

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 2003, 2004, and 2005.

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, the removal of barriers to affordable housing and the reform of RESPA (Real Estate Settlement Procedures Act). 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 (GPRA), including development of the Strategic Plan and the Annual Performance Plan (APP).

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 and economic expertise make its advice particularly useful to FHA and the Secretary.

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).

On behalf of the Secretary, staff of the Office of International Affairs supports and encourages bilateral relations with other countries. As such, this office is responsible for conducting studies and research as well as attending international conferences to support the international exchange of information and data on housing and development topics.

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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. The field economists also assist HUD clients in identifying and analyzing economic and demographic data; provide market analysis reviews of various program applications such as for 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.

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 regulations 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. In fiscal year 2005, PD&R expects to continue increasing contracting for research with small businesses as well as utilizing the Small Business Administration's Small Business Innovation Research (SBIR) program as a means to achieve more innovative and diverse research products. Research is also accomplished through the submission of unsolicited proposals from the housing research community. The Office of 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 2003	ENACTED 2004	ESTIMATE 2005	INCREASE + DECREASE - 2005 vs 2004
	(Dollars in Thousands)			
Travel	\$281	\$221	\$222	+\$1
Total.....	281	221	222	+1

The requested travel amount of \$222 thousand in 2005 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, international travel and other staff travel.

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CONTRACTS

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

	ACTUAL 2003	ENACTED 2004	ESTIMATE 2005	INCREASE + DECREASE - 2005 vs 2004
	(Dollars in Thousands)			
Data and Statistical Services .	\$2,633	\$3,450	\$3,470	+\$20
Total.....	2,633	3,450	3,470	+20

The 2005 estimate will provide funds for the contract needs of PD&R as described below.

DATA AND STATISTICAL SERVICES

The following are fiscal year 2005 contracts planned for S&E funding:

	<u>Amount</u>
	(Dollars in Thousands)
Quality Control for Rental Assist Subsidy Determinations.....	\$2,765
F.W. Dodge Data.....	125
Temp Personnel Services Contract.....	440
REIS and various small contracts.....	<u>140</u>
Total.....	3,450

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 \$2.7 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.

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POLICY DEVELOPMENT AND RESEARCH
Personal Services
Summary of Change
(Dollars in Thousands)

<u>Personal Services</u>	<u>FTE</u>	<u>S&E Cost</u>
2003 Actual.....	151	\$15,590
2004 Appropriation/Request.....	160	17,250
<u>Changes Due To</u>		
2005 January Pay Raise.....	0	194
2004 January Pay Raise.....	0	177
Staffing increase/decrease.....	0	0
Other benefit changes.....	0	426
2005 Request.....	160	18,047

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POLICY DEVELOPMENT AND RESEARCH
Summary of Requirements by Grade
Salaries and Expenses (Dollars in Thousands)

	2003 Actual	2004 Appropriation/ Request	2005 Request	Increase/ Decrease
<u>Grade:</u>				
Executive Level IV		1	1	0
ES-6				0
ES-5	1	1	1	0
ES-4				0
ES-3				0
ES-2				0
ES-1	1	1	1	0
GS-15	22	26	26	0
GS-14	49	46	46	0
GS-13	33	40	40	0
GS-12	12	12	12	0
GS-11	7	10	10	0
GS-10	1	4	5	1
GS-9	7	11	10	-1
GS-8	4	3	2	-1
GS-7	4	4	4	0
GS-6	2	1	1	0
GS-5	0	0	1	1
GS-4	1	0	0	0
GS-3	0	0	0	0
GS-2	1	0	0	0
GS-1	0	0	0	0
Total Full-Time Positions (FTPs)	145	160	160	0
Average ES Salary	\$125,250	\$125,250	\$125,250	0
Average GS Salary	\$69,685	\$74,556	\$75,675	+\$1,119
Average GS Grade	12.7	12.8	12.8	0

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POLICY DEVELOPMENT AND RESEARCH
Summary of Requirements by Object Class
Salaries and Expenses
(Dollars in Thousands)

<u>Object Class</u>	<u>2003 Actual</u>	<u>2004</u> <u>Appropriation/Request</u>	<u>2005 Request</u>	<u>Increase/Decrease</u>
Personal Services.....	\$15,590	\$17,250	\$18,047	+\$792
Travel and Transportation of Persons.....	281	221	222	1
Transportation of Things.....	0	0	0	0
Rent, Communication & Utilities.....	0	0	0	0
Printing and Reproduction.....	220	322	324	+2
Other Services.....	2,633	3,450	3,470	+20
Supplies and Materials.....	30	55	55	0
Furniture & Equipment.....	0	0	0	0
Insurance Claims & Indemnities.....	0	0	0	0
Total Obligations.....	\$18,754	\$21,298	\$22,118	+\$820

Overall Summary of Policy Development and Research Staff Requirements

	Actual 2003	Estimate 2004	Estimate 2005	Increase + Decrease - 2005 vs 2004
Headquarters.....	112.0	120.9	120.9	0.0
Field	38.7	39.1	39.1	0.0
Total	150.7	160.0	160.0	0.0

Summary of Policy Development and Research Staff Requirements

	Actual 2003	Estimate 2004	Estimate 2005	Increase + Decrease - 2005 vs 2004
<u>Headquarters Employment</u>				
AS for Policy Development and Researc	6.0	6.0	6.0	0.0
Budget, Contracts, and Program Control Divisio	8.0	8.0	8.0	0.0
Management and Administrative Services Divisic	5.0	5.7	5.7	0.0
Subtotal	19.0	19.7	19.7	0.0
Office of University Partnerships	5.0	5.0	5.0	0.0
DAS for International Affairs	6.0	8.0	8.0	0.0
DAS for Economic Affairs				
DAS for Economic Affairs	3.0	4.0	4.0	0.0
Economic Market Analysis Division	7.0	8.0	8.0	0.0
Housing Finance Analysis Division	4.0	4.9	4.9	0.0
Housing and Demographic Analysis Division	3.0	3.0	3.0	0.0
Economic Development and Public Finance Division	2.0	4.0	4.0	0.0
Financial Institutions Regulation Division	4.0	5.0	5.0	0.0
Subtotal	23.0	28.9	28.9	0.0
DAS for Policy Development				
DAS for Policy Development	1.0	1.0	1.0	0.0
Policy Development Division	14.0	13.9	13.9	0.0
Research Utilization Division	8.0	8.0	8.0	0.0
Subtotal	23.0	22.9	22.9	0.0

	Actual 2003	Estimate 2004	Estimate 2005	Increase + Decrease - 2005 vs 2004
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	11.0	11.0	11.0	0.0
Affordable Housing Research and Technology Division	8.0	6.9	6.9	0.0
Subtotal	36.0	36.4	36.4	0.0
Total	112.0	120.9	120.9	0.0
<u>Field Employment</u>				
Field Economists	38.7	39.1	39.1	0.0
Total	38.7	39.1	39.1	0.0

Detail of Policy Development and Research Staff Requirements

Workload Guideline	Workload Indicator	Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005				
		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												
Immediate Office DAS	NA	...	...	2.0	0.0	...	...	2.0	0.0	...	...	2.0
Provide Policy and Program Support	NA	...	...	4.0	1.5	...	...	4.0	1.5	...	...	4.0
Subtotal				6.0	1.5			6.0	1.5			6.0
Budget, Contracts, and Program Control Division												
	# of Grants Processed (Research & University Grants)											
Administer Financial Agreements		194	75.17	8.0	1.0	223	75.17	8.0	1.0	223	75.17	8.0
Subtotal				8.0	1.0			8.0	1.0			8.0
Management and Administrative Services Division												
Administrative and Management Support for PD&R	# of Personnel Supported	148	74.14	5.0	0.5	155	74.14	5.7	0.5	155	74.14	5.7
Subtotal				5.0	0.5			5.7	0.5			5.7
Office of University Partnerships												
Award and Administer Grant Programs	# of Grants Awarded	348	17.75	3.0	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	2,818	1.50	2.0	0.5	2,818	1.55	2.1	0.5	2,818	1.55	2.1
Subtotal				5.0	1.0			5.0	1.0			5.0
DAS for Economic Affairs												
DAS Economic Affairs	NA	...	...	3.0	1.0	...	...	4.0	1.0	...	...	4.0
Subtotal				3.0	1.0			4.0	1.0			4.0
Economic Market Analysis Division												
Oversight of Economist	# of Economists Supported	38	365.40	7.0	0.0	38	365.40	8.0	0.0	38	365.40	8.0
Subtotal				7.0	0.0			8.0	0.0			8.0
Housing Finance Analysis Division												

Workload Guideline	Workload Indicator	Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005				
		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	4.0	1.2	29	354.96	4.9	1.2	29	354.96	4.9
Subtotal				4.0	1.2			4.9	1.2			4.9
Housing and Demographic Analysis Division												
Perform Survey Functions	# of Surveys Produced or Supported	31	200.77	3.0	2.0	31	200.77	3.0	2.0	31	200.77	3.0
Subtotal				3.0	2.0			3.0	2.0			3.0
Economic Development and Public Finance Division												
Perform Special Initiatives, Studies and Projects	NA	NA	NA	2.0	3.5	NA	NA	4.0	3.5	NA	NA	4.0
Subtotal				2.0	3.5			4.0	3.5			4.0
Financial Institution Regulation Division												
Support for HUD's Regulatory Oversight Function for Fannie Mae and Freddie Mac	# of Analyses Produced	166	62.64	4.0	0.8	198	62.64	5.0	0.8	198	62.64	5.0
Subtotal				4.0	0.8			5.0	0.8			5.0
DAS for Policy Development												
Immediate Office DAS Policy	NA	...	...	1.0	2.0	...	...	1.0	2.0	...	...	1.0
Subtotal				1.0	2.0			1.0	2.0			1.0
Policy Development Division												
Substantive Policy Guidance on HUD's Programs and Research Agenda	# of Programs and Policies Developed and Reviewed	435	67.08	14.0	1.0	435	67.08	13.9	1.0	435	67.08	13.9
Subtotal				14.0	1.0			13.9	1.0			13.9
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
Immediate Office DAS REM	NA	...	...	1.0	...	...	...	2.0	...	...	...	2.0
Subtotal				4.0	1.0			5.0	1.0			5.0
Support and Enhance Departmental Programs and Program Monitoring	# of Organizations Supported	12,564	1.66	11.0	...	12,564	1.66	11.0	...	12,564	1.66	11.0
Subtotal				11.0	0.0			11.0	0.0			11.0
Program Evaluation Division												
Program Research, Evaluations, and Demonstrations	# of Research Projects	63	452.31	13.2	0.0	63	452.31	13.5	0.0	63	452.31	13.5

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----			----- Fiscal Year 2005 -----				
		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
Subtotal				13.2	0.0			13.5	0.0			13.5
Affordable Housing Research and Technology Division												
Conduct Studies Related to Building Technologies, Environmental Issues and Community Development	# of Studies Conducted	50	294.46	8.0	4.3	50	294.46	6.9	4.3	50	294.46	6.9
Subtotal				8.0	4.3			6.9	4.3			6.9
DAS for International Affairs												
Develop and manage International Exchanges, Contracts, and Programs	International Exchanges, Contracts, and	7	1,850.00	6.0	5.0	8	1,850.00	8.0	5.0	8	1,850.00	8.0
Subtotal				6.0	5.0			8.0	5.0			8.0
Subtotal PD&R Headquarters				112.2	25.8			120.9	25.8			120.9
Field Employment												
Field Economists												
Oversee Field Economist	# of multifamily project reviews	20	417.6	4.2		25	417.6	4.0		25	417.6	4.0
Economic Analysis, Evaluations, and Reviews	# of Section 221(D)(3) and (D)(4) reviews	612	74.4	16.6		612	74.4	17.0		612	74.4	17.0
Economic Intelligence and Advice to Program and Management Officials and Outside Clients	NA	...	...	4.1		...	...	4.6		...	...	4.6
Fair Market Rent Reviews and Related Analytical Support	# of metropolitan areas monitored	275	19.61	2.6		277	19.61	2.6		275	19.61	2.6
Database Management	# of models, databases, and spreadsheets updated	330	69.32	11.0		330	69.32	10.9		330	69.32	10.9
Subtotal				38.5	11.6			39.1	11.6			39.1
TOTAL PD&R FTE				150.7	37.4			160.0	37.4			160.0

Salaries and Expenses, Housing and Urban Development
Budget Activity 5: Policy Development and Research

HEADQUARTERS EMPLOYMENT

EXPLANATION OF CHANGES FROM 2004 BUDGET ESTIMATE TO 2005 ESTIMATE

PD&R's FTE level of 160 is the same for fiscal years 2004 and 2005. The Headquarter's FTE level is estimated to be 121 and the Field FTE level is estimated to be 39.