel			
FTE Headquarters	406	404	404
FTE Field	240	237	237
Total FTE	646	641	641

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FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Personal Services	\$63,284	\$64,568	\$66,312
Travel	1,136	1,355	1,424
Printing	108	125	127
Other Services	2,209	1,946	2,508
Supplies	119	121	123
Claims & Indemnities	296	181	188
Total S&E Cost	\$67,152	\$68,296	\$70,682
Government National Mortgage Association			
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
Housing			
FTE Headquarters	721	854	854
FTE Field	2,530	2,558	2,558
Total FTE	3,251	3,412	3,412
Personal Services	\$270,246	\$292,751	\$300,659
Travel	4,028	3,430	3,604
Rent, Communications & Utilities	4	4	4
Printing	484	729	741
Other Services	5,380	2,538	3,271
Supplies	239	228	231
Furniture & Equipment	19	...	...
Total S&E Cost	\$280,400	\$299,680	\$308,510
Lead Hazard Control			
FTE Headquarters	28	54	54
FTE Field	...	...	...
Total FTE	28	54	54
Personal Services	\$2,715	\$5,384	\$5,529
Travel	90	74	78
Printing	59	91	93

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FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Other Services	25	20	26
Supplies	3	3	3
Total S&E Cost	\$2,892	\$5,572	\$5,729
Office of the Chief Financial Office			
FTE Headquarters	149	204	204
FTE Field	57	58	58
Total FTE	206	262	262
Personal Services	\$29,471	\$39,375	\$40,439
Travel	241	291	248
Transportation of Things	464	451	468
Rent, Communications & Utilities	...	7	8
Printing	98	94	96
Other Services	86,603	13,891	4,501
Supplies	79	107	108
Total S&E Cost	\$116,956	\$54,216	\$45,868
Policy Development and Research			
FTE Headquarters	108	117	117
FTE Field	36	45	45
Total FTE	144	162	162
Personal Services	\$14,864	\$17,190	\$17,655
Travel	260	211	222
Printing	344	319	324
Other Services	3,125	2,692	3,470
Supplies	47	54	55
Total S&E Cost	\$18,640	\$20,466	\$21,726
Public and Indian Housing			
FTE Headquarters	758	784	784
FTE Field	777	779	779
Total FTE	1,535	1,563	1,563
Personal Services	\$138,284	\$144,883	\$148,796
Travel	5,446	6,872	7,220
Printing	379	414	421
Other Services	1,433	3,633	4,683
Supplies	102	98	99
Total S&E Cost	\$145,644	\$155,900	\$161,219
<b>Total FTE, S&amp;E</b>			

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FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
<b>FTE Headquarters</b>	<b>3,258</b>	<b>3,610</b>	<b>3,610</b>
<b>FTE Field</b>	<b>5,655</b>	<b>5,720</b>	<b>5,720</b>
<b>Grand Total FTE</b>	<b>8,913</b>	<b>9,330</b>	<b>9,330</b>
<b>Total S&amp;E Cost (Dollars in Thousands)</b>			
<b>Personal Services</b>	<b>\$787,820</b>	<b>\$852,694</b>	<b>\$875,710</b>
<b>Travel</b>	<b>19,340</b>	<b>19,608</b>	<b>20,600</b>
<b>Transportation of Things</b>	<b>530</b>	<b>530</b>	<b>550</b>
<b>Rent, Communications &amp; Utilities</b>	<b>121,631</b>	<b>124,572</b>	<b>135,555</b>
<b>Printing</b>	<b>3,835</b>	<b>3,835</b>	<b>3,900</b>
<b>Other Services</b>	<b>151,339</b>	<b>62,703</b>	<b>67,416</b>
<b>Supplies</b>	<b>5,788</b>	<b>4,932</b>	<b>4,999</b>
<b>Furniture &amp; Equipment</b>	<b>5,618</b>	<b>1,180</b>	<b>3,200</b>
<b>Claims &amp; Indemnities</b>	<b>426</b>	<b>193</b>	<b>200</b>
<b>Grand Total S&amp;E Cost</b>	<b>\$1,096,327</b>	<b>\$1,070,247</b>	<b>\$1,112,130</b>

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ESTIMATED OBLIGATIONS

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

	<u>ACTUAL</u> 2002	<u>ESTIMATE</u> 2003	<u>ESTIMATE</u> 2004	INCREASE + DECREASE - <u>2004 vs 2003</u>
	(Dollars in Thousands)			
Personal Services .....	\$787,820	\$852,676	\$875,710	+\$23,034
Travel and Transportation Of				
Persons .....	19,340	19,608	20,600	+992
Transportation Of Things .....	530	530	550	+20
Rent, Communications, and				
Utilities .....	121,631	124,572	135,555	+10,983
Printing and Reproduction .....	3,835	3,835	3,900	+65
Other Services .....	151,339	62,703	67,416	+4,713
Supplies and Materials .....	5,788	4,932	4,999	+67
Furniture and Equipment .....	5,618	1,180	3,200	+2,020
Insurance Claims and				
Indemnities .....	<u>426</u>	<u>193</u>	<u>200</u>	<u>+7</u>
Total Obligations .....	1,096,327	1,070,229	1,112,130	+41,901

NOTE: Estimated obligations exclude "other transfers."

ANALYSIS OF INCREASES AND DECREASES

	<u>2002 VS 2003</u>	<u>2003 VS 2004</u>
	(Dollars in Thousands)	
Prior year obligations	\$1,096,327	\$1,070,229
Change to personal services	64,856	23,034
Change to travel and transportation of persons	268	992
Change to rent, communications and utilities	2,941	10,983
Change to other services	-88,636	4,713
Change to supplies	-856	67
Change to furniture and equipment	-4,438	2,020
All other changes	<u>-233</u>	<u>92</u>
Total Obligations	\$1,070,229	\$1,112,130

EXPLANATION OF INCREASES AND DECREASE

Personal services costs increased by \$64,856 thousand in 2003 and by \$23,034 thousand in 2004. The changes are due to the following:

- changes to the average employment level result in an estimated increase of 417 FTE and \$36,867 thousand in 2003 and remains level in 2004.
- the 3.1 percent pay raise which will become effective during January 2003 is estimated to require an increment of \$19,178 thousand during 2003 and a further increase of \$6,393 thousand during 2004;
- the proposed pay raise of 2.0 percent which would become effective in January 2004;
- is expected to cost \$12,790 thousand during 2004; and



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- other changes in average FTE costs, such as within-grade increases, promotions, health costs and other benefits would result in an increase of \$8,811 thousand in 2003 and a further increase of \$3,851 thousand in 2004.

Support costs have a net decrease of \$90,954 thousand in 2003 and an increase of \$18,867 thousand in 2004. The changes are due to the following:

- travel requirements of \$268 thousand and \$992 thousand in 2003 and 2004 respectively reflects increased monitoring and oversight of field activities and staff training.
- 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 \$2,941 thousand in 2003. A further increase of \$10,983 thousand in 2004, consists of an additional \$8,339 thousand for increased rental rates, additional space rental, and new rental agreements, as well as, an additional \$2,644 thousand for increases in local telephone costs, postal services, other communication costs, equipment rental, and electricity costs;
- a decrease of \$88,636 thousand in 2003 is due to a \$74,500 thousand reduction in the level required for ADP services, as well as the elimination or postponement of other contractual services in order to pay salaries and benefits for the Department's increased staffing level. The increase of \$4,713 thousand in 2004 is principally for planned space alternations in several field offices to provide more safe and secure work environments for HUD staff. Major field office enhancements are planned for the following twenty (20) cities: New York, Camden, Newark, Manchester, Philadelphia, Cleveland, Orlando, Tampa, Jackson, Knoxville, Memphis, Louisville, Denver, Omaha, Albuquerque, San Francisco, Los Angeles, Santa Ana, Las Vegas and Seattle;
- a decrease of \$856 thousand in 2003 for supplies reflects a reduced requirement due to purchases made in 2002. A slight inflationary adjustment of \$67 thousand is reflected in 2004.
- a decrease of \$4,438 thousand in 2003 for furniture and equipment purchases reflects a reduced requirement due to purchases made in 2002. An increase of \$2,020 thousand in 2004 reflects systems furniture purchases for the newly reconfigured offices in the above-mentioned twenty cities; and
- a decrease of \$233 thousand in 2003 for all other items such as transportation of things, printing, and claims and indemnities which are included in this account. A slight increase of \$92 thousand is being requested for these items for 2004.

### EXPLANATION OF CHANGES IN 2004 VS. 2003

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 2004 estimate is \$875,710 thousand and will fund approximately 9,330 FTE. This level of funding reflects an increase of \$23,034 thousand and will cover an anticipated 2.0 percent pay raise in January 2004, 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 2004 estimate is \$20,600 thousand and reflects an increase of \$992 thousand over the 2003 current estimate. The increase is due principally to increased oversight monitoring of field activities and staff training. 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.

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The fiscal year 2004 estimate is \$550 thousand, which reflects an increase of \$20 thousand over the 2003 estimate. The increase is due principally to transporting household items associated with relocating employees.

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 2004 estimate is \$135,555 thousand, which is \$10,983 thousand over the 2003 estimate, and reflects an increase of \$8,339 thousand, principally for increased rental rates, additional space rental, and new rental agreements, as well as, an additional \$2,644 thousand for inflationary adjustments to local telephones, postal services, other communications, equipment rental and electricity costs. 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 2004 estimate is \$3,900 thousand, which reflects a slight increase of \$65 thousand over the 2003 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 2004 estimate of \$67,416 thousand reflects an increase of \$4,713 thousand over the fiscal year 2003 estimate. These funds are principally for space alterations in several field offices to provide more safe and secure working environments for HUD staff. Major field office enhancements are planned for the following twenty (20) cities: New York, Camden, Newark, Manchester, Philadelphia, Cleveland, Orlando, Tampa, Jackson, Knoxville, Memphis, Louisville, Denver, Omaha, Albuquerque, San Francisco, Los Angeles, Santa Ana, Las Vegas and Seattle.

Examples of other work being proposed for outsourcing in 2004 and which support the President's Management Agenda follow:

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. In addition, the Department will continue to provide technologically advanced training through distance learning and video conferencing systems.

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;

Alternative Dispute Resolution (ADR) -- continuing the Department's Diversity Program, preparing Final Decisions reports and ADR activities needed to reduce the backlog of EEO complaints. The EEOC has mandated in their latest regulations that all agencies have an ADR program.

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.

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The fiscal year 2004 estimate of \$4,999 thousand reflects an inflationary adjustment of \$67 thousand over the 2003 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 2004 estimate of \$3,200 thousand reflects an increase of \$2,020 thousand over the 2003 estimate. The increase reflects the installation of systems furniture in newly reconfigured field offices discussed elsewhere in these justifications.

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 2004 estimate is \$200 thousand, which reflects an increase of \$7 thousand over the 2003 estimate.

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## ESTIMATED OBLIGATIONS AND FULL-TIME EQUIVALENT SUMMARY

PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)

ACTIVITY	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004	
	\$ in 000's	FTE	\$ in 000's	FTE	\$ in 000's	FTE
Housing						
Headquarters	\$66,256	721	\$80,690	854	\$82,870	854
Field	<u>203,990</u>	<u>2,530</u>	<u>212,061</u>	<u>2,558</u>	<u>217,789</u>	<u>2,558</u>
Subtotal	270,246	3,251	292,751	3,412	300,659	3,412
Government National Mortgage Assn.						
Headquarters	6,380	63	8,018	77	8,235	77
Public and Indian Housing						
Headquarters	71,604	758	76,147	784	78,204	784
Field	<u>66,680</u>	<u>777</u>	<u>68,736</u>	<u>779</u>	<u>70,593</u>	<u>779</u>
Subtotal	138,284	1,535	144,883	1,563	148,797	1,563
Community Planning and Development						
Headquarters	23,620	253	26,685	278	27,406	278
Field	<u>50,585</u>	<u>598</u>	<u>56,098</u>	<u>645</u>	<u>57,613</u>	<u>645</u>
Subtotal	74,205	851	82,783	923	85,019	923
Fair Housing and Equal Opportunity						
Headquarters	14,693	161	16,702	178	17,153	178
Field	<u>40,409</u>	<u>492</u>	<u>48,979</u>	<u>580</u>	<u>50,302</u>	<u>580</u>
Subtotal	55,102	753	65,681	758	67,455	758
Policy Development and Research						
Headquarters	11,205	108	12,481	117	12,818	117
Field	<u>3,659</u>	<u>36</u>	<u>4,709</u>	<u>45</u>	<u>4,837</u>	<u>45</u>
Subtotal	14,864	144	17,190	162	17,655	162
Departmental Management						
Headquarters	17,308	181	20,108	205	20,652	205
Healthy Homes & Lead Hazard Control						
Headquarters	2,715	28	5,384	54	5,529	54
Chief Financial Officer						
Headquarters	23,629	149	33,263	204	34,162	204
Field	<u>5,842</u>	<u>57</u>	<u>6,112</u>	<u>58</u>	<u>6,277</u>	<u>58</u>
Subtotal	29,471	206	39,375	262	40,439	262
General Counsel						
Headquarters	40,249	406	41,180	404	42,292	404
Field	<u>23,035</u>	<u>240</u>	<u>23,388</u>	<u>237</u>	<u>24,020</u>	<u>237</u>
Subtotal	63,284	646	64,568	641	66,312	641

Salaries and Expenses, Housing and Urban Development

PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)

	<u>Fiscal Year 2002</u>		<u>Fiscal Year 2003</u>		<u>Fiscal Year 2004</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>
Administration						
Headquarters	35,016	415	36,437	420	37,421	420
Field	<u>23,063</u>	<u>285</u>	<u>23,879</u>	<u>287</u>	<u>24,524</u>	<u>287</u>
Subtotal	58,079	700	60,316	707	61,945	707
Field Policy and Management						
Headquarters	1,064	11	2,486	25	2,553	25
Field	<u>56,432</u>	<u>640</u>	<u>48,141</u>	<u>531</u>	<u>49,441</u>	<u>531</u>
Subtotal	57,496	651	50,627	556	51,994	556
Faith Based & Community Development Initiatives						
Headquarters	386	4	992	10	1,019	10
Summary						
Headquarters	314,125	3,258	360,573	3,610	370,314	3,610
Field	<u>473,695</u>	<u>5,655</u>	<u>492,103</u>	<u>5,720</u>	<u>505,396</u>	<u>5,720</u>
Total	787,820	8,913	852,676	9,330	875,710	9,330

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, and Unemployment.

EXPLANATION OF CHANGES IN 2003 VS 2002

Changes from the 2002 actual to the 2003 request reflects an increase of \$64,856 thousand and 417 FTE. The additional funding is required as follows:

\$36,867 thousand for additional FTE;  
 19,178 thousand for the January 2003 pay raise;  
 8,811 thousand for changes to average FTE costs due principally to within-grade increases, promotions, increased health benefit costs, transit subsidy, and change of station costs.

The additional 417 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.

EXPLANATION OF CHANGES IN 2004 VS 2003

Changes from the 2003 requested level to the 2004 request reflects an increase of \$23,034 thousand. The additional funding is required as follows:

\$6,393 thousand for the January 2003 pay raise;  
 12,790 thousand for the January 2004 pay raise;  
 3,851 thousand for changes to average FTE costs due principally to within-grade increases and promotions;

## Salaries and Expenses, Housing and Urban Development

## DISTRIBUTION OF STAFF BY GRADE LEVEL

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 VS 2003
Executive Level I	1	1	1	0
Executive Level II	1	1	1	0
Executive Level III	0	0	0	0
Executive Level IV	9	11	11	0
Executive Level I	0	0	0	0
Subtotal	11	13	13	0
ES-6	10	10	10	0
ES-5	11	11	11	0
ES-4	14	13	13	0
ES-3	14	16	16	0
ES-2	17	16	16	0
ES-1	34	34	34	0
Subtotal	100	100	100	0
GS/GM-15	861	882	882	0
GS/GM-14	1,212	1,241	1,241	0
GS/GM-13	2,265	2,416	2,416	0
GS-12	2,401	2,447	2,447	0
GS-11	502	491	491	0
GS-10	49	51	51	0
GS-9	304	365	365	0
GS-8	101	100	100	0
GS-7	884	950	950	0
GS-6	95	115	115	0
GS-5	159	192	192	0
GS-4	198	160	160	0
GS-3	57	44	44	0
GS-2	42	24	24	0
GS-1	28	13	13	0
Subtotal	9,158	9,491	9,491	0
Total	9,269	9,604	9,604	0
Average GS/GM Grade/Step	11/9	11/9	11/9	0

NOTE: Consultants and Wage Grade are not reflected in table.

Salaries and Expenses, Housing and Urban Development

ANNUAL PERFORMANCE PLAN FTE SUMMARY

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
<b>Strategic Goal H: Increase homeownership opportunities.</b>			
FTE			
Headquarters	228	275	265
Field	714	751	767
Subtotal	942	1,026	1,032
S&E Cost (Dollars in Thousands)			
Personal Services	\$79,579	\$89,220	\$92,107
Travel	1,712	1,460	1,573
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	120	166	169
Other Services	961	1,155	1,231
Supplies	52	51	54
Furniture & Equipment	14	0	0
Claims & Indemnities	0	0	0
Subtotal	82,438	92,052	95,134
<b>Strategic Goal A: Promote decent affordable housing.</b>			
FTE			
Headquarters	1,186	1,277	1,291
Field	2,306	2,279	2,251
Subtotal	3,492	3,556	3,542
S&E Cost (Dollars in Thousands)			
Personal Services	\$303,309	\$318,759	\$326,293
Travel	7,792	8,854	9,297
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	707	795	809
Other Services	4,754	4,505	6,663
Supplies	218	202	204
Furniture & Equipment	0	0	0
Claims & Indemnities	41	24	25
Subtotal	316,821	333,139	343,291
<b>Strategic Goal FC: Promote participation of faith-based and community organizations.</b>			
FTE			
Headquarters	10	20	20

## Salaries and Expenses, Housing and Urban Development

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Field	51	50	58
Subtotal	61	70	78
S&E Cost (Dollars in Thousands)			
Personal Services	\$5,051	\$6,049	\$6,895
Travel	110	201	224
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	15	6	6
Other Services	1,402	1,176	1,514
Supplies	5	34	34
Furniture & Equipment	0	0	0
Claims & Indemnities	0	0	0
Subtotal	6,583	7,466	8,673
<b>Strategic Goal EM: Embrace high standards of ethics, management, and accountability.</b>			
FTE			
Headquarters	1,496	1,638	1,629
Field	1,543	1,487	1,487
Subtotal	3,039	3,125	3,116
S&E Cost (Dollars in Thousands)			
Personal Services	\$281,143	\$300,333	\$308,056
Travel	7,793	7,518	7,836
Transportation of Things	530	530	550
Rent, Communications & Utilities	121,605	124,540	135,520
Printing	2,464	2,308	2,345
Other Services	140,644	52,405	53,635
Supplies	5,210	4,385	4,443
Furniture & Equipment	5,604	1,180	3,200
Claims & Indemnities	384	169	175
Subtotal	565,378	493,368	515,760
<b>Strategic Objective EM.2: Improve HUD's management, internal controls and systems and resolve audit issues.</b>			
<b>Strategic Objective EM.3: Improve accountability, service delivery, and customer service of HUD and our partners.</b>			
<b>Strategic Goal FH: Ensure equal opportunity in housing.</b>			
FTE			
Headquarters	125	139	139
Field	447	531	532



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STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Subtotal	572	670	671
S&E Cost (Dollars in Thousands)			
Personal Services	\$49,189	\$59,679	\$60,806
Travel	1,024	731	773
Transportation of Things	0	0	0
Rent, Communications & Utilities	26	32	35
Printing	90	175	178
Other Services	1,639	1,386	1,828
Supplies	239	222	226
Furniture & Equipment	0	0	0
Claims & Indemnities	0	0	0
Subtotal	52,207	62,225	63,846
<b>Strategic Goal C: Strengthen communities.</b>			
FTE			
Headquarters	213	261	266
Field	594	622	625
Subtotal	807	883	891
S&E Cost (Dollars in Thousands)			
Personal Services	\$69,548	\$78,654	\$81,553
Travel	909	844	897
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	439	385	393
Other Services	1,939	2,076	2,545
Supplies	64	38	38
Furniture & Equipment	0	0	0
Claims & Indemnities	1	0	0
Subtotal	72,900	81,997	85,426
<b>Total FTE, S&amp;E</b>			
<b>Headquarters</b>	<b>3,258</b>	<b>3,610</b>	<b>3,610</b>
<b>Field</b>	<b>5,655</b>	<b>5,720</b>	<b>5,720</b>
<b>FTE Total</b>	<b>8,913</b>	<b>9,330</b>	<b>9,330</b>
<b>Total S&amp;E Cost (Dollars in Thousands)</b>			
<b>Personal Services</b>	<b>\$787,820</b>	<b>\$852,694</b>	<b>\$875,710</b>
<b>Travel</b>	<b>19,340</b>	<b>19,608</b>	<b>20,600</b>

Salaries and Expenses, Housing and Urban Development

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
<b>Transportation of Things</b>	530	530	550
<b>Rent, Communications &amp; Utilities</b>	121,631	124,572	135,555
<b>Printing</b>	3,835	3,835	3,900
<b>Other Services</b>	151,339	62,703	67,416
<b>Supplies</b>	5,788	4,932	4,999
<b>Furniture &amp; Equipment</b>	5,618	1,180	3,200
<b>Claims &amp; Indemnities</b>	426	193	200
<b>S&amp;E Cost Total</b>	<b>\$1,096,327</b>	<b>\$1,070,247</b>	<b>\$1,112,130</b>