

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT
BUDGET ACTIVITY 5: POLICY DEVELOPMENT AND RESEARCH

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

Personnel of the Office of Policy Development and Research (PD&R) are responsible for the management of research and technology studies conducted under contracts, interagency agreements, cooperative agreements and grants, as well as in-house research, economic analyses, tax policy analysis, program evaluation and program monitoring, and policy development.

Staff has provided analytical skills and experience to assist in the development of performance measures; to target funds so that attention is given to low-income families and vulnerable populations; and to assure that questions of consistency of approach across program lines are addressed. PD&R is responsible for major program evaluations and analyses of important issues such as minority homeownership and the removal of barriers to affordable housing. Staff provides continued short range research on basic housing and urban issues to allow the Secretary to be a national spokesperson on these matters. PD&R will continue its economic intelligence function, including the American Housing survey and related publications such as the quarterly U.S. Housing Market Conditions report. Likewise, setting Fair Market Rents (FMR) and income limits, and assisting on HUD wide special initiatives are ongoing functions of the Office.

Staff continues to provide extensive support to the Chief Financial Officer and Deputy Secretary on tasks related to the Government Performance and Results Act, including development of the Strategic Plan and the Annual Performance Plan.

PD&R staff supports activities necessary for disseminating and supporting our research products. These materials are made available to all levels of the government, researchers, policy analysts, the private sector and to interested parties through PD&R's research information clearinghouse, HUD USER and via our website www.huduser.org.

Staff works closely with the program offices and the Office of Information Technology to improve automated systems and the program data that reside in these systems, in order to support research and evaluations, and to assure that program managers throughout HUD's organization have the information needed to monitor results.

PD&R is also responsible for the examination of the outcomes of current HUD programs; the evaluation of programs in view of those outcomes; and the review of the continuing efficacy of programs.

PD&R provides technical support to FHA. New ways of doing business require careful up-front study, prompt and thorough evaluations. Actuarial studies, program design, development of automated underwriting systems, and assessments of who FHA serves are areas where FHA and the Secretary need assistance. PD&R's analytical approach makes its advice particularly useful to FHA and the Secretary.

Staff continues to provide support to the Secretary for mission regulation of Government Sponsored Enterprises (GSEs) activities including: (1) consideration of new program requests; (2) monitoring of GSE performance under geographical and income-based housing goals; (3) research support for establishment of ongoing GSE housing goals; (4) review of fair housing performance; and (5) writing reports to Congress.

Staff also administers outreach and grant programs of the Office of University Partnerships including the following grant programs: Community Outreach Partnership Center (COPC), Historically Black Colleges and University (HBCU), Community Development Work Study (CDWS), Hispanic Servings Institution Assisting Communities (HSIAC), Alaskan Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC), and the Tribal Colleges and University Program (TCUP).

Staff continues studies and research to support the international exchange of information and data on housing and development topics.

The economists who serve in HUD field offices report to PD&R. The field economists serve as the Department's primary source of intelligence on local economic and housing conditions, providing analysis and recommendations to field and headquarters management and program officials, including reports for the U.S. Housing Market Conditions quarterly report. They also assist HUD clients in identifying and analyzing economic and demographic data; provide market analysis reviews of various program applications such as FHA Multifamily insurance; conduct needs assessments of assisted housing proposals; and advise on the allocations of assisted housing funds.

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

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WORKLOAD

The workload of PD&R focuses on ways to improve the efficiency, effectiveness, and equity of HUD programs. This entails developing policy recommendations for the Secretary, performing policy and economic analyses, conducting program evaluations, directing research and demonstration activities, gathering programmatic and basic housing and urban data, and evaluating and monitoring new and existing programs for the Department. The workload also includes supporting the Secretary in carrying out his responsibilities for Fannie Mae and Freddie Mac regulation and preparing reports to Congress. In carrying out its responsibilities, PD&R conducts analyses using either contract or in-house staff resources, depending on the issue and the nature of the work. Research is also accomplished through the submission of unsolicited proposals from the housing research community. PD&R also works with other HUD staff, State and local governments, academicians, representatives of various interest groups, and other interested parties, to assure that all accessible knowledge is brought to bear on issues of concern to the Department.

TRAVEL

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	2002	2003	2004	2004 vs 2003
	(Dollars in Thousands)			
Travel	\$260	\$211	\$222	+\$11
Total.....	260	211	222	+11

The requested travel amount of \$222 thousand in 2004 will provide funds for the travel requirements of PD&R including: essential travel by the front office and other senior staff, field economists travel, inspection trips to ensure that contractor performance is in line with objectives, and other staff travel.

CONTRACTS

The following table identifies the specific contracts unique to this activity and is followed by a brief description.

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	2002	2003	2004	2004 vs 2003
	(Dollars in Thousands)			
Data and Statistical Services .	\$3,125	\$2,692	\$3,470	+\$778
Total.....	3,125	2,692	3,470	+778

The 2004 estimate will provide adequate funds for the contract needs of PD&R as described below.

DATA AND STATISTICAL SERVICES

The following are fiscal year 2004 contracts planned for S&E funding:

	<u>Amount</u>
	(Dollars in Thousands)
Quality Control for Rental	
Assist Subsidy Determinations.	\$2,795
F.W. Dodge Data	125
Temp Personnel Services Contract.	450
Various small contracts	<u>100</u>
Total.	3,470

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The Quality Control (QC) for Rental Assistance Subsidy Determinations system is a core part of the Department's Rental Housing Integrity Improvement Program (RHIIP) efforts to reduce subsidy mis-payments. These studies involve on-site income and rent recertifications for a national sample of Public Housing and Section 8 households. The QC income and rent determinations are compared with program sponsor determinations and with IRS/SSA income matches to produce national estimates of the type, severity, and cost of subsidy errors. Starting in fiscal year 2003, these studies will be done on an annual basis to provide more detailed and timely information to program managers on the major sources of error and the effectiveness of measures to reduce these errors. The results will also be used in the HUD's annual financial statements. The annual cost of these studies is estimated at \$2.8 million.

The F.W. Dodge Data study provides information used by Field Economists in reviewing the marketability and risk of multifamily projects proposed for FHA insurance.

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Research and Technology			
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

Overall Summary of Policy Development and Research Staff Requirements

	FTE			Increase + Decrease - 2004 vs 2003
	Actual 2002	Estimate 2003	Estimate 2004	
Headquarters.....	108.0	117.1	117.1	0.0
Field	36.0	45.0	45.0	0.0
Total	144.0	162.1	162.1	0.0

Summary of Policy Development and Research Staff Requirements

	Actual 2002	Estimate 2003	Estimate 2004	Increase + Decrease - 2004 vs 2003
Headquarters Employment				
AS for Policy Development and Research	4.2	5.5	5.5	0.0
Budget, Contracts, and Program Control Division	7.0	7.0	7.0	0.0
Management and Administrative Services Division	5.1	5.8	5.8	0.0
Subtotal	16.3	18.3	18.3	0.0
Office of University Partnerships	4.5	5.0	5.0	0.0
DAS for International Affairs	5.5	7.0	7.0	0.0
DAS for Economic Affairs				
DAS for Economic Affairs	4.0	4.0	4.0	0.0
Economic Market Analysis Division	6.0	6.5	6.5	0.0
Housing Finance Analysis Division	5.0	5.0	5.0	0.0
Housing and Demographic Analysis Division	3.3	3.3	3.3	0.0
Economic Development and Public Finance Division	3.0	4.0	4.0	0.0
Financial Institutions Regulation Division	5.0	5.0	5.0	0.0
Subtotal	26.3	27.8	27.8	0.0
DAS for Policy Development				
DAS for Policy Development	0.0	1.5	1.5	0.0
Policy Development Division	13.9	14.0	14.0	0.0
Research Utilization Division	8.0	8.0	8.0	0.0
Subtotal	21.9	23.5	23.5	0.0
DAS for Research, Evaluation, and Monitoring				
DAS for Research, Evaluation, and Monitoring	4.0	5.0	5.0	0.0
Program Evaluation Division	13.0	13.5	13.5	0.0
Program Monitoring and Research Division	9.5	10.0	10.0	0.0
Affordable Housing Research and Technology Division	7.0	7.0	7.0	0.0
Subtotal	33.5	35.5	35.5	0.0
Total	108.0	117.1	117.1	0.0
Field Employment				
Field Economists	36.0	45.0	45.0	9.0
Total	36.0	45.0	45.0	9.0

Detail of Policy Development and Research 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												
AS for Policy Development and Research												
Provide Policy and Program Support	NA	...	...	3.2	3.0	...	...	4.0	3.0	...	...	4.0
Provide General Direction	NA	...	...	1.0	0.0	...	...	1.5	0.0	...	...	1.5
Subtotal				4.2	3.0			5.5	3.0			5.5
Budget, Contracts, and Program Control Division												
	# of Grants Processed (Research & University Grants)											
Administer Financial Agreements		194	75.17	7.0	2.0	194	75.17	7.0	2.0	194	75.17	7.0
Subtotal				7.0	2.0			7.0	2.0			7.0
Management and Administrative Services Division												
Administrative and Management Support for PD&R	# of Personnel Supported	144	74.14	5.1	0.2	162	74.14	5.8	0.2	162	74.14	5.8
Subtotal				5.1	0.2			5.8	0.2			5.8
Office of University Partnerships												
Award and Administer Grant Programs	# of Grants Awarded	300	17.75	2.6	0.5	340	17.75	2.9	0.5	340	17.75	2.9
Outreach to Colleges, Community Based Organizations, Local Governments, and HUD Staff	# of Customer Contacts	2,600	1.55	1.9	0.5	2,818	1.55	2.1	0.5	2,818	1.55	2.1
Subtotal				4.5	1.0			5.0	1.0			5.0
DAS for International Affairs												
International Exchanges, Contracts, and Programs	# of Major International Exchanges, Contracts, and Programs Developed and Managed	8	1,531.00	5.5	3.0	8	1,850.00	7.0	3.0	8	1,850.00	7.0
Subtotal				5.5	3.0			7.0	3.0			7.0
DAS for Economic Affairs												
General Direction	NA	...	...	4.0	0.0	...	...	4.0	0.0	...	...	4.0
Subtotal				4.0	0.0			4.0	0.0			4.0
Economic Market Analysis Division												
Oversight of Economist	# of Economists Supported	34	365.40	6.0	0.5	37	365.40	6.5	0.5	37	365.40	6.5
Subtotal				6.0	0.5			6.5	0.5			6.5
Housing Finance Analysis Division												

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
Expert Advice on Systems for Financing Single-Family and Multifamily Housing in the United States	# of Offices and Agencies Supported	29	354.96	5.0	1.8	29	354.96	5.0	1.8	29	354.96	5.0
Subtotal				5.0	1.8			5.0	1.8			5.0
Housing and Demographic Analysis Division												
Perform Survey Functions	# of Surveys Produced or Supported	31	200.77	3.3	1.7	31	200.77	3.3	1.7	31	200.77	3.3
Subtotal				3.3	1.7			3.3	1.7			3.3
Economic Development and Public Finance Division												
Perform Special Initiatives, Studies and Projects		NA	NA	3.0	2.5	NA	NA	4.0	2.5	NA	NA	4.0
Subtotal				3.0	2.5			4.0	2.5			4.0
Financial Institutions Regulation Division												
Support for HUD's Regulatory Oversight Function for Fannie Mae and Freddie Mac	# of Analyses Produced	166	62.64	5.0	1.0	166	62.64	5.0	1.0	166	62.64	5.0
Subtotal				5.0	1.0			5.0	1.0			5.0
DAS for Policy Development												
General Direction	NA	...	...	0.0	1.5	...	...	1.5	1.5	...	...	1.5
Subtotal				0.0	1.5			1.5	1.5			1.5
Policy Development Division												
Substantive Policy Guidance on HUD's Programs and Research Agenda	# of Programs and Policies Developed and Reviewed	434	67.08	13.9	1.0	435	67.08	14.0	1.0	435	67.08	14.0
Subtotal				13.9	1.0			14.0	1.0			14.0
Research Utilization Division												
Dissemination of Research Results and Policy Information	NA	...	...	8.0	0.0	...	...	8.0	0.0	...	...	8.0
Subtotal				8.0	0.0			8.0	0.0			8.0
DAS for Research, Evaluation, and Monitoring												
Provide Policy and Program Support	NA	...	...	3.0	1.0	...	...	3.0	1.0	...	...	3.0
General Direction	NA	...	...	1.0	0.0	...	...	2.0	0.0	...	...	2.0
Subtotal				4.0	1.0			5.0	1.0			5.0
Program Evaluation Division												
Program Research, Evaluations, and Demonstrations	# of Research Projects	60	452.31	13.0	-0.5	63	452.31	13.5	-0.5	63	452.31	13.5
Subtotal				13.0	-0.5			13.5	-0.5			13.5
Program Monitoring and Research Division												

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 and Enhance Departmental Programs and Program Monitoring	# of Organizations Supported	12,564	1.49	9.5	1.0	12,564	1.66	10.0	1.0	12,564	1.66	10.0
Subtotal				9.5	1.0			10.0	1.0			10.0
Affordable Housing Research and Technology Division												
Conduct Studies Related to Building Technologies, Environmental Issues and Community Development	# of Studies Conducted	50	294.46	7.0	4.0	50	294.46	7.0	4.0	50	294.46	7.0
Subtotal				7.0	4.0			7.0	4.0			7.0
Subtotal PD&R Headquarters				108.0	24.7			117.1	24.7			117.1
Field Employment												
Field Economists												
Oversight of Field Economist in SE/Caribbean Region	# of areas monitored for economic and market analysis	38	417.6	7.6		25	417.6	5.0		25	417.6	5.0
Economic Analysis, Evaluations, and Reviews	# of Section 221(D)(3) and (D)(4) reviews	430	74.4	15.3		612	74.4	21.8		612	74.4	21.8
Economic Intelligence and Advice to Program and Management Officials and Outside Clients	NA	...	...	4.8		...	...	4.6		...	...	4.6
Fair Market Rent Reviews and Related Analytical Support	# of metropolitan areas monitored	244	19.61	2.3		275	19.61	2.6		275	19.61	2.6
Database Management	# of models, databases, and spreadsheets updated	180	69.32	6.0		330	69.32	11.0		330	69.32	11.0
Subtotal				36.0	5.0			45.0	5.0			45.0
TOTAL PD&R FTE				144.0	29.7			162.1	29.7			162.1

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Budget Activity 5: Policy Development and Research

HEADQUARTERS EMPLOYMENT

EXPLANATION OF CHANGES FROM 2002 BUDGET ESTIMATE TO 2003 ESTIMATE

PD&R's FTE level of 162 for fiscal year 2003 is an increase of 18 FTE over fiscal year 2002.

EXPLANATION OF CHANGES FROM 2003 BUDGET ESTIMATE TO 2004 ESTIMATE

PD&R's FTE level of 162 is the same for fiscal years 2003 and 2004. The Headquarter's FTE level is estimated to be 117 and the Field FTE level is estimated to be 45.