

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.

	ACTUAL <u>2005</u>	ENACTED <u>2006</u>	ESTIMATE <u>2007</u>	INCREASE + DECREASE - <u>2007 vs 2006</u>
<u>Budget Authority</u>				
From Appropriation Bill:				
Salaries and Expenses, HUD.....	\$547,197	\$579,000	\$594,000	\$15,000
Transfer from FHA Fund .....	556,188	556,776	556,776	0
Transfer from GNMA.....	10,609	10,593	10,593	0
Community Planning and Development (Sec. 108).....	992	742	0	-742
Title VI Indian Federal Guarantees Program Account .....	149	148	148	0
Indian Housing Loan Guarantee Fund Program Account .....	248	248	248	0
Native Hawaiian Housing Loan Guarantee Fund .....	35	35	35	0
Rescission (P.L. 108-47).....	<u>-4,378</u>	<u>-5,790</u>	<u>0</u>	<u>5,790</u>
Subtotal .....	1,111,040	1,141,752	1,161,800	20,048

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	<u>ACTUAL</u> <u>2005</u>	<u>ENACTED</u> <u>2006</u>	<u>ESTIMATE</u> <u>2007</u>	INCREASE + DECREASE - <u>2007 vs 2006</u>
Others Transfers:				
Transfer from the Federal Emergency Management Agency...a/	\$1,984a/	\$3,502	...	-\$3,502
Transfer from Revolving Fund for Liquidating Programs....	100	50	\$50	0
Interstate Land Sales Registration Fees .....	577	550	450	-100
Manufactured Housing Fees .....	<u>1,420</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Subtotal .....	<u>4,081</u>	<u>5,602</u>	<u>2,000</u>	<u>-3,602</u>
Total .....	1,115,121	1,147,354	1,163,800	16,446
Outlays (net) .....	545,000	557,000	590,000	33,000
<u>FTE</u>				
Headquarters.....	3,134	3,141	3,122	-19
Field.....	<u>5,608</u>	<u>5,459</u>	<u>5,383</u>	<u>-76</u>
Total.....	8,742	8,600	8,505	-95

NOTE: In the Appropriations Highlights table, the 2006 program transfer amounts are net the 1 percent rescission.

a/ The Federal Emergency Management Agency (FEMA) issued mission assignments for HUD's assistance in aiding the victims of various hurricane disasters in fiscal year 2005 and 2006. In fiscal year 2005, \$1,984 thousand was obligated for Departmental overtime and travel costs incurred for the hurricane disasters in Florida that occurred in 2004, and Hurricane Katrina in 2005. In fiscal year 2006, \$3,502 thousand was made available for Departmental overtime and travel costs incurred for assistance relating to Hurricanes Katrina and Rita.

SUMMARY OF BUDGET REQUEST

For fiscal year 2007, the requested appropriation is \$1,161,800 thousand, which consists of \$594,000 thousand in budget authority and transfers of \$556,776 thousand from various FHA accounts, \$10,593 thousand from Ginnie Mae, \$149 thousand from Title VI Indian Federal Guarantees Program Account, \$248 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 \$1,163,800 thousand. These funds will support a total of 8,505 full-time equivalent.

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The increases in this justification are primarily related to funding the increased personal service costs at the requested level of FTE. The increases to personal services includes funding for the anticipated 2.4 percent January 2007 pay raise, increased health and other benefits costs, with-in grade increases, and promotions. The Department's fiscal year 2007 estimate for non-personal services object classifications is essentially remaining at fiscal year 2006 levels with small increases for rent, printing and supplies; offset by decreases in travel, transportation of things, other services, and furniture and equipment. These decreases in the fiscal year 2007 estimates were necessary to maintain a level of FTE necessary to perform the Department's mission, and remain within the requested funding level. Requested changes in the object classifications are discussed in more detail later in this justification.

The fiscal year 2007 budget request of \$1,161,800 thousand represents the Department's required funding level to more effectively promote homeownership for Americans free from discrimination, revitalize communities, strengthen economic opportunities and embrace high standards to ethics, management and accountability. 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.

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ESTIMATED OBLIGATIONS

The table below displays total obligations and estimates by object class.

	<u>ACTUAL</u> 2005	<u>ENACTED</u> 2006	<u>ESTIMATE</u> 2007	<u>INCREASE +</u> <u>DECREASE -</u> 2007 vs 2006
	(Dollars in Thousands)			
Personal Services.....	\$897,083	\$922,680	\$941,902	\$19,222
Travel and Transportation of Persons.....	15,588	16,500	15,531	-969
Transportation of Things.....	307	500	280	-220
Rent, Communications, and Utilities.....	121,207	126,539	130,336	3,797
Printing and Reproduction.....	3,194	3,200	3,255	55
Other Services.....	64,513	63,033	62,438	-595
Supplies and Materials.....	4,202	4,300	4,358	58
Furniture and Equipment.....	3,610	4,000	2,700	-1,300
Insurance Claims and Indemnities.....	<u>1,024</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Obligations.....	1,110,728	1,141,752	1,161,800	20,048

NOTE: Estimated obligations exclude "other transfers."

EXPLANATION OF CHANGES

1. Personal Services. Personal services costs include all salaries and personnel benefits that 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 were involuntarily separated is directly provided to eligible former employees.

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The fiscal year 2007 request is \$941,902 thousand and will fund 8,505 FTE. This level of funding reflects an increase of \$19,222 thousand from the fiscal year 2006 estimated level and an estimated reduction of 95 FTE. The increase will fully fund a 2.4 percent pay raise in January 2007, increases to health and retirement benefits, terminal leave payments, transit subsidy for headquarters and field offices, student loan repayment, flexible spending account fees, awards and relocation costs.

**Personal Services  
Summary of Change  
(Dollars in Thousands)**

<u>Personal Services</u>	<u>FTE</u>	<u>S&amp;E Cost</u>
2005 Actual.....	8,742	\$897,083
2006 Appropriation/Request.....	8,600	922,680
<u>Changes Due To</u>		
2007 January Pay Raise.....		16,046
2006 January Pay Raise.....		7,329
FTE increase/decrease.....	-95	-11,114
Other benefit changes.....		6,961
2007 Request.....	8,505	941,902

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 that 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 2007 request is \$15,531 thousand and reflects a \$969 thousand decrease from the fiscal year 2006 estimated level. This represents a significant decrease from fiscal year 2006, which is primarily the result of additional travel costs associated with the disaster relief efforts for Hurricanes Katrina and Rita. This included unplanned travel costs relating to over 40 displaced employees, and returning damaged HUD offices to normal operation. However, the fiscal year 2007 request reflects a \$57 thousand decrease from the fiscal year 2005 actual level. HUD will have to significantly adjust the amount of travel required to meet critical operational requirements in order to absorb increased costs due to inflation, and remain within the overall requested funding level.

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. The request reflects a continuation of HUD's policy to limit the funding for employee moves. This is necessary to continue support services operations in other budget object classes, and remain within the requested funding levels.

4. Rent, Communications, and Utilities. The funds under this object class provide for all rental costs for both space and equipment, communication services, and utilities. The major cost associated with this object class is real property rental. The

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General Services Administration (GSA) establishes rental rates and provides cost estimates for the space requirements identified by the Department.

The fiscal year 2007 request is \$130,336 thousand and reflects a \$3,797 thousand increase from the fiscal year 2006 estimated level. The increase is due to anticipated rent rate increases in fiscal year 2007, new rental agreements, and inflationary adjustments for postal services, other communication costs and increases in utilities costs.

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 2007 request is \$3,255 thousand and reflects a \$55 thousand increase from the fiscal year 2006 estimated level is required to maintain the Department's critical printing requirements and pay for inflationary increases.

6. Other Services. The 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 includes contractual activity in support of the President's Management Agenda. The fiscal year 2007 request is \$62,438 thousand and reflects a \$595 thousand decrease from the fiscal year 2006 estimated level.

7. Supplies and Materials. This object class identifies charges for commodities, whether acquired by formal contract or other forms 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. The fiscal year 2007 request is \$4,358 thousand and reflects a \$58 thousand increase from the fiscal year 2006 estimated level.

8. Equipment. This object class 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 2007 request is \$2,700 thousand and reflects a \$1,300 thousand decrease from the fiscal year 2006 estimated level.

9. Insurance Claims and Indemnities. This object class provides for the Federal Government's self-insurance costs including court ordered payments. Historically, it is difficult to project these types of claims. The fiscal year 2007 request is \$1,000 thousand and reflects no change from the fiscal year 2006 estimated level.

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PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)

<u>ACTIVITY</u>	<u>Fiscal Year 2005</u>		<u>Fiscal Year 2006</u>		<u>Fiscal Year 2007</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>
Housing						
Headquarters	\$78,691	745	\$87,164	797	\$89,992	794
Field	<u>231,317</u>	<u>2,465</u>	<u>231,688</u>	<u>2,375</u>	<u>236,388</u>	<u>2,339</u>
Subtotal	310,008	3,210	318,852	3,172	326,380	3,133
Government National Mortgage Assn. HQ	7,424	67	7,950	69	8,120	68
Public and Indian Housing						
Headquarters	73,000	669	75,374	658	77,156	650
Field	<u>91,074</u>	<u>913</u>	<u>93,756</u>	<u>906</u>	<u>95,972</u>	<u>895</u>
Subtotal	164,074	1,582	169,130	1,564	173,128	1,545
Community Planning and Development						
Headquarters	22,779	208	24,628	215	25,523	215
Field	<u>60,197</u>	<u>603</u>	<u>63,561</u>	<u>615</u>	<u>64,772</u>	<u>605</u>
Subtotal	82,976	811	88,189	830	90,295	820
Fair Housing and Equal Opportunity						
Headquarters	13,803	125	13,926	123	14,245	121
Field	<u>47,816</u>	<u>499</u>	<u>49,337</u>	<u>494</u>	<u>50,467</u>	<u>488</u>
Subtotal	61,619	624	63,263	617	64,712	609
Policy Development and Research						
Headquarters	12,326	106	13,196	107	13,486	105
Field	<u>3,778</u>	<u>35</u>	<u>4,042</u>	<u>38</u>	<u>4,131</u>	<u>38</u>
Subtotal	16,104	141	17,238	145	17,617	143
Departmental Management						
Headquarters	\$19,767	185	\$19,249	163	\$19,715	171

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PERSONAL SERVICES AND FULL-TIME EQUIVALENTS (FTE)

<u>ACTIVITY</u>	<u>Fiscal Year 2005</u>		<u>Fiscal Year 2006</u>		<u>Fiscal Year 2007</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>
Lead Hazard Control						
Headquarters	4,275	42	4,523	43	4,579	42
Chief Financial Officer						
Headquarters	26,780	175	29,115	170	27,859	170
Field	<u>3,934</u>	<u>51</u>	<u>3,933</u>	<u>48</u>	<u>4,019</u>	<u>45</u>
Subtotal	30,714	226	33,048	218	31,878	215
General Counsel						
Headquarters	41,723	371	43,901	371	44,961	366
Field	<u>32,106</u>	<u>289</u>	<u>35,310</u>	<u>310</u>	<u>36,162</u>	<u>307</u>
Subtotal	73,829	660	79,211	681	81,123	673
Administration						
Headquarters	43,698	386	44,627	374	45,295	369
Field	<u>26,889</u>	<u>293</u>	<u>26,111</u>	<u>266</u>	<u>26,499</u>	<u>264</u>
Subtotal	70,587	679	70,738	640	71,794	633
Field Policy and Management						
Headquarters	2,575	23	2,033	17	2,082	17
Field	<u>49,768</u>	<u>460</u>	<u>45,481</u>	<u>407</u>	<u>46,568</u>	<u>402</u>
Subtotal	52,343	483	47,514	424	48,650	419
Faith-Based & Community Development Initiatives						
Headquarters	\$870	8	\$955	8	\$990	8
Departmental Equal Employment Opportunity						
Headquarters	2,493	24	2,820	26	2,921	26
Summary						
Headquarters	350,204	3,134	369,461	3,141	376,924	3,122
Field	<u>546,879</u>	<u>5,608</u>	<u>553,219</u>	<u>5,459</u>	<u>564,978</u>	<u>5,383</u>
Total	897,083	8,742	922,680	8,600	941,902	8,505

NOTE: In the above table, personal services includes centrally funded costs such as the Federal Employee Compensation Act payment (Workers' Compensation), Change of Station, Transit Subsidy, and Unemployment Compensation.



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Distribution of Staff By Grade Level

	ACTUAL 2005	ESTIMATE 2006	ESTIMATE 2007	INCREASE + DECREASE - 2007 VS 2006
Executive Level	6	8	8	0
Executive Service	92	90	92	2
GS/GM-15	860	838	827	-11
GS/GM-14	1,267	1,241	1,224	-17
GS/GM-13	2,382	2,361	2,338	-23
GS-12	2,322	2,303	2,274	-29
GS-11	437	418	415	-3
GS-10	36	38	38	0
GS-9	225	212	210	-2
GS-8	86	84	83	-1
GS-7	754	741	731	-10
GS-6	63	63	63	0
GS-5	80	82	83	1
GS-4	88	85	83	-2
GS-3	23	21	21	0
GS-2	12	10	10	0
GS-1	6	5	5	0
Total	8,739	8,600	8,505	-95
Average GS/GM Grade/Step	12.0	12.0	12.0	0.0

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

Salaries and Expenses  
Justification of Proposed Changes in Appropriations Language

The 2007 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized, and language proposed for deletion is bracketed.

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including purchase of uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901-5902; hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109; and not to exceed \$25,000 for official reception and representation expenses, [~~\$1,153,285,000~~] ~~\$1,161,800,000~~ of which [~~\$562,400,000~~] ~~\$556,776,000~~ shall be provided from the various funds of the Federal Housing Administration, [~~\$10,700,000~~] ~~\$10,593,000~~ shall be provided from funds of the Government National Mortgage Association [~~\$750,000~~ shall be provided from the "Community development loan guarantees program" account, ~~\$150,000~~] ~~\$148,500~~ shall be provided by transfer from the "Native American housing block grants" account, [~~\$250,000~~] ~~\$247,500~~ shall be provided by transfer from the "Indian housing loan guarantee fund program" account and ~~\$35,000~~ shall be transferred from the "Native Hawaiian housing loan guarantee fund" account: *Provided*, That [funds made available under this heading shall only be allocated in the manner specified in the statement of the managers accompanying this Act unless the Committees on Appropriations of both the House of Representatives and the Senate are notified of any changes in an operating plan or reprogramming: *Provided further*, That] no official or employee of the Department shall be designated as an allotment holder unless the Office of the Chief Financial Officer (OCFO) has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives: *Provided further*, That the Chief Financial Officer shall establish positive control of and maintain adequate systems of accounting for appropriations and other available funds as required by 31 U.S.C. 1514: *Provided further*, That for purposes of funds control and determining whether a violation exists under the Anti-Deficiency Act (31 U.S.C. 1341 et seq.), the point of obligation shall be the executed agreement or contract, except with respect to insurance and guarantee programs, certain types of salaries and expenses funding, and incremental funding that is authorized under an executed agreement or contract, and shall be designated in the approved funds control plan: *Provided further*, That the Chief Financial Officer shall: (1) appoint qualified personnel to conduct investigations of potential or actual violations; (2) establish minimum training requirements and other qualifications for personnel that may be appointed to conduct investigations; (3) establish guidelines and timeframes for the conduct and completion of investigations; (4) prescribe the content, format and other requirements for the submission of final reports on violations; and (5) prescribe such additional policies and procedures as may be required for conducting investigations of, and administering, processing, and reporting on, potential and actual violations of the Anti-Deficiency Act and all other statutes and regulations governing the obligation and expenditure of funds made available in this or any other Act[: *Provided further*, That up to ~~\$15,000,000~~ may be transferred to the Working Capital Fund: *Provided further*, That the Secretary shall fill 7 out of 10 vacancies at the GS-14 and GS-15 levels until the total number of GS-14 and GS-15 positions in the Department has been reduced from the number of GS-14 and GS-15 positions on the date of enactment of Public Law 106-377 by 2½ percent]. (*Department of Housing and Urban Development Appropriations Act, 2006.*)

Explanation of Changes:

- (1) Deletes language providing \$750,000 from the Community development loan guarantees program account.
- (2) Deletes language requiring the funds be allocated only in the manner specified in the report.
- (3) Deletes language allowing that up to \$15,000,000 may be transferred to the Working Capital Fund.
- (4) Deletes language requiring the Secretary to fill 7 out of 10 vacancies at the GS-14 and GS-15 levels until the total number of GS-14 and GS-15 positions in the Department has been reduced from the number of GS-14 and GS-15 positions on the date of enactment of Public Law 106-377 by 2 ½ percent.
- (5) Deletes reference to fiscal year 2006 and adds reference to fiscal year 2007.

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LEGISLATIVE PROPOSAL

Government-Sponsored Enterprises (GSEs)

BA	-6
Outlays	-6
FTE	-32

Please add the following language to the GSE legislative proposal:

Upon enactment of the Budget proposal for a strengthened regulator for Government-Sponsored enterprises (GSEs), it is expected that the cost of HUD's responsibilities under the Federal Housing Enterprise Safety and Soundness Act of 1992, and amendments as proposed, would be assessed on Fannie Mae and Freddie Mac. These responsibilities include the establishment and enforcement of affordable housing goals for the GSEs, ensuring GSE compliance with fair housing laws, and providing consultation to the safety and soundness regulator on the GSEs new activities. The cost of these regulatory responsibilities is currently in HUD Salaries and Expenses as a non-reimbursable expense.