

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES**

	FY 2014 Actual		FY 2015		FY 2016		FY 2015 TO FY 2016	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<i>(Dollars in Thousands)</i>								
PROGRAM OFFICES								
Community Planning and Development	744.5	\$ 99,405	761.6	\$ 102,000	819.3	\$ 112,100	57.7	\$ 10,100
Fair Housing and Equal Opportunity	527.2	68,236	515.8	68,000	607.9	81,100	92.1	13,100
Office of Lead Hazard Control and Healthy Homes	50.9	7,061	46.3	6,700	53.6	7,800	7.3	1,100
Housing	2,839.9	374,041	2,833.8	379,000	2,921.6	397,200	87.8	18,200
Policy Development and Research	137.4	20,983	152.1	22,700	158.5	23,900	6.4	1,200
Public and Indian Housing	1,345.0	196,628	1,421.1	203,000	1,453.3	210,000	32.2	7,000
SUBTOTAL	5,644.9	766,353	5,730.6	781,400	6,014.1	832,100	283.5	50,700
EXECUTIVE SUPPORT OFFICES								
Immediate Office of the Secretary	18.9	4,108	21.2	3,908	19.1	3,571	(2.2)	(337)
Office of the Deputy Secretary	3.3	1,168	8.1	1,162	8.8	1,267	0.7	105
Office of Congressional and Intergovernmental Relations	15.5	2,272	18.1	2,675	18.5	2,766	0.4	91
Office of Public Affairs	18.9	3,037	21.7	3,418	22.8	3,631	1.1	213
Office of Adjudicatory Services	8.0	1,341	8.3	1,363	8.4	1,397	0.1	34
Office of Small and Disadvantaged Business	4.0	597	4.5	697	4.5	713	0.1	16
Office of Faith-Based and Neighborhood Partnerships	8.2	1,088	8.3	1,277	8.3	1,255	0.1	(22)
SUBTOTAL	76.8	13,611	90.1	14,500	90.3	14,600	0.2	100
ADMINISTRATIVE SUPPORT OFFICES								
Office of the Chief Human Capital Officer	190.8	54,400	190.0	57,000	180.0	61,475	(10.0)	4,475
Office of Administration	232.2	202,243	238.0	200,000	241.0	210,504	3.0	10,504
Office of the Chief Financial Officer	188.8	46,460	180.8	47,000	180.8	81,357	0.0	34,357
Office of the Chief Procurement Officer	115.1	16,124	118.7	16,500	121.0	17,036	2.3	536
Office of Field Policy and Management	363.3	51,240	360.3	50,000	384.1	55,401	23.8	5,401
Office of Departmental Equal Employment Opportunity	18.6	3,131	19.7	3,200	19.9	3,270	0.2	70
Office of the General Counsel	596.1	93,217	600.9	94,000	609.9	96,981	9.0	2,981
Office of Strategic Planning and Management	25.5	4,483	30.0	4,400	30.1	5,774	0.1	1,374
Office of the Chief Information Officer	233.3	35,785	252.9	46,000	252.9	46,102	(0.0)	102
SUBTOTAL	1,963.8	507,083	1,991.3	518,100	2,019.7	577,900	28.4	59,800
TOTAL HUD SALARIES & EXPENSES *	7,685.4	1,287,047	7,812.1	1,314,000	8,124.1	1,424,600	312.1	110,600
Government National Mortgage Association*	109.7	19,435	138.8	23,000	167.8	28,300	29.0	5,300
Office of Inspector General*	602.8	124,084	637.0	126,000	643.0	129,000	6.0	3,000

*HUD Salaries & Expenses totals excludes Government National Mortgage Association (GNMA) & Office of the Inspector General (OIG), which receive funding under their respective Program Accounts.

Housing and Urban Development – Salaries and Expenses Overview

The Department of Housing and Urban Development requests \$1,424.6 million for the Salaries and Expenses (S&E) account in fiscal year 2016, and reflects an increase of \$110.6 million and 312.1 FTE from the fiscal year 2015 enacted levels. Overall, this request includes \$1,123.3 million for Personnel Services and \$301.3 million for Non-Personnel Services.

The fiscal year 2016 S&E budget is being requested in 8 accounts:

- Program offices:
 - Community Planning and Development, \$112.1 million and 819.3 FTE;
 - Fair Housing and Equal Opportunity, \$81.1 million 607.9 FTE;
 - Office of Lead Hazard Control and Healthy Homes, \$7.8 million and 53.6 FTE;
 - Housing, \$397.2 million and 2,921.6 FTE;
 - Policy Development and Research, \$23.9 million and 158.5 FTE;
 - Public and Indian Housing, \$210.0 million and 1,453.3 FTE;
- Executive Offices including \$14.6 million and 90.3 FTE; and
- Administrative Support Offices including \$577.9 million and 2,019.7 FTE.

Description of Need

The fiscal year 2016 S&E request of \$1,424.6 million is slightly less than 3 percent of HUD's total request. The requested level will help address under-investments in the crucial areas of monitoring, oversight, operations, and management. Eighty-five percent of HUD's total budget request is needed solely to renew rental assistance to 5.5 million residents of HUD-subsidized housing, including public housing operating subsidies and capital needs, and to renew existing HUD grants to homeless assistance programs. Detailed data on over 4.56¹ million tenants reveals that: 56 percent are elderly or disabled, 73.6 percent are extremely low-income (below 30 percent of area median income) and an additional 20 percent are very low-income (below 50 percent of area median income). The Department's programs are critical to addressing the structural gap between household incomes and housing prices and persistent un-affordability of housing. HUD plays an important role in making housing affordable through its investments in rental vouchers, public and assisted housing, and HUD-funded efforts led by states and localities. This work to ensure a stable supply of affordable housing in safe and quality communities enables low-income families and individuals to live healthy and productive

¹ This figure reflects tenants for whom the Department has recently reported demographic data, and not total tenants supported by these programs.

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lives. HUD is also a vehicle for advancing sustainable and inclusive growth patterns, communities of choice, energy efficiency, community and economic development, enforcing fair housing, as well as broad homeless assistance. In fiscal year 2016, HUD will continue its collaboration with other agencies, including the Departments of Transportation, Education, Justice, and Energy, as well as the Environmental Protection Agency, to ensure that the location of affordable housing enhances access to employment and educational opportunities, and makes the way we develop and redevelop our communities a key part of the nation's strategy for addressing climate change and energy independence.

HUD remains at the forefront of the federal response to strengthen the mortgage market. As of September 30, 2014, the Mortgage Mutual Insurance portfolio included 7.9 million loans with an unpaid principal balance exceeding \$1.1 trillion. Federal Housing Administration (FHA) mortgage insurance enhances a borrower's credit and provides banks with better access to capital markets, most notably through Ginnie Mae securities. FHA has long been a valuable resource for enabling the purchase of a first home, especially among minority and low-income families. In fiscal year 2014, 81 percent of FHA-insured mortgage endorsement were for first time homebuyers. Recently, the FHA has announced that it will reduce the annual premiums new borrowers will pay by half a percent. This action is projected to save more than two million FHA homeowners an average of \$900 annually and spur 250,000 new homebuyers to purchase their first home over the next 3 years.

The Salaries and Expenses Budget

Account Structure. As in the previous fiscal year, the 2016 Budget request streamlines 22 separate accounts into 8 accounts, and reflects no changes to the program office S&E accounts, but the Budget consolidates seven offices into the Executive Office account and nine into the Administrative Support Offices account. HUD will continue to manage the offices separately. A more streamlined budget structure, will provide HUD the flexibility to efficiently make strategic realignments to support Administration priorities and emerging issues.

The budget request includes a General Provision to amend the authorized transfer of a limited amount of funds between accounts that provide for personnel and non-personnel expenses to be up to 10 percent or \$10,000,000, whichever is less. The budget request also proposes an increase in S&E funding that can be transferred to the IT fund from the current \$2.5 million to up to \$15 million.

Functional Analysis. In fiscal year 2014, to address the concerns of Congress and other stakeholders, the S&E budget was developed at a functional level to better link these resources to the program dollars they manage and support. The 2016 request is based on estimated workload, starting at the functional level where possible. HUD continues to refine and update these functions to accurately reflect program activities and better manage across the Department, including identification of necessary resources and potential efficiency gains. While Program Areas were required to utilize detailed information regarding workload and functional activities to develop the S&E estimates, only summary level information is included in this submission.

Housing and Urban Development – Salaries and Expenses Overview

Delivery of Services. In fiscal year 2016, HUD will continue pursuing a shared-service arrangement with the Bureau of Fiscal Services (BFS), in the Department of the Treasury, for financial system and accounting services support, and improved human resources (HR) service delivery. This effort is a multi-year development initiative that will establish a consistent, common enterprise-wide, financial system, as well as provide seamless HR integration, ensuring delivery of strategic objectives. By early 2015, HUD plans to have BFS provide HR service all of its employees (except members of the Senior Executive Service and political appointees). The shared services model aims to reduce operational costs and improve process efficiency—the benefits associated with economies of scale and the elimination of duplicative efforts help streamline service delivery.

Cross-Cutting Initiatives. In the 2016 Budget, the Department will focus on a number of cross-cutting initiatives to support the President’s goal of targeting multiple Federal resources across agencies to tackle complex problems, and effect change in how federal agencies operate and the public’s perception of the federal government.

AFFH Initiative		
Program Office	S&E Total	FTE
OGC	\$1,575,000	9.7
CPD	662,000	5.0
FHEO	5,071,000	38.0
PDR	219,000	1.5
PIH	1,369,300	10.0
Total	\$8,896,300	64.2

The Affirmatively Furthering Fair Housing (AFFH) Rule Initiative – The Department continues to invest FTE in AFFH, which supports HUD’s Strategic Plan Goal 4A: “Ensure compliance with civil rights and economic opportunity requirements by providing high quality technical assistance and training to stakeholders.” The ultimate goal of AFFH and the new rule is to change the policies and practices that perpetuate segregation and support diverse, inclusive communities where all have access to opportunity. In doing so, all of HUD’s efforts to promote opportunity will be strengthened. The Offices involved in the rule have devoted extensive staff hours to ensure the rule is both effective at achieving a fair housing outcome and feasible for grantees. As we start to move to the

Housing and Urban Development – Salaries and Expenses Overview

implementation phase, all the relevant HUD offices will continue to play an important role, drawing on their individual strengths and expertise.

There are a number of additional areas of work that will require staffing in several of the Offices, such as providing guidance, training, and technical assistance; reviewing submissions and provision of feedback where necessary; and evaluating progress. Additionally, a very small number of staff resources will be used to establish ways to measure HUD’s implementation of the AFFH regulation and eventually the outcomes in communities across the country.

HUD’s fiscal year 2016 request reflects cross-cutting and collective AFFH efforts requiring a total of \$8.9 million in S&E funding which will support 64.2 FTE across OGC, CPD, FHEO, PDR and PIH. More detailed information regarding the specific AFFH-related activities can be found within the respective Congressional Justifications (CJs) for each Program Area (PA).

RAD Initiative		
Program Office	S&E Total	FTE
OGC	\$299,000	2.0
CPD	265,000	2.0
FHEO	515,000	4.0
Housing	2,654,000	20.0
PIH	<u>3,423,000</u>	<u>25.0</u>
Total	\$7,156,000	53.0

Rental Assistance Demonstration Conversion (RAD) Initiative – The proposed S&E funding levels for the Rental Assistance Demonstration Program (RAD) would allow HUD to take its next big step in shifting the Public Housing, Moderate Rehabilitation, Rent Supplement, and Rental Housing Assistance Payments (RAP) stocks to the more sustainable project-based Section 8 platform. HUD’s cross-cutting and collective RAD efforts will target the use of its \$50 million 2016 request in programmatic and \$7.2 million in S&E funding towards properties in high-poverty neighborhoods where the Administration is supporting a comprehensive revitalization strategy, such as through a Promise Zone designation and/or a Choice Neighborhoods grant. These conversions would supplement

Housing and Urban Development – Salaries and Expenses Overview

and complement the ongoing conversions that will occur without additional subsidy. It will place HUD on a strong trajectory to convert 500,000 public housing units over the next 5 years.

HUD’s fiscal year 2016 requests reflects cross-cutting and collective RAD efforts requiring a total of \$7.2 million in S&E funding which will support 53.0 FTE across the OGC, CPD, FHEO, Office of Housing, and PIH. More detailed information regarding the specific RAD-related activities can be found within the respective CJs for each PA.

Promise Zones Initiative		
Program Office	S&E Total	FTE
PD&R	\$151,000	1.0
FPM	2,430,000	17.0
CPD	685,000	5.0
Housing	<u>1,338,000</u>	<u>10.0</u>
Total	\$4,604,000	33.0

Promise Zones Initiative – The Promise Zones initiative, is a place-based initiative with the purpose of revitalizing high-poverty communities across the country by creating jobs, increasing economic activity, improving educational opportunities, reducing serious and violent crime, leveraging private capital, and assisting local leaders in navigating federal programs and cutting through red tape. The Promise Zone designation partners the federal government with local leaders who are addressing multiple community revitalization challenges in a collaborative way and have demonstrated a commitment to results. Specifically, federal staff will be stationed in each designated community to help navigate the array of federal assistance and programs available to Promise Zones, subject to availability of appropriations and agency policies, rules and statutes.

HUD’s fiscal year 2016 requests reflects cross-cutting and collective Promise Zones efforts requiring a total of \$4.6 million in S&E funding which will support 33.0 FTE across PD&R, FPM, CPD, and the Office of Housing. More detailed information regarding the specific PZ-related activities can be found within the respective CJs for each PA.

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Personnel Services: \$1,123.3 million

The Department requests \$1,123.3 million to fund employee salaries as well as nominal increases to fund the pay raise, within grade, and promotions in fiscal year 2016. This funding level represents a \$57.6 million increase over fiscal year 2015, and will also support programmatic changes. The fiscal year 2016 request is estimated to support 8,124.1 FTE, an increase of 312.1 FTE from fiscal year 2015 enacted appropriations.

Non-Personnel Services: \$301.3 million

The Department requests \$301.3 million in Non-Personnel Services in fiscal year 2016. This represents a \$53.0 million increase over fiscal year 2015. This includes significant increases in Other Services to support the BFS efforts in the Office of the Chief Human Capital Officer as well as the implementation of New Core in the Office of the Chief Financial Officer.

Housing and Urban Development – Salaries and Expenses Overview

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES**

	TRAVEL	TRANS OF THINGS	RENT, UTIL, COMM	PRINTING	OTHER SERVICES	TRAINING	SUPPLIES	EQUIP.	CLAIMS	TOTAL
<i>(Dollars in Thousands)</i>										
PROGRAM OFFICES										
Community Planning and Development	\$ 1,683	\$ -	\$ -	\$ 45	\$ 1,197	\$ 455	\$ 30	\$ -	\$ -	\$ 3,410
Fair Housing and Equal Opportunity	831	-	2	10	590	190	20	-	-	1,643
Office of Lead Hazard Control and Healthy Homes	162	-	-	11	8	37	8	-	-	226
Housing	-	3,332	700	4	45	3,281	1,644	558	-	9,565
Policy Development and Research	250	-	-	120	718	160	27	-	-	1,275
Public and Indian Housing	4,092	-	4	90	5,902	858	54	-	-	11,000
Subtotal	7,018	3,332	706	280	8,460	4,981	1,783	558	-	27,119
EXECUTIVE SUPPORT OFFICES										
Immediate Office of the Secretary	65	-	-	1	395	5	30	-	-	496
Office of the Deputy Secretary	27	-	-	-	3	2	6	-	-	38
Office of Congressional and Intergovernmental Relations	28	-	-	1	1	3	5	-	-	38
Office of Public Affairs	60	-	-	1	64	5	4	-	-	134
Office of Adjudicatory Services	20	-	-	-	73	2	6	-	-	101
Office of Small and Disadvantaged Business	13	-	10	-	-	5	4	-	-	32
Office of Faith-Based and Neighborhood Partnerships	50	-	15	24	50	4	5	-	-	148
Subtotal	263	-	25	27	586	26	60	-	-	987
ADMINISTRATIVE SUPPORT OFFICES										
Office of the Chief Human Capital Officer	506	-	-	-	26,449	2,700	50	60	-	29,765
Office of Administration	1,762	15	131,008	240	40,421	241	1,378	4,663	-	179,728
Office of the Chief Financial Officer	85	-	55	46	44,918	195	45	-	-	45,344
Office of the Chief Procurement Officer	66	-	-	5	82	229	56	-	-	438
Office of Field Policy and Management	1,300	7	-	1	300	90	5	-	-	1,703
Office of Departmental Equal Employment Opportunity	7	-	-	0	400	3	2	-	-	412
Office of the General Counsel	970	20	-	1,000	1,199	540	320	-	950	4,999
Office of Strategic Planning and Management	10	-	-	-	1,758	74	5	-	-	1,847
Office of the Chief Information Officer	200	15	-	2	8,424	250	37	-	10	8,937
Subtotal	4,905	57	131,063	1,294	123,951	4,322	1,898	4,723	960	273,173
TOTAL FY 2016 NON-PERSONNEL SERVICES*	12,186	3,389	131,794	1,601	132,997	9,330	3,741	5,281	960	301,279
Government National Mortgage Association*	927	-	-	5	585	392	53	-	-	1,962
Office of Inspector General*	4,238	100	8,707	50	14,496	1,106	330	757	150	29,934
*HUD Salaries & Expenses totals excludes Government National Mortgage Association (GNMA) & Office of the Inspector General (OIG), which receive funding under their respective Program Accounts.										