

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ADMINISTRATIVE SUPPORT OFFICES
OFFICE OF THE CHIEF HUMAN CAPITAL OFFICER**

(Dollars in Thousands)

	FY 2016 Actuals	FY 2017 Annualized CR	FY 2018 President's Budget
Personnel Services	\$22,507	\$21,657	\$21,910
Common Distributable	6,576	6,900	6,900
Personnel Services Subtotal	\$29,083	\$28,557	\$28,810
Non-Personnel Services			
Travel	403	506	336
Rent and Utilities	3	11	
Printing	44	45	
Other services/Contracts	4,761	6,084	5,413
Training	2,259	2,700	2,268
Supplies	116	70	58
Furniture and Equipment	86	114	76
Claims and Indemnities	350	277	168
Non-Personnel Services Subtotal	\$8,022	\$9,807	\$8,319
Working Capital Fund (WCF)		\$17,829	\$1,116
Grand Total	\$37,105	\$56,193	\$38,245
Associated FTE	147.0	143.9	142.2

1. Program Purpose and Fiscal Year 2018 Budget Overview

The Office of the Chief Human Capital Officer (OCHCO) provides leadership and direction in the formulation and implementation of strategic human capital policies, programs, and systems to promote efficient and effective human capital management for the Department of Housing and Urban Development (HUD). OCHCO represents HUD on strategic human capital and human resource matters and plays a critical role in maximizing its performance and assuring accountability with the Office of Personnel Management (OPM), Office of Management and Budget (OMB), other federal agencies, Congress, and the public. According to the U.S. Government Accountability Office's (GAO) report "GAO-15619T," the federal government is facing workforce-related challenges that could affect

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the ability of agencies to effectively carry out their missions. The Department faces two major challenges: 1) HUD has experienced the greatest percentage decline of permanent career employees across all CFO Act agencies from 2005 through 2014 and 2) HUD possesses the highest percentage of any agency of career permanent employees eligible to retire by 2019. This potential retirement wave could cause a significant loss of leadership and institutional knowledge at all levels. To address these challenges, OCHCO advises the Secretary and other principal staff on human capital efforts to ensure HUD recruits and retains individuals with the right skills to fulfill HUD's mission. OCHCO has employed a number of key human capital strategies to address HUD's human capital needs, and will build further upon them in fiscal year 2018. Specifically, in performing its responsibilities, OCHCO:

- Maintains the values of the federal civil service system including adherence to the merit system principles and equal employment opportunity requirements.
- Provides the Secretary and Deputy Secretary and other HUD leadership with expert human capital management advice and a high level of technical services that further the goals and objectives of the Department.
- Ensures that federal and HUD human capital goals, performance management, policies, and practices are communicated to all levels of management and to employees.
- Evaluates the effectiveness of human capital and resources programs.
- Strengthens employee engagement.
- Develops strategies to close agency skills gaps in mission critical areas.
- Provides leadership in the growth of agency competence, capability, and culture.

Separately, OCHCO's transactional work is outsourced to the Bureau of the Fiscal Service (BFS), a shared service provider. Reports show that BFS shared service accelerated HUD's hiring process (excluding the job classification and position descriptions) from 136 days to 98 days. In fiscal year 2018 OCHCO will continue to build on further improving the hiring processes.

OCHCO may seek a Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment (VERA/VSIP) from OPM for fiscal year 2018 and plans to submit a proposed reorganization plan. The reorganization will facilitate a better focus of OCHCO's resources on improving strategic planning, consultative capacity, and compliance oversight. The request for a VERA/VSIP and associated realignment of duties will also feed into the Department's efforts to streamline and centralize certain enterprise functions.

The fiscal year 2018 President's Budget of \$38,245K is \$17,948K less than the fiscal year 2017 Annualized CR level. This total includes \$1,116K for OCHCO's allocation towards the Working Capital Fund (WCF) and the fiscal year 2017 CR level includes 17,829K in support of HUD-wide human resource shared services.

- **Personnel Services (PS)**: OCHCO requests \$28,810K to support 142.2 FTE a decrease of 1.7 FTE from fiscal year 2017. The requested FTE support OCHCO in the areas of strategic human capital management, recruitment and staffing, departmental performance management and enterprise-level learning.

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- **Common Distributable (CD)**: In addition to the above, the personnel services account includes \$6,900K in Common Distributable for fiscal year 2018. The CD account supports the following program activities: 1) Transit Subsidy; 2) Student Loan Repayment Program; and 3) Flexible Spending. The request assumes transit subsidy funding at the same level as fiscal year 2017 CR.
- **Non-Personnel Services (NPS)**: OCHCO requests \$8,319K for NPS for fiscal year 2018 to primarily support contracts and training. This request represents a reduction of \$1,488K from the fiscal year 2017 CR budget of \$9,807K.
- **Working Capital Fund (WCF)**: The reduction of \$16,713K represents funding that previously supported the Treasury Shared Service Provider (TSSP) agreement and Treasury's Franchise account (ARC) (that is, HR-End to End Services; InCompass; and HR-Connect) for the entire Department. In fiscal year 2017, the funding for HUD's TSSP and ARC agreements are being paid by the WCF, which is fully reimbursed by OCHCO funding. Starting in fiscal year 2018, each individual HUD office will pay for these, and other shared services, through the WCF based on a shared Department-wide billing model. The customer service support, oversight monitoring, and other operating activities will remain in OCHCO. For more information, please see the Congressional Justification for the WCF. OCHCO's 2018 request includes \$1,116K to pay working capital fund fees for shared services, and other investments as determined by the Secretary.

2. Full-time Equivalents

Full-time Equivalents			
Staffing	FY 2016 FTE	FY 2017 FTE (Est)	FY 2018 FTE (Est)
Office of the CHCO	6.0	10	10
Executive Resources	8.0	6.0	6.0
Accountability	6.0	3.0	3.0
Employee & Labor Relations	19.0	29.0	27.3
Center for Talent Management & Human Capital Strategy	53.0	38.0	38.0
Center for Talent Development and Planning	23.0	24.9	24.9
Center for Performance and Workforce Engagement	8.0	8.0	8.0
Center for Business Management and Administration	24.0	25.0	25.0
Total	147.0	143.9	142.2

3. Key Operational Initiatives

OCHCO is developing a reorganization plan to better align the organization with its new strategic and consultative focus. As a part of that effort, OCHCO may request buy-out/VERA VSIP authority from OPM in fiscal year 2018.

Buyout authority and reorganization plan will enable OCHCO maintain the optimum operational structure. The reorganization plan provides OCHCO the opportunity to re-align the number of staff in an office and hire the appropriate positions for quality management, data integrity, and oversight, and focus on human capital issues and policies. The request emphasizes statistical and data analysis, instructional systems design, and organizational development aligning OCHCO's performance capabilities with HUD's mission and strategic goals.

In fiscal year 2018, OCHCO will continue evaluating its contracts to achieve efficiencies, consolidate similar functions, and federalize functions where appropriate.