

**INFORMATION TECHNOLOGY PORTFOLIO
2014 Summary Statement and Initiatives
(Dollars in Thousands)**

INFORMATION TECHNOLOGY PORTFOLIO	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2012 Appropriation	\$270,535 ^a	\$78,069 ^b	...	\$348,604	\$239,972	\$232,096
2013 Annualized CR	271,753 ^c	110,332 ^d	...	382,085	267,000	316,000
2014 Request	<u>285,100</u>	<u>116,785^e</u>	...	<u>401,885</u>	<u>275,000</u>	<u>324,000</u>
Program Improvements/Offsets	+13,347	+6,453	...	+19,800	+8,000	+8,000

- a/ This figure is the direct appropriations for the Working Capital Fund account. An additional \$71.5 million was transferred into this account from the FHA Mutual Mortgage Insurance account, for a total of \$270.5 million.
- b/ This figure includes \$5 million transferred from the Neighborhood Stabilization Program; \$373 thousand in collections; \$5.8 million in transfers from fiscal year 2011 S&E accounts, as authorized by P.L. 112-10; \$5.9 million in transfers from fiscal year 2012 S&E accounts; \$1 million in fiscal year 2012 recaptures; and a reduction of \$1.4 million in uncollected payments.
- c/ This figure is the direct appropriations for the Working Capital Fund account under a full-year annualized CR. An additional \$71.5 million is expected to be transferred from the FHA Mutual Mortgage Insurance account, for a total of \$271.8 million.
- d/ This figure includes \$400 thousand anticipated collection from the Indian Housing Loan Guarantee fund, \$300 thousand in other anticipated collections, and \$1 million in anticipated fiscal year 2013 recaptures.
- e/ This figure includes a \$400 thousand anticipated collection from the Indian Housing Loan Guarantee fund, \$300 thousand in other anticipated collections, and \$1 million in anticipated fiscal year 2014 recaptures.

1. What is this request?

The Department’s Information Technology Portfolio is a significant and strategic proposal that reflects HUD’s partnership with Congress to transform the Department’s IT environment. These investments will create a modern IT environment that is aligned to HUD’s program and operational needs, and will enable HUD to achieve key Departmental outcomes, reduce program risks, and allow the Department to be effective and efficient in a challenging budget environment. The Department proposes to rename the “Working Capital Fund” to more accurately describe the account, and consolidates all IT funding within the IT Portfolio to align to the integrated IT investment strategy and governance processes that HUD has instituted in recent years.

Information Technology Portfolio

For fiscal year 2014, HUD requests \$285.1 million in direct appropriations to fund HUD's Information Technology (IT) Portfolio, an increase of \$14.6 million over the fiscal year 2012 budget (including the fiscal year 2012 transfer of funds from the FHA Mutual Mortgage Insurance (FHA/MMI) account. Funding for IT is no longer requested in the FHA/MMI account or the Transformation Initiative account. The fiscal year 2014 request includes:

- \$116 million for the base costs for the operations and maintenance (O&M) of operational IT systems, excluding the costs for HUD's IT Infrastructure;
- \$45 million for development, modernization and enhancement (DME) of HUD's IT systems; and
- \$124.1 million for HUD's IT Infrastructure costs, including \$120.1 million for Phase 2 of HUDNET, which will complete the transition of HUD's entire IT infrastructure and support services from the expiring HUD Information Technology Services (HITS) contract.

	Fiscal Year 2012 Appropriations^a	Fiscal Year 2013 Annualized Continuing Resolution^b	Fiscal Year 2014 Request
DME	\$200,000	\$37,179,000	\$45,040,000
O&M	116,905,000	92,244,000	115,989,000
HITS^c	126,530,000	120,930,000	0
HUDNET Phase 1^c	26,900,000	21,400,000	4,011,000
HUDNET Phase 2^c	0	0	120,060,000
Total	270,535,000	271,753,000	285,100,000

a/ Fiscal year 2012 funds are presented as including the \$71.5 million transfer from FHA/MMI.

b/ Fiscal year 2013 funds are presented as including the \$71.5 million transfer from FHA/MMI.

c/ In fiscal year 2014, HITS and HUDNET Phase 1 are considered part of HUD's O&M costs, and HUDNET Phase 2 is considered part of HUD's DME costs. In future budget years, both phases of HUDNET will be part of HUD's O&M costs. These are broken out separately to show the actual cost progression of HUD's other O&M and DME, and to show long-term cost reductions in HUD's IT Infrastructure services in the transition from HITS to HUDNET.

This request's proposed investments will continue the partnership between HUD and the Congress to reverse the Department's historical practice of devoting an inordinately high percentage of its IT funds to O&M, while making insufficient investments in DME. While many of HUD's systems continue to have significant modernization needs, budget and capacity constraints place real limitations on the ability to deliver successful IT projects in a timely and high-quality manner. The fiscal year 2014 Budget take a

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judicious approach to development that is scaled and focus to ensure that projects are successfully delivered on-time and on-budget. By reviewing its existing IT architecture to identify cost savings, as well as decommissioning outdated legacy systems, HUD is finding efficiencies in its O&M costs which can be re-invested in this greatly needed modernization. Between the beginning of fiscal year 2010 and the end of the second quarter of fiscal year 2013, HUD has successfully decommissioned 49 legacy IT systems.

HUD's modernization efforts include the once-in-a-decade transition from HITS to HUDNET, which will fully modernize HUD's IT environment and infrastructure. The Department will also be replacing its core financial system, and continuing the top priority FHA Transformation project that helps to advance and protect our investments in the nation's mortgage and rental housing industries.

All major IT projects reflect both risks and rewards, and HUD is engaged in the process of appropriately sequencing its ongoing and complex projects to manage this risk in a responsible way. The request for the IT Portfolio reflects the following key priorities:

- a strategic approach to IT investment based on continuous monitoring and evaluation of new and legacy systems, and the decommissioning of outdated legacy systems in a measured and well-planned manner;
- a focus on accountability by keeping projects on-schedule and on-budget, and re-directing resources to projects that have a demonstrated record of success;
- a continuation of major investments with priority deliverables in fiscal year 2014;
- a significant effort to continue to build HUD's capacity to deliver on-time, on-budget, and high-quality IT investments; and
- a focus on reducing risk in multiple project efforts, including the ability to provide mature and accurate project plans and cost estimates.

Operations & Maintenance

The O&M funding request is foundational and essential to the continuing operations of all IT at HUD. The fiscal year 2014 O&M request of \$116 million is a reduction of \$0.9 million from fiscal year 2012, due to cost savings from OCIO's efforts to better manage its many IT contracts, and from decommissioning legacy systems and replacing them with new IT solutions. HUD expects to decommission more legacy systems in the remainder of fiscal year 2013, and expects to be able to further reduce its non-infrastructure IT costs in future years. Once the transition to HUDNET is complete, HUD will be able to realize greater cost savings from the decommissioning of IT systems.

Development, Modernization, and Enhancement

The request for \$45 million in DME funding will allow HUD to continue the important DME work in mission critical initiatives. These include major investments in the following ongoing IT solutions:

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- FHA Transformation;
- the New Core financial solution;
- the eGrants Business Portal; and
- the HUD Integrated Acquisition Management System.

In addition to these ongoing initiatives, \$10.4 million of the DME request will be used to fund new IT DME projects beginning in fiscal year 2014, including solutions for the Regulatory, Legislative, and Enforcement business functions; priority Departmental budget systems; and new contributions to new eGovernment initiatives.

HUDNET

The transition from HITS to HUDNET is critical. HUD does not own any of the hardware or software related to the expiring HITS contract, which funds the entire IT infrastructure that supports all of HUD's programs and operations, including the Department's basic end-user services, desktop computers and network connections. A properly managed transition to HUDNET will allow the Department to achieve significant cost savings, improve agency operations through better coordinated systems, and allow for uninterrupted service for HUD's programs and the millions of households served.

HUD is approaching the HUDNET implementation in two phases over 3 years. The two phases are organized to combine services with the goal of optimizing cost and performance efficiencies and effectiveness. Phase 1 encompasses analysis of HUD IT infrastructure core services, technology shifts, Departmental priorities, service gaps, and the strategic direction of HUD and the federal community. As a result, HUD has been able to determine its contracting requirements for three of the five HUDNET services- Systems Engineering and Management, Transport Services, Automated Monitoring and Management. The first two of these have been solicited and are already in technical evaluation panel review, and the third is nearly ready to be released for competition. These services will enable HUD to support requirements for continuous monitoring, performance and asset management, transparency of operations, and technical planning. Phase 2 of HUDNET will complete HUD's transition to the new IT Infrastructure, including bringing on-line the last two HUDNET services (Data Center/Housing and End User).

- In fiscal year 2012, \$26.9 million was funded to start the HITS-to-HUDNET transition, and enabled HUD to start Phase 1.
- In fiscal year 2013, HUD will use \$21.4 million to cover the remaining balance needed to complete the full implementation of Phase 1 of HUDNET.
- In fiscal year 2014, HUD is requesting \$120.1 million for to complete Phase 2 of the HUDNET transition, which will involve the standing up of the HUDNET IT infrastructure and the transition away from HITS and to HUDNET.

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HUD has exhausted extension and cost increases to the HITS contract, and the period of performance for HITS will reach its endpoint by the first quarter of fiscal year 2015. This leaves HUD with a very limited timeframe to complete the acquisition and implementation of HUDNET.

As the IT Transformation Initiative (TI) solutions are ready to be deployed into the HUD infrastructure, it is critical that HUD has completed the transition from the legacy infrastructure to the modern infrastructure to provide the technical environment needed to deploy these solutions.

2. What is this program?

The IT Portfolio is a complete and fully integrated IT investment portfolio, aligned by supported business functionality, and managed at the system, project and service levels. HUD's IT Portfolio includes the O&M and DME needs for all of HUD's IT infrastructure, all of HUD's operational IT systems, all IT security, and the desktop and helpdesk requirements of more than 15,000 users in 10 regional offices and 82 field offices.

HUD's IT infrastructure supports hundreds of billions of dollars in FHA and Ginnie Mae securitization efforts that are a bulwark to the private mortgage financing market. This investment is imperative for the well-functioning accuracy and payment for more than 4 million rental subsidies, involving approximately \$38 billion of annual federal investment; and for managing billions of dollars in formula and competitive grants, enrolling thousands of grantees and contractors for community development and other high priority HUD programs.

HUD continues to leverage the fiscal year 2010 IT Assessment Report, with ongoing work sessions between program offices and OCIO to identify modernization projects for the technical environment and to define a more efficient and cost-effective departmental IT architecture. These efforts are also focused on identifying cost savings and/or cost avoidance in the HUD IT Portfolio, and developing a comprehensive HUD 5-year IT Tactical Plan for the entire portfolio. The implementation of this 5-year IT Tactical Plan will enable HUD to make the most efficient use of all IT funding.

With this submission, HUD is requesting appropriated funding for all of the IT infrastructure and development, hence the change of the name of this appropriation request from the "Working Capital Fund (WCF)" to the "HUD IT Portfolio" to better reflect HUD's integrated IT investment strategy and governance processes. While we remain open to the possibility in the future of implementing a true working capital fund to manage IT funding, we recognize that a number of additional management controls will be needed in order for a true working capital fund to be successful. This includes, but is not limited to, an ability to accurately capture the costs of IT services and a governance structure and operational staff to allow the fund to be well informed and managed.

To better manage costs and to ensure an efficient IT portfolio, CIO continues to implement stringent management controls. These include:

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1. Implementing a baseline 5-Year IT Tactical Plan which incorporates all current and planned IT commitments and activities into a single consolidated document. This will help HUD to better understand the details of the current business state (including current commitments), and will provide a platform to launch an annual IT Strategic Planning process. The resulting IT Strategic Plan will be used to inform and update the annual budget formulation activities, update the 5-Year IT Transition Strategy and Sequencing Plan, and ultimately influence performance plans.
2. Continuing to assess the scope of all IT contracts in order to reduce scope and cost of work and task orders for duplicative and unnecessary activities. This includes a cross-walk of the fiscal year 2013 spend plan line items to their contracts for a higher level of transparency between the budget and the procurement actions.
3. Continuing to strengthen the new segment sponsor's role as executive stewards of their business functionalities. Among the new segment sponsor's responsibilities is to provide the subject matter expertise and executive-level leadership to identify opportunities to eliminate systems with redundant or unnecessary functionality; to advantageously combine and integrate IT assets; to ensure business processes are optimized before any development, modernization or enhancement project is undertaken; and to work with other segment sponsors in other HUD program areas on departmentwide IT solutions.
4. Establishing functional Segment Architectures. These will provide the details of HUD business processes and workflow, performance goals, data, systems, services, and infrastructure that support business transactions; enable a clearer view of how much is being spent to close specific business performance gaps; and identify existing duplication and gaps in HUD's services for which IT services could be leveraged to improve performance and achieve greater return on investments.
5. Working collaboratively with CFO to strengthen the control and oversight mechanisms to better manage the carryover balances in the IT portfolio, ensure high-value use of our available resources, and hold projects accountable for achieving results. To minimize its carryover balances and ensure success of its high-priority IT investments, HUD will increase the frequency, amount, and depth of reviews with the programs for unobligated balances against the annual spend plan, re-directing unused funds to the most critical funding shortfalls and towards our most successful projects. HUD's senior leadership is continually reviewing the needs of its IT systems and ensuring its annual IT spending plan is up-to-date and reflects its most important priorities.
6. Continuing to assess all operational systems to identify candidates for decommissioning. HUD's new IT Management Framework includes a formal control gate review process with detailed procedures for officially retiring systems in order to reduce overall O&M costs. The intent of the Office of the Chief Information Officer (OCIO) is to reinvest savings from O&M to much-needed DME projects, particularly for enterprise wide solutions to gain greater value from investments and further reduce O&M costs.

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HUD has successfully decommissioned 49 operational systems between the beginning of fiscal year 2010 and the second quarter of fiscal year 2013, and plans to decommission more over the remainder of fiscal year 2013. The structure of the HITS contract requires HUD to remove all systems from a platform before HUD can receive any cost savings; HUD must continue to maintain costly legacy platforms until this transition is complete. The cost savings from these systems will be fully realized once the transition to HUDNET is complete. Segment sponsors will further analyze the systems still in production to determine opportunities for consolidation and decommissioning, and align the timing if such transitions decrease risk and optimize savings. The exact number and timing of additional decommissions will be dependent on the transition from legacy technologies through the implementation of functionality from the transformation initiatives. Executing full lifecycle cost planning, estimation standards, and evaluation techniques will assist in identification of the total cost of planning, acquiring, executing, operating, and maintaining technology based solutions. This effort will allow HUD to make informed choices throughout the life cycle.

Salaries & Expenses (S&E)

The IT Portfolio is managed by the CIO. The CIO is responsible for providing modern information technology that is secure, accessible and cost effective, that meets or exceeds customer needs and expectations while ensuring compliance with applicable regulatory requirements. HUD is requesting 254 FTE for OCIO in fiscal year 2014, which reflects a decrease of 28 FTE as compared to fiscal year 2012. This reduction is due to business process improvements, improved IT infrastructure contract vehicles, the reorganization of OCIO, and the transfer of 9 FTE away from the OCIO Privacy function along with other shifts of FTE from OCIO to other departmental priorities. The 254 FTE requested are assigned to the following functions:

- *Enterprise Program Management*, which provides project management expertise while managing the IT project investment and approval processes to include required documentation, guidance, and performance metrics – 51 FTE, a decrease of 8 FTE from fiscal year 2012;
- *Investment Management*, which facilitates decision making for information technology to achieve strategic goals and objectives of HUD through capital planning and budget formulation – 10 FTE, a decrease of 1 FTE from fiscal year 2012;
- *Enterprise Architecture*, which manages the information technology lifecycle that consists of architecture, investment and implementation, with a focus on enterprise solutions – 9 FTE, the same level as fiscal year 2012;
- *Business and IT Resource Management*, which is responsible for human and financial resource management, strategic planning, funds control, budget execution, OCIO policy, audit compliance, internal controls, and acquisition management – 40 FTE, a decrease of 3 FTE from fiscal year 2012;
- *Policy/Audit Compliance/Personnel Management*, which facilitates information technology operations through human resources planning and staffing, facilities management, correspondence, paperwork reduction act management, and audit management and compliance – 17 FTE, a decrease of 1 FTE from fiscal year 2012;

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- *Privacy and Security Compliance*, which ensures compliance with security and privacy policies; monitors and ensures timely responses and remediation to security breaches and violations of information assurance policy and procedures; responsible for FISMA reporting – 11 FTE, a decrease of 9 FTE from fiscal year 2012;
- *Data Center Operations*, which coordinates and manages the tools and resources to support HUD’s critical business and management programs with efficient, cost-effective information systems and operational, maintenance, and integration services – 43 FTE, a decrease of 1 FTE from fiscal year 2012;
- *Desktop and Headquarters Service Delivery*, which provides desktop support and service in the Washington, DC area. This support includes installation, configuration, and troubleshooting for departmental desktop equipment, standard desktop software, and wireless devices – 12 FTE, the same level as fiscal year 2012; and
- *IT Field Service Delivery*, which provides desktop support and service outside of the Washington, DC area to ten regional and eighty Field Offices. This support includes installation, configuration, and troubleshooting for departmental desktop equipment, standard desktop software, and wireless devices – 61 FTE, a decrease of 5 FTE from fiscal year 2012.

3. Why is this program necessary and what will we get for the funds?

HUD’s IT Portfolio is critical to the ongoing operations of HUD’s mission areas, such as the grant programs, mortgage insurance programs, and operations of the nation’s public housing facilities. It is also critical for HUD’s IT Infrastructure, and the operations of all the Department’s administrative and support functions, such as human resource services and financial management.

HUD’s IT Portfolio is grouped into three Mission Areas, each containing several IT segments. The IT Portfolio also funds HUD’s contribution to the cross-agency eGovernment Initiatives.

Funding by Functional Areas: (Dollars In Millions)	FY 12 DME	FY 12 O&M	FY 12 Total	FY 13 DME	FY 13 O&M	FY 13 Total	FY 14 DME¹	FY 14 O&M	FY 14 Total
Core Mission Area	\$0.2	\$36.4	\$36.6	\$11.1	\$34.9	\$46.0	\$27.0	\$39.7	\$66.7
Business Services Area	0.0	220.7	220.7	26.0	185.4	211.5	135.0	67.7	202.7
Enterprise Services Area	0.0	12.2	12.2	0.0	13.0	13.0	3.1	10.0	13.1
eGovernment Initiatives	0.0	1.1	1.1	0.0	1.3	1.3	0.0	2.6	2.6
IT Portfolio Total:	0.2	270.3	270.5	37.1	234.6	271.8	165.1	120.0	285.1

¹ For purposes of this and the following tables, Phase 2 of HUDNET is included as DME in the Information Technology Segment of the Business Services Area.

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HUDNET

The Information Technology Segment in the Business Services Area contains both the HITS contract and HUDNET. The HITS contract has more than 29 service level agreements and more than 119 metrics that are evaluated by an independent verification and validation (IV&V) contractor on a monthly, quarterly, semi-annual and annual basis.

By the first quarter of fiscal year 2015, the HITS contract will have reached the end of the period of performance. Over the past 2 years, HUD has developed the strategy for replacing the HITS contract with HUDNET, with the goal to provide all required personnel, management oversight, tools, processes, and other necessary resources to fully support the multi-vendor service delivery and management model. This strategy was developed based on specific strategic objectives aligned with HUD's mission and a detailed analysis of IT infrastructure service provider alternatives. HUD is in the acquisition planning and management phase of HUDNET and will award, implement, and complete the transition to HUDNET in fiscal year 2014. Once completed, HUDNET will transform and modernize HUD's IT Infrastructure to a cost-effective, operationally efficient, technologically improved, and continuously monitored service delivery and management framework, achieved through a flexible and transparent contract.

Similar to the HITS model, the HUDNET implementation is a 100 percent outsourced plan. However, the HUDNET model represents many fundamental changes from HITS. HUDNET will provide an improved IT infrastructure services framework that meets the current and anticipated mission needs for all of the Department's programs and stakeholders while attaining maximum flexibility and agility. This will be achieved through the following strategies:

- achieving cost efficiencies through data center consolidation, improvements in operational efficiencies for key commodity IT infrastructure components, and transitioning Wide Area network transport services to GSA Networkx;
- enabling HUD to achieve cost savings on a system-by-system basis, rather than on a platformwide basis;
- providing performance-based, flexible contracts to provide secure and highly reliable IT infrastructure services that meet or exceed OCIO customer requirements and expectations;
- continuously reviewing and analyzing HUD's IT infrastructure to ensure it stays current with technological advances in the industry, and monitoring of costs of services and customer satisfaction throughout the life cycle of the HUDNET program, measured through 3rd party Total Cost of Ownership (TCO) studies;
- keeping infrastructure investments aligned with the HUD Strategic Plan and mission objectives; and
- establishing continuous performance management monitoring and controls to provide timely, accurate, and insightful data on program status and performance reporting.

The HUDNET acquisition strategy involves multiple acquisitions supporting each of the individual IT service towers. The strategy serves to develop management, oversight, and independent assessment capability to support the impending transition and phased

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operation; to establish services in a logical manner; and to provide the maximum opportunity for competition, including small business set-asides. This acquisition strategy includes:

- the transfer of HITS core IT Infrastructure functions, such as data center hosting and storage, wide area network services, and end-user hardware and software;
- acquisition of independent systems engineering and management services to assist in transition planning and execution, evaluations of cost and technical proposals from service delivery providers, evaluations and recommendations of emerging technologies, evaluations of emerging technologies, and development of implementation plans; and
- automated monitoring and management services to provide independent continuous monitoring and management of the performance of all service delivery providers and the centralized tier 1 help desk.

The HUDNET program IT infrastructure includes five primary service towers: Network Transport, Data Center, End User, Systems Engineering and Management, and Automated Monitoring and Management. This IT infrastructure services model was developed to provide best of breed service delivery while providing for seamless interface to next generation technologies and aligning with use of flexible, modular contract vehicles. The components of the HUDNET services model provide the following key functionalities:

- Systems Engineering & Management Services – providing HUD with trusted advisory role and assist HUD in defining requirements and enabling processes for review, requirements analysis, technology evaluations, etc. They will provide guidance and assistance during transition phases of each of the Service Towers from current providers.
- Automatic Monitoring and Management – providing continuous oversight of the agreements between HUD and the various service delivery contractors;
- Transport Services – providing HUD with next generation Wide Area Network infrastructure, video teleconferencing services, and trusted internet connections;
- Data Center & Hosting Services - providing and managing hosted and cloud services for HUD's IT environment; and
- End User Services – providing and managing HUD's local area network, end-user hardware and software, and providing support services at HUD headquarters and each of HUD's regional and Field Offices.

The transition strategy from HITS to HUDNET requires careful planning, substantial testing and parallel operations to ensure that the systems supporting HUD's delivery of services remain fully operational and that all staff support functions are seamlessly transferred to the new environment. The new IT Infrastructure services delivery providers will have significant one-time costs to transfer each system and validate its successful operations. This requires having two IT infrastructures operating simultaneously for several months, each with their own software, equipment, and support, to ensure handoffs occur smoothly during the transition.

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CORE MISSION AREA

The Core Mission Area includes systems and projects that support HUD's core mission functions, such as the promotion of sustainable homeownership, the stabilization of the housing market, providing housing assistance, and efforts that support HUD's partners in community revitalization and job creation efforts. Fiscal year 2014 funds for the Core Mission Area will include the necessary development, modernization and enhancements (DME) operations and maintenance (O&M) funding for the IT systems that directly support the U.S. Citizen in the HUD mission areas of homeownership, rental assistance, and grants.

Funding Request by Core Mission Segments: \$(M)	FY 12 DME	FY 12 O&M	FY 12 Total	FY 13 DME	FY 13 O&M	FY 13 Total	FY 14 DME	FY 14 O&M	FY 14 Total
Homeownership	\$0.2	\$22.1	\$22.2	\$3.1	\$23.5	\$28.2	\$23.3	\$25.3	\$48.6
Housing Assistance	0.0	7.1	7.1	6.9	5.0	11.9	2.0	7.9	9.9
Community & Regional Development	0.0	7.2	7.2	0.0	6.4	6.4	1.7	6.5	8.2
Core Mission Total:	0.2	36.4	36.6	10.0	34.9	44.9	27.0	\$39.7	66.7

Homeownership

The Homeownership segment is comprised of three related IT investments:

- Mortgage Insurance – The systems that execute FHA's mission to expand affordable housing and homeownership opportunities, strengthen program controls, and improve program management. These systems support a national mortgage insurance industry servicing \$1.2 trillion of insurance-in-force.
- Asset Management – The systems that support FHA's mission to strengthen the housing market by managing the single family properties that have been acquired by HUD, managing lifecycle activities to sustain physical and financial health of Multifamily Housing projects, track surplus federal properties reported to HUD by all federal land holding agencies, and approve re-development and homeless assistance plans as required by the Base Closure Community Redevelopment and Homeless Assistance Act.
- Automated Services – The systems that support HUD's efforts to promote sustainable homeownership, including assisting homeowners at risk of losing their homes, enhance the government's ability to stabilize the housing market, and educating the public on homeownership benefits. This includes systems for automated services for lender management, premium refunds, and credit subsidy data used by the Single Family and Multifamily Housing Mortgage Insurance programs.

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The Homeownership Segment includes the FHA Transformation Initiative. FHA Transformation is developing and implementing a modern financial services IT environment to better manage and reduce risk across all of FHA's Mortgage Insurance Programs. It will enable risk detection and fraud prevention by capturing critical data points at the front-end of the loan life cycle, while leveraging the right set of risk and fraud tools, rules-based technology, and transactional controls to minimize exposure to FHA's Insurance Funds. To date, the FHA Transformation IT initiative has delivered a new lender certification system, and has made sound progress on the Single Family Housing's systems and new risk management tool. The next steps in FHA Transformation include deploying a portfolio evaluation tool, a new risk and fraud monitoring system, and a new automated underwriting system.

Increased funding for the Homeownership segment in fiscal year 2014 provide for new development efforts for the FHA Transformation IT initiative.

The FHA Transformation project requires fiscal year 2014 funding for electronic appraisal delivery, FHA lender recertification through a new Lender Electronic Approval Portal, and decommissioning of outdated IT systems supporting FHA lender management. The FHA Transformation project is also requesting fiscal year 2014 funding to continue development of automated underwriting for Multifamily, Healthcare and Single Family Mortgage Insurance program, enabling HUD to replace costly legacy underwriting systems and processing platforms.

Housing Assistance

The Housing Assistance segment consists of the systems that enables HUD to provide rental housing assistance to more than 5.3 million households, across many HUD programs, each with its own individual set of business rules. O&M funding in this segment is necessary to maintain the current functionality for managing the Department's choice voucher program, valued at more than \$20 billion.

NGMS is a multiyear investment that was initiated in 2010 to provide a suite of robust technical tools, designed to help HUD administer its affordable housing programs more efficiently, and bring the various work functions of these programs up to modern and streamlined standards. NGMS is structure to support modular, agile development and allow the Department to change course as needed. NGMS will improve the management and oversight of HUD's Public Housing programs and Housing Choice Voucher programs, which respectively provide approximately \$6.6 billion and \$20 billion of rental housing assistance to needy families each year. These programs presently are managed with multiple IT tools that are based on Excel and Access, requiring manual inputs between the tools that introduce significant risks for errors. These legacy architectures are poorly integrated and lack system "tag and edit" features that would eliminate the need for data to be manually manipulated to adjust for gaps in system logic.

In the fourth quarter of fiscal year 2013, the NGMS initiative is expected to implement Phase I of the budget formulation and forecasting (BFF) project for the voucher program, and portfolio and risk management (PRM) capabilities to support both the public housing and voucher programs. Full implementation is expected in the first quarter of fiscal year 2014. These core investments enable HUD to replace manual processes with smart, repeatable, and reliable automated processes. Especially in light of coming

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budget constraints, the implementation of these processes is necessary. Additionally, the NGMS initiative is expected to implement Phase I of the cash management (CM) project for the voucher program, as well as affordable housing data architecture (AHDA) in support of all Phase I projects, shortly into fiscal year 2014. Upon successful completion of these top-priority projects under NGMS, HUD will undergo a comprehensive evaluation of the Housing Assistance segment and revised business processes to identify other modernization projects that can provide improved service in a cost-effective manner. With limited resources for IT modernization, HUD will continually evaluate IT modernization and will work with stakeholders to re-direct resources as needed to ensure IT investments are achieve results.

Community & Regional Development

The Community & Regional Development Segment consolidates all the departmental Grants Management functions, providing the systems that enable HUD to administer formula and competitive programs with a combined value of more than \$15 billion annually to communities nationwide, across the entire lifecycle of the grants. More than 10,000 users depend on one or more of these grants management systems as their primary business interface with HUD for performing their basic grant program functions, consisting of more than 65,000 total assistance actions. These systems automate critical functions, including: grant application intake and review, grant award tracking, activity setup and the drawdown of funds, grantee risk analysis and monitoring, consolidated planning and performance reporting, and health and lead hazard compliance.

By the end of fiscal year 2014, HUD plans to de-commission the Empowerment Zones/Renewal Communities "PERMS" system, and complete the de-commission and replacement of the outdated Legacy platform current used for the Grants Management Process "GMP" system. De-commissioning of these two systems will represent cost savings of approximately \$400,000 in this segment and across HUD's IT infrastructure.

DME funding in this segment will be used for new IT projects, including systems that will consolidate redundant grant systems and functions, or automate additional grant programs or processes that are currently being performed manually. Detailed planning, benefits, and cost savings are pending the outcome of the Grants Management Business Modernization Plan effort, to be completed in the last quarter of fiscal year 2013.

A lack of funding will cause delay or even abandonment of plans for DME systems that will add technological efficiencies and business capabilities using existing Grants Management solutions. While this would create short term savings, HUD predicts far greater savings as a result of these investments in the Operations and Maintenance budget and in HUD's overall workforce productivity. More critically, a lack of funding will result in cuts to maintenance budgets of grants management systems, preventing HUD from performing critical break fixes that may arise. Thousands of users count on these systems as the primary business interface with HUD. The business disruption caused by system failure will generate an immediate, substantial and sustained outcry from grantees and from private sector business interests impacted financially by any system breakdown. Any system disruption has the potential to significantly delay or prevent billions of dollars of annual investment activity that will impact disaster recovery, homeless assistance, lead hazard, public housing, and environmental compliance and the nation's economic recovery as a whole.

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BUSINESS SERVICES

The Business Services Area includes the systems and projects that support HUD's administrative and support functions, such as Financial Management, Administrative Management, HR, and the IT infrastructure. A significant portion of the fiscal year 2014 funds for Business Services will include the funding necessary to support the IT infrastructure and automated services that comprise the back-bone of the Department's daily operations.

Funding Request by Business Services Segment: \$(M)	FY 12 DME	FY 12 O&M	FY 12 Total	FY 13 DME	FY 13 O&M	FY 13 Total	FY 14 DME	FY 14 O&M	FY 14 Total
Information Technology	0	\$179.1	\$179.1	\$12.0	149.6	\$161.6	\$120.9	\$33.6	\$154.5
Financial Mgmt.	0	19.8	19.8	6.4	16.1	22.5	10.3	15.2	25.5
Reg., Leg. & Enforcement	0	1.2	1.2	1.0	5.3	6.3	0.8	4.5	5.3
Planning & Budgeting	0	5.8	5.8	3.9	1.0	4.9	2.7	1.8	4.5
Controls & Oversight	0	6.1	6.1	0.0	4.7	4.7	0.3	4.1	4.4
Disaster Management	0	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0
Public Affairs	0	3.7	3.7	0.0	3.1	3.1	0.0	3.3	3.3
Acquisition Mgmt.	0	0.8	0.8	0.5	2.4	2.9	0.0	2.6	2.6
HR Management	0	1.4	1.4	2.2	1.5	3.8	0.0	1.4	1.4
Administrative Mgmt.	0	1.4	1.4	0.0	1.7	1.7	0.0	1.2	1.2
Business Services Total:	0.0	220.7	220.7	26.0	185.4	211.5	135.0	67.7	202.7

Information Technology

This segment is comprised of the hardware, software, and services for HUD's outsourced data center, networks and telecommunications, desktop and mobile computers, peripherals, help desk and end user support, and the operations and maintenance of programs and systems maintained by OCIO. It includes the HITS contract and HUDNET, as described on pp. 9-11.

A lack of funding in this segment could delay the implementation of the services and environment being developed by the IT Modernization project, resulting in duplicative services and increased costs. More severe cuts would put the transition to HUDNET in jeopardy.

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Financial Management

The Financial Management Segment contains the cross-cutting financial management systems that support of all HUD program and administrative areas. The systems and projects included in the Financial Management Segment are vital to the financial management business functions of all HUD offices.

Systems in the Financial Management Segment support the budget execution, accounting, and financial reporting to the U.S. Treasury Department, OMB, Congress and the public of all HUD programs. This is currently accomplished by the Department's legacy core accounting and subsidiary program ledger systems. However, HUD is currently replacing these legacy systems through the New Core Financial Services modernization initiative. This effort to replace the legacy systems is a multi-year development initiative that will establish a consistent, common enterprisewide, financial system.

Increased funding for the Financial Management Segment in fiscal year 2014 is for the development of the New Core Financial Services modernization initiative, which commenced in the fall of 2012. HUD is on track to have the feasibility analysis of a shared services approach, a report detailing alternatives examined, and a proposed implementation schedule for Core Financial Services modernization all completed by the end of the third quarter of fiscal year 2013. Final implementation dates will depend on the alternative(s) chosen along with an approved implementation plan.

The New Core initiative is pursuing a federal shared service IT solution. This will result in greater economies of scale by processing transactions through the shared service provider. It will also result in a lower-cost solution by avoiding expensive and costly IT support, maintenance, and customization of a stand-alone HUD system.

This initiative will enable HUD to link agency performance to costs through consolidation of financial systems to a consistent platform. This will create an increased capability to accurately measure and report on program costs, and will maximize HUD's return on investment. Additionally, HUD will be able to resolve material weaknesses, reportable conditions, and other audit findings from HUD Office of Inspector General (OIG) and Anti-Deficiency Act (ADA); resolve major management challenges and program deficiencies identified by the Government Accountability Office (GAO); and provide for the highest potential for success in enhancing and supporting HUD's current and future business needs, and for the achievement of HUD's Strategic and Annual Performance Plan goals and objectives.

Without the requested funding, HUD will be unable to implement the New Core Financial Services initiative. It could also adversely impact HUD's ability to meet audit requirements, ability to meet financial reporting needs, compliance with Federal Accounting and System Standards (e.g. FSIO, FASB, FISMA), and the ability to modernize its financial systems will be adversely impacted. In the absence of a new core financial system, HUD will have to continue to rely on legacy systems that are no longer reliably supported. Due to unsupported technology, the legacy systems are at an increasing risk of failure. Replacing the legacy systems is vital to reduce risk (audit, security, financial reporting), sustain operational effectiveness, and ensure full compliance with federal

Information Technology Portfolio

standards. The core financial system investment is critical because the vulnerable legacy systems manage the budget for all funds, generate the Department's General Ledger, and execute over 90 percent of the Department's disbursements.

Regulatory, Legislative, and Enforcement

The Regulatory, Legislative and Enforcement segment encompasses IT functions and support that support the Office of General Counsel's (OGC). The legal research components of the segment are funded via Salaries and Expenses.

The net increase in the Regulatory, Legislative & Enforcement segment is largely due to cost growth of IT services used by OGC. However, these costs are being offset by a reduction in contract scope for the Fair Housing IT support contract. This is a direct result of the HUD's review of all statements of work on IT contracts to find cost savings. Additionally, in fiscal years 2013 and 2014, HUD plans to consolidate six systems that manage, track, monitor and support Departmental investigations to find efficiencies and cost-savings.

Insufficient funding in this segment puts at risk the investigation of complaints or referrals filed with to the Office of Fair Housing and Equal Opportunity (FHEO), Office of General Counsel's Departmental Enforcement Center (DEC), the Office of Healthy Homes and Lead Hazard Control (OHHLHC), and the Office of Departmental Operations and Coordination (ODOC).

Planning and Budgeting

The Planning and Budgeting segment supports the budget planning, formulation, and review and editing of all budget justification documents. It also provides the tools to monitor and review the Department's current year appropriations and allocations; to create executive-level reporting and dashboards; and to analyze the workload and Full-Time Equivalents across the department; and to analyze the capacity to look at cost trends across HUD including IT, salaries and programs. These tools and capabilities assist HUD's resource decision making and the analysis of funding to help manage the multi-billion dollar HUD portfolio.

The net decrease in funding for the Planning and Budgeting Segment is due to savings identified through HUD's IT contract review process.

Inadequate funding for this segment's investments will weaken HUD's abilities to deliver a timely and accurate budget, and to meet its budget management requirements. Further, it will reduce HUD's capability to manage its program, S&E, and IT funds.

Controls and Oversight

The IT investments of the Controls and Oversight segment support the Capital Fund, Operating Fund, and the Moving-to-Work Program in HUD's Public Housing program. This segment also has systems that support the Multifamily Housing Program. These systems enable HUD's Real Estate Assessment Center to effectively and fairly measure the performance of public housing agencies. HUD uses these systems to evaluate the physical condition of public housing agencies' units, the soundness of agencies' financial

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operations, the effectiveness of their management assessment, the level of resident satisfaction with their services and living conditions, and to classify the risk-level of the housing authorities.

The net decrease in funding for the Controls & Oversight segment funding request is due to cost and contract savings found in the Segment's systems.

If this segment is not fully funded, HUD would not be able to electronically assess the effectiveness of the financial and management operations of Public Housing Authorities (PHAs) across the country. The PHAs' scores would have to be computed manually, which increases error risk and results in duplicative work for PIH staff. This would impact the approximately 4,500 to 5,000 internal and external system users that depend on the systems in this segment.

Public Affairs

The Public Affairs Segment supports the Department's internal and external messaging. The IT Portfolio funding request enables the Department to maintain its current capabilities of HUD's web products to better serve citizens, business partners, and employees. The segment puts in place sufficient resources to maintain the existing web pages and to provide content and technical support as needed by a variety of clients, as well as for Departmental high-visibility projects such as HUD's Hurricane Sandy response, Disaster Recovery site in response to the Recovery Act, Open Government Initiative, and Avoiding Foreclosure. The Department's internet presence served over 48 million unique visitors in fiscal year 2012, an average of over 4 million unique visitors a month, providing information, services, and access to over 50 different applications 24 hours a day, 7 days a week to its customers. It is the premiere example of "build once, use many" in the Department.

The Department's intranet reduces time to make better decisions and is aligned with the mission to improve financial performance, budget & performance integration, competitive sourcing and strategic management of human capital. It enables the Department to improve effectiveness and efficiency, eliminating delays in processing and improving employee satisfaction and retention and streamlines customer service, providing info and services whenever wanted.

Funding for this segment has remained at nearly the same level for several years despite a significant increase in utilization, support provided, and adoption/deployment of the technology. Though the demand and requirements have increased drastically over this period, a combination of utilization of technology and expanded training has enabled HUD to keep costs consistent.

The Department's Internet & Intranet are the backbone of how the Department does business. A lack of funding would cripple these systems, and the effects would be felt across the entire department. Additionally, a lack of funding would detrimentally affect HUD.GOV, which is a critical communication source and receives almost 50 million unique visitors each year.

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Acquisition Management

The Acquisition Management segment supports the Office of the Chief Procurement Officer (OCPO) in its mission to acquire all contracted goods and services required by the Department in the most efficient and cost-effective manner possible to enable the Department to meet its strategic objectives and its mission.

The Acquisition Management Segment includes the HUD Integrated Acquisition Management System (HIAMS), which provides a single enterprise-wide integrated acquisition management system that encompasses all phases of acquisition. HIAMS has replaced manually-intensive procurement processes with streamlined automated processes that utilize a federal acquisition management software system currently in use by more than 80 organizations across the civilian, intelligence and defense sectors. HIAMS integrates the complete procurement process from pre-award activities to contract close-out of the procurement. This includes strategic planning and forecasting, purchase request generation, receipt of funding, solicitation, award, modification, delivery, invoice tracking, credit card reconciliation, reserving funds, enhanced contract writing, and management report generation. HIAMS generates the most common Federal forms and other optional acquisition forms (i.e., forms specified in the FAR and HUD regulations and policies) without requiring manual forms editing or formatting. The system also enables forms to be exported to various formats such as Microsoft Word or Excel for editing and customization. The business benefits of HIAMS include reduced inefficiencies, time and duplication in the acquisition/procurement process, which will expedite services rendered to the public.

The net increase in the Acquisition Management segment funding request from fiscal year 2013 to fiscal year 2014 is due to inflationary increases in the HIAMS O&M costs.

A lack of funding for this Segment will cause all HUD procurement actions to experience delays across the planning, execution, and management of the acquisitions, due to a lack of query and reporting capabilities or interface with the Department's Core Financial System.

Human Resource Management

The Human Resources Management Segment includes IT investments that assist the Office of the Chief Human Capital Officer in its responsibilities of managing and administering the Department's Human Capital programs, including recruitment, professional development and training, workforce analysis, and succession planning.

The Human Resource Management Segment includes the ongoing HR End-to-End (HR E2E) DME initiative. HR E2E, when completed, will handle all of the Department's human capital management activities. It will integrate all of HUD's disparate HR systems, replacing them where needed, and automating manual processes. Additionally, HUD's HR E2E solution will improve tracking and reporting capabilities for both HR and HUD's customers, leading to improved customer satisfaction, better workflow management, and faster and more accurate service delivery.

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The net decrease in the Human Resource Management segment funding request from fiscal year 2013 to fiscal year 2014 is due to the reduction in contract scope for HUD's Integrated Human Resources and Training System (HIHRTS) and resulting from the Department's review of all statements of work on IT contracts to find cost savings.

If the investments in this segment are not fully funded, HUD runs the risk of a shutdown of critically important HR systems, including WebTA, which is used to process HUD's payroll, and HRConnect, which serves as HUD's personnel processing system. This would have a strongly negatively impact on HUD's ability to transact HR business. If the HIHRTS contract is not fully funded, HUD will not be able to meet the required tier-one and tier-two helpdesk operations that were established via a signed MOU with the Treasury Department.

Administrative Management

The Administrative Management Segment assists the Office of Facilities Management Services (OFMS) to provide its key support services in the operations and management of HUD's real and personal property, mail distribution, printing and graphics services, and other key services.

Systems in the Administrative Management Segment manage, monitor, and provide accountability for HUD Facilities, Property, and Assets. These systems also support requests for creating, updating, and/or altering books, booklets, pamphlets, banners, posters, advertisements, PowerPoint presentations, awards, and training materials, in digital format and/or layouts. These systems create internal communication products that keep HUD's personnel informed of events and training programs and provide an automated HUD phonebook via the HUD Locator.

The net decrease in the Administrative Management segment is due to the reduction in O&M funding required for the Facilities Integrated Resource Management System and support for desktop publishing hardware. If the investments in this segment are not funded, HUD will no longer be able to control, manage and report on personal property assets, which currently exceed \$2 million in value. It will also lead to a misalignment between HUD's General Ledger and its asset management system.

ENTERPRISE SERVICES

This portion of HUD's IT portfolio includes the systems and projects that provide shared, cross-cutting and cost-saving solutions for the Department. By grouping systems and projects by similar business function, enterprise services enables HUD to find opportunities to share cross-cutting services among the program areas, to reduce the number of duplicative systems, and to leverage economies of scale.

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Funding Request by Enterprise Services Segment: \$(M)	FY 12 DME	FY 12 O&M	FY 12 Total	FY 13 DME	FY 13 O&M	FY 13 Total	FY 14 DME	FY 14 O&M	FY 14 Total
Customer Relationship Mgmt.	0	\$4.6	\$4.6	0.0	\$3.7	\$3.7	\$1.3	\$2.5	\$3.8
Digital Asset Services	0	0.7	0.7	0.0	2.6	2.6	0.0	2.5	2.5
Business Analytical	0	2.9	2.9	0.0	4.8	4.8	0.0	3.4	3.4
Process Automation	0	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Data Mgmt.	0	2.1	2.1	0.0	1.9	1.9	1.8	1.6	3.4
Enterprise Services Total:	0.0	12.2	12.2	0.0	13.0	13.0	3.1	10.0	13.1

Customer Relationship Management Services

The Customer Relationship Management Services segment is comprised of systems that provide services for many of HUD’s stakeholders and grantees. This includes systems which allow HUD and its stakeholders to evaluate the creditworthiness of loan applicants, produce financial statement filings for HUD’s programs, and provide help-desk services for HUD’s grantees.

The increase in funding for the Customer Relationship Management Services Segment is due to the need to upgrade software which will become obsolete and unsupported. The net decrease in O&M costs is due to cost savings realized in this Segment’s systems.

If the investments in this segment are not funded several mission-critical systems will be impacted, which would constitute a failure to comply with approximately 17 federal laws and regulations. HUD’s risk of insuring loans for borrowers who have defaulted on FHA loans or other Federal loans would increase to unacceptable levels. HUD would fail to honor their Computer Matching Agreements to provide a shared interagency database with several federal agencies (USDA, SBA, VA, ED and DOJ) and lenders working on their behalf. Some systems would also become obsolete and unsupported, creating additional risks for HUD.

Digital Asset Services

The Digital Asset Services Segment supports the Executive Secretariat in serving as the central control and coordination point for the management of correspondence to and from the Secretary and the Deputy Secretary, as well as other correspondence received at Headquarters from the Congress and elected officials. These systems help in the receipt, analysis, assignment, distribution, and tracking of controlled correspondence. It also helps the Executive Secretariat in maintaining files for subsequent retirement and

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physical transfer to the National Archives and Records Administration for preservation as a permanent institutional history. The systems in this segment are also vital for handling Freedom of Information Act requests.

If the investments in this segment are not funded, there would be increases in cost as important documents and important correspondence will have to be stored in rented space and HUD would have to develop a manual way of distributing and postage mailing all its correspondence. This will also result in delays in processing, increased labor costs to hire more people to process everything manually, and ever increasing space rental fees for an indefinite period of time. Additionally HUD's correspondence management system will be unable to meet legislative as well as regulatory mandates that these systems respond to but not limited to Executive Order 13392 for FOIA management, the Government Paperwork Elimination Act, and the President's November 28, 2011 memorandum relative to records management.

Business Analytical Services

The Business Analytical Services segment supports the extraction, aggregation, and presentation of information to facilitate better decision-making and business evaluation across HUD programs. This segment includes investments in analytical services and geospatial services.

Analytical services in this segment represent a consolidated approach to provide consistently rigorous analysis of program performance throughout the Department. This includes the HUDStat DME initiative, which integrates data from many disparate program systems to present up-to-date views of program performance by place and time, giving senior leadership a consistent and accurate view of HUD's progress toward its strategic goals.

The primary purpose of the HUDStat system is to supplement and enhance the agencywide performance management processes by using modern business intelligence capabilities that provide an enterprise view of performance data by place, time, and program. This data can be disaggregated down to the very lowest levels of geography for comprehensive analysis in HUDStat executive meetings, at which HUD executives examine granular data from across the Department in order to analyze and ensure progress towards the achievement of HUD's Strategic Goals.

To date, the HUDStat initiative has improved the ability to track, measure and report on the performance of all six HUD Agency Priority Goals. Going forward, HUDStat projects will continue to expand and enhance reporting functionality, integrate internal management metrics, pilot direct interfacing with program-specific data collection systems, and integrate the new 2014-2018 HUD Strategic Plan framework and content.

Enterprise Geospatial Services systems were created to address the Department's need to coordinate the development and deployment of geospatial technology at HUD, and encourage the use of innovative products and approaches across the entire Department. The Enterprise Geospatial Services program directs the efficient, cost-effective, and sustainable use of geospatial technology throughout HUD.

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The net decrease in funding for the Business Analytical Services Segment is due to reduced DME needs in fiscal year 2014, and reduced O&M costs of the IT systems in this segment, including HUDStat.

If not funded, the investments in this segment would negatively impact the Department’s ability to provide up-to-date data, research and analysis to Department’s Senior Leadership, Congress and the public. Program and agency leadership would lack the full business intelligence necessary to make data-driven, place-based management decisions. It would also mean that the Department could not deploy modern data and geospatial analytic tools to our partners via a standard web application. The inability to provide accurate and timely answers about HUD programs to Congress and OMB would put all of HUD’s programs at risk.

Data Management Services

The Data Management Services Segment provides for the usage, processing and general administration of information throughout the Department. This segment provides the foundation for improving HUD’s data management capability by changing from a system focus to an enterprisewide focus. This will result in better data quality, deeper data understanding, and more enhanced data sharing across the Department.

The net increase in funding for this Segment is for DME needs to address HUD’s disparate data management focus. The current lack of enterprise-wide data management practices at HUD has at times led to deficiencies in the support of HUD stakeholders and their business needs. Over time, limited data management methodology and defined standards has contributed to increased costs in data storage, difficulty in sharing data across business functions, poor data quality, and difficulty reconciling data and systems of record. This small short-term increase will lead to reductions in O&M costs in future years.

A lack of funding will prevent HUD from moving forward with its efforts to move to an enterprise-wide data management focus. This will result in perpetuating fragmented data management systems, increasing costs and reducing service efficiency across the Department.

eGOV INITIATIVES

	FY 12 DME	FY 12 O&M	FY 12 Total	FY 13 DME	FY 13 O&M	FY 13 Total	FY 14 DME	FY 14 O&M	FY 14 Total
eGovernment Initiatives	0.0	\$1.1	\$1.1	0.0	\$1.3	\$1.3	0.0	\$2.6	\$2.6

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HUD funds its contributions to the federal eGovernment Initiatives through the IT Portfolio. This portion of the IT Portfolio enables HUD to make its financial contributions to these critical cross-agency initiatives:

- GovBenefits;
- Disaster Assistance Improvement Plan;
- E-Rulemaking;
- Grants.gov;
- The Integrated Acquisition Environment;
- Performance Management; and
- Financial Management.

Additional funds for eGovernment Initiatives are provided through HUD's Administration, Operations, and Management account.

The net increase of in the eGovernment Initiatives funding request is due to projected increases in the costs of the eGovernment initiatives, often attributable to inflationary factors and new requirements for funding the Performance Management line of business.

HUD continues to provide support for innovative solutions that meet the Department's priorities, promote transparency and accountability, and encourage participation in government. Through the framework established by the e-Government Act of 2002 and the ongoing collaborative efforts with other federal agencies, HUD is providing simple, easy-to-use governmental services and information that are accessible, effective, and less burdensome for our customers.

4. How do we know this program works?

HUD's IT Portfolio supports the O&M as well as the modernization of the IT systems for the entire Department. This includes systems that support hundreds of billions of dollars in commitment authority through FHA and Ginnie Mae, and tens of thousands of rental and community development contracts and grants.

While serving all of the functional IT needs of this elaborate, complex, and programmatically diverse Department, HUD has continued to ensure protecting the privacy of its customers and employees. Because of the nature of its services and operations, HUD handles an unusually large amount of personally identifiable information (PII). HUD has implemented practices that have effectively safeguarded this PII information, which ensures the privacy of HUD's employees and customers.

HUD's IT supports internal departmental operations as well as the core mission functions. We have evidence of success in each area:

Information Technology Portfolio

Internal Business Operations: HUD's IT Portfolio supports all administrative, support, and enterprisewide systems, supporting internal functions such as HR, Procurement, Finance, Administration, and IT operations. The IT Portfolio directly contributes to business success from leveraging information technology in areas such as:

Financial Management: HUD OCIO works closely with the Office of the Chief Financial Officer to maintain clean audit findings from GAO audits and recommendations. HUD has received a clean audit opinion for the last 12 years, the last four of which have not had any material weaknesses. The HUD's Chief Information Officer is committed to HUD continuing to receive clean audit findings and requires that any adverse findings have plans for mitigation.

IT Service Delivery & Governance: HUD is adopting an internal TechStat process modeled after OMB's successful TechStat program. Weekly reviews of TI/IT initiatives have led to two initiatives being re-scoped and re-established (NGMS & HR End-to-End) as a result of improved IT governance.

Procurement: For the office of the Chief Procurement Officer, HUD has successfully launched the roll-out of the new procurement management system, HIAMS, which is now the Department's official automated procurement system of record. Additionally, HUD decommissioning the two outdated legacy systems that HIAMS replaced.

Human Resource Services: HUD is piloting an automated Classification and Recruitment System in the Office of the Chief Procurement Officer and Housing; has completed a HR End-to-End Assessment that provides direction on additional planned HR End-to-End initiatives; conducted Lessons Learned from the HR End-to-End Assessment, which provided vision to restructuring/direction for the entire HR End-to-End initiative; established a program management office (PMO) to oversee the HR End-to-End initiative; and created a new business case for a modernized HR End-to-End Solution.

Data Management: HUD established the new Data Steward Advisory Group (DSAG) to assess and improve the practice of data management for the whole Department. The group then conducted a detailed data management survey of HUD's 32 mission-critical systems to assist in the evaluation of current practices. A follow up request to the system owners to collect key data management documentation was successful. Having these detailed data management documents in a central repository will help the DSAG complete their assessment and develop recommendations for enterprise data management.

Analytical Services: The HUDStat team has incorporated detailed performance data on five out of seven Agency Priority Goals, including: Veterans' Homelessness, Foreclosure Prevention, Energy and Green Retrofits, and Rental Assistance. The team has added more than 240 users to the system and produced more than 150 reports and dashboards that provide varying views of the data. Users now have the ability to drill down into geographic data and generate new reports to meet their business needs. The incorporation of additional data and enhanced reporting functionality has resulted in a decrease in the number of person-hours required to compile HUDStat data for Quarterly Performance Reviews. Similarly, the compilation of performance data into a single system has allowed HUD to begin tracking problems in the source data which can then be addressed. The HUDStat Business Intelligence project has met 100 percent of its deliverables within cost and schedule in fiscal year 2012.

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FOIA Management & Correspondence Tracking: HUD recently completed upgrades to the Department's Freedom of Information Act Management System (FMS²) and Correspondence Tracking System (CTS). The public-facing online FOIA submission portal was also upgraded in an effort to respond to the Administration's call for better transparency and openness to Government information. The upgraded FMS² provides automated online redaction of sensitive data, completely eliminating the need for manual redactions. Modifications to both systems have resulted in full enterprise accessibility, eliminating the roadblock associated with limited licenses and access to the HUD program areas. Both systems have been migrated to a vendor-hosted cloud computing environment, which frees users from being tied to their desktop workstations and limited to specific geographic locations. Both systems can now be accessed by a browser anytime, from any location with internet access. The intention is to soon retire the legacy Automated Correspondence Online Response Network system that is based on an outdated Unisys mainframe platform.

Mission-Area Operations: HUD's mission is comprised of three primary programmatic elements: grants management, mortgage insurance, and rental assistance vouchers. HUD's IT continues to seamlessly support the ongoing business operations of all three major mission areas while supporting each area's development efforts. There has been no reported loss of awards or awardees information, all of FHA's mortgage insurance programs are running uninterrupted, and rental vouchers are provided uninterrupted for housing to help the Americans who need it most. Some mission-related IT success stories include:

Mortgage Insurance: FHA Transformation TI/IT initiative has created a high-level business requirements and conducted tool selection for portfolio evaluation risk & fraud capabilities (portfolio modeling and emerging trends analysis); developed both short and long term FHA master data management roadmaps and strategies; completed permanent development and user acceptance test environments for the Lender Electronic Application Portal (LEAP) current lender approval application deployment and future work within approval, recertification, monitoring, and enforcement; completed permanent integration test and production environments for LEAP for current lender approval application deployment and future work within lender approval, recertification, monitoring, and enforcement; successfully entered LEAP into production, including the automation of lender application and approval process, lender submission of application, Office of Lender Activities workflow, status tracking, automatic notifications, application assignment to FHA staff for review, and interface with third party Dun & Bradstreet for lender profile information and verification; and procured licenses for Portfolio Evaluation Tool to begin execution of pilot deployment tasks.

Grants Management: HUD has completed a number of the DME projects in support of the HEARTH Act. These projects have enabled HUD to transform the 5-year grantee consolidated planning process with the eCon Planning Suite & GIS tool, retiring paper process and reducing grantee workload; improve financial controls for the HOME Program on the IDIS system, providing new program income controls to improve reporting, ensure that draws are from committed funds only, and assist large grantees to streamline the data entry process; launch a new system to automate performance and investment reporting and manage PHA/Tribal implementation of energy efficiency measures; and automate the Technical Assistance grant programs for OneCPD (DRGR system) and new HEARTH Act of 2009 regulations.

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Voucher Management: HUD has completed a number of DME projects in the Next Generation Management System initiative. These projects have allowed HUD to develop executive summary views of trends in leasing and expenditures trends to help in decision-making; improve performance, accountability, data accuracy and validation; and enable both external and internal users to monitor Public Housing Authority transactional activities.

Geospatial Data & Mapping Tools: The Multifamily Project Evaluation Tool enables HUD personnel to better mitigate risk to the insurance fund through sound development decisions in addition to enhanced oversight on the existing portfolio. The primary feature of the tool flags the location of a proposed multifamily development project and then applies a search radius around the proposed location, identifying all multifamily assets contained within the radius. The visual display of assets along with the corresponding filterable data grid greatly assists in identifying insured and/or subsidized projects/units within a given area and proximity to a proposed development project.

**INFORMATION TECHNOLOGY PORTFOLIO
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2012 Budget Authority</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2012 Obligations</u>	<u>2013 Annualized CR</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2014 Request</u>
HUD IT Portfolio	\$270,535	\$73,069	\$343,604	\$239,972	\$271,753	\$105,332	\$377,085	\$285,100
NSP-3 IT Transfer	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	...
Total	270,535	78,069	348,604	239,972	271,753	110,332	382,085	285,100

NOTES

1. For 2012 Budget Authority and 2013 Budget Authority/Request, the HUD IT Portfolio line represents the appropriations for the Working Capital Fund.
2. HUD IT Portfolio 2012 Budget Authority includes \$71.5 million transferred from FHA/MMI.
3. HUD IT Portfolio 2011 Carryover Into 2012 includes \$373 thousand in collections; \$5.8 million in transfers from fiscal year 2011 S&E accounts, as authorized by P.L. 112-10; \$5.9 million in transfers from fiscal year 2012 S&E accounts; \$1 million in fiscal year 2012 recaptures; and a reduction of \$1.4 million in uncollected payments.
4. HUD IT Portfolio 2013 Budget Authority/Request includes \$71.9 million transferred from FHA/MMI.
5. HUD IT Portfolio 2012 Carryover Into 2013 includes \$400 thousand anticipated collection from the Indian Housing Loan Guarantee fund, \$300 thousand in other anticipated collections, and \$1 million in anticipated fiscal year 2013 recaptures.

Information Technology Portfolio

**INFORMATION TECHNOLOGY PORTFOLIO
Appropriations Language**

Below is the italicized appropriation language for the Information Technology Portfolio account.

For the development of, modifications to, and infrastructure for Departmentwide and program-specific information technology systems, for the continuing operation and maintenance of both Departmentwide and program-specific information systems, and for program-related maintenance activities, \$285,100,000, to remain available until September 30, 2015.

Note.--A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.