

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Salaries and Expenses Overview

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2020*	2021			2022		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	1,121,519	32,448	1,184,037	1,216,485	22,831	1,375,004	1,397,835
Common Distributable	9,776	-	8,452	8,452	-	13,120	13,120
<b>Total, Personnel Services</b>	<b>\$1,131,295</b>	<b>\$32,448</b>	<b>\$1,192,489</b>	<b>\$1,224,937</b>	<b>\$22,831</b>	<b>\$1,388,124</b>	<b>\$1,410,955</b>
<b>Non-Personnel Services:</b>							
Travel	5,980	256	7,071	7,327	2,298	13,452	15,750
Transportation of Things	407	-	530	530	-	379	379
Rent and Utilities	121,686	1	121,570	121,571	10	123,477	123,487
Printing	819	51	511	562	-	1,400	1,400
Other Services/Contracts	102,466	40,847	108,079	148,926	19,343	125,745	145,088
Training	6,016	900	7,998	8,898	1,200	10,577	11,777
Supplies	1,277	6	1,021	1,027	-	2,019	2,019
Furniture and Equipment	7,444	-	6,008	6,008	-	4,605	4,605
Claims and Indemnities	346	50	984	1,034	-	893	893
<b>Total, Non-Personnel Services</b>	<b>\$246,441</b>	<b>\$42,111</b>	<b>\$253,772</b>	<b>\$295,883</b>	<b>\$22,851</b>	<b>\$282,547</b>	<b>\$305,398</b>
Working Capital Fund	46,969	27,135	14,105	41,240	26,106	39,157	65,263
Carryover	101,694	-	71,788	71,788	-	11,472	11,472
<b>Grand Total</b>	<b>\$1,526,399</b>	<b>\$101,694</b>	<b>\$1,532,154</b>	<b>\$1,633,848</b>	<b>\$71,788</b>	<b>\$1,721,300</b>	<b>\$1,793,088</b>
<b>FTEs</b>	<b>7,001</b>	<b>196</b>	<b>7,211</b>	<b>7,407</b>	<b>128</b>	<b>8,057</b>	<b>8,185</b>

\*Includes 2019 Carryover.

NOTE: Totals in chart and associated narrative include GNMA and exclude OIG and Information Technology Fund. Totals in chart may not add due to rounding.

## SALARIES AND EXPENSES OVERVIEW

HUD's operational infrastructure related to people, processes, and technology has not been appropriately prioritized over the years, while at the same time HUD's workload has continued to increase. The 2022 President's Budget proposes strategically investing in staffing, financial transformation, and Information Technology (IT) modernization to best manage and reduce risks associated with this growth. The 2022 Budget requests \$1.7 billion for HUD salaries and expenses (S&E), an increase of \$189 million from the 2021 enacted level.<sup>1</sup> The Budget reflects total S&E (carryover and new authority) of \$1.8 billion, which is \$160 million above 2021 total funding. HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the

<sup>1</sup> The 2022 President's Budget includes \$11.8 million, which was realigned from the Information Technology (IT) Fund to support End-user IT Devices and Wireless support to be paid via the Working Capital Fund.

quality of life of the American people, and this investment in HUD's salaries and expenses will assist in ensuring that work is able to be done.

### **Staffing**

HUD experienced a decline in staffing of approximately 22 percent during the period 2010 through 2019. This decline significantly eroded HUD's ability to monitor compliance on properties, loans, grants, public housing authorities, and other areas of responsibility, as well as greatly limited its ability to address systemic issues inside the Department. Further, this staffing decline adversely impacted long-term productivity improvements and innovation within HUD's programs.

The Department's Enterprise Risk Management program has provided a line of sight and revealed trending and emerging risks. These risks reveal agency-wide exposures that could prevent the agency from accomplishing its mission, vision, and program outcomes. In particular, the declining staffing numbers over the last two decades, if allowed to continue, would place the Department in an increasingly vulnerable position for managing programmatic and operational responsibilities and will further compromise disaster recovery readiness.

In late 2019, HUD made increasing staffing levels a top priority across the Department. As a result of this focus, HUD realized a surge in hiring during the final quarter of 2019 and ended the year with a slightly higher number of employees than at the beginning of the year for the first time since 2011. The Department built on this success in 2020 by increasing its staffing by approximately 180 full-time equivalents (FTEs), an almost three percent gain from 2019 levels. HUD continues an intense focus on staffing in 2021 and projects to end the year with just under a six percent increase over 2020 staffing levels.

The 2022 President's Budget will provide the Department the funding required to support the gains made in 2020 and 2021 and provide for continued critical increases in staffing. The Budget also provides funding for staff to address continued workload impacts attributed to the COVID-19 pandemic and administration of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and other COVID-related funding.

Using workforce succession strategies, the Department intends to ensure that additional staffing results in the right people allocated to the right jobs, providing the biggest impact toward achieving HUD's priorities. The staffing increases achieved in 2022 will allow the Department to better and more efficiently serve households and communities across the country, in addition to achieving the Department's priorities of:

- Strengthening and broadening the Federal housing safety net for people in need;
- Advancing housing equity as a means to improving housing choices and greater economic opportunity;
- Strengthening HUD's internal institutional capacity to deliver on mission;
- Increasing the production of, and access to, affordable housing; and
- Promoting climate resiliency, environmental justice, and energy efficiency across the housing sector.

The requested funding in 2022 also supports a cost-of-living increase of 2.7 percent and an increased Federal Employee Retirement System agency contribution of 1.1 percent. Additionally, the requested funding includes \$27.5 million for awards spending in 2022. The Department estimates spending of \$928.6 million in 2021 non-Senior Executive Service/Senior Level/Scientific and Professional salaries, of which 2.5 percent is estimated to be for awards.

## Account Structure, Reorganizations and Realignment

The 2022 Budget proposes the following account structure change, reorganizations, and realignments:

- Establishes an Assistant Secretary of Administration (ASA) account which includes the Immediate Office of the Assistant Secretary for Administration account and consolidates funding for the following Administrative Support Offices:
  - Office of the Chief Human Capital Officer (OCHCO);
  - Office of the Chief Administrative Officer (OCAO); and
  - Office of the Chief Procurement Officer (OCPO).
- Within the Office of the Chief Financial Officer (OCFO) a reorganization of the following is proposed:
  - The Assistant CFO for Accounting: The CFO Accounting Center will be undergoing a reorganization to better align functions, workload, and operational missions. The proposed changes are required to balance workload, realign employee to supervisor ratios, and improve operational efficiencies and service delivery due to the transition to shared services. The reorganization will include the dissolution of the Reports and Control Division and integrating those duties with the Payments and Collections Division. It will also encompass the renaming of various divisions and branches to better reflect current functions.
  - The Assistant CFO for Budget: The ACFO for Budget has relied solely on contractor staff to support the customer experience functions for the Department in 2020 and 2021. The 2022 Budget creates a Customer Experience division reporting to the Director for Performance Management and Customer Experience.
  - The ACFO for Systems: The ACFO for Systems has solely used contract support to meet Digital Accountability and Transparency Act (DATA Act) Reporting Requirements over the past few years, with only one Federal staff managing the work. In 2022, OCFO proposes to begin transitioning contract support to Federal staff. The creation of the Financial Data Reporting and Analysis Division will permit this transition from contractor resources to Federal staff, provide support for reporting, audit, and data quality, as well as, to meet additional regulatory financial reporting such as the Grants Oversight and New Efficiency Act and the Grant Reporting Efficiency and Agreements Transparency Act.
  - Office of the Chief Risk Officer (OCRO): OCFO requests to establish the Office of the Chief Risk Officer in 2022. This office will include the Chief Risk Officer (CRO) and four risk analysts. The CRO will report to the Deputy CFO. The CRO provides executive-level management, leadership, direction, and oversight to the Enterprise Risk Management (ERM) Program. OCRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.
- The Office of Housing intends to restructure the Office of Risk Management and Regulatory Affairs by removing the Office of Manufactured Housing and establishing this Office as a standalone organization reporting directly to the Office of the Assistant Secretary for Housing-FHA Commissioner.
- The Office of Administration intends to combine the Freedom of Information Act (FOIA) and the Privacy Divisions with the Office of Digital Enterprise. The name of the newly formed organization will be the Office of Government Information Management (OGIM). Additionally, a new office named the Office of Administrative Services is proposed in 2022. This Office would include the Administrative Officer and support staff.

- The Office of Community Planning and Development (CPD) proposes to move the Disaster Recovery and Special Issues Division (DRSI), which is currently located within the Office of Block Grant Programs to the Office of Grant Programs. This reorganization would involve the following:
  - Establish an Office of Disaster Recovery under CPD’s Office of Grant Programs.
  - Realign existing functions in the Disaster Recovery and Special Issues Division (DRSI) to the Office of Disaster Recovery.
  - Realign the Office of Grant Programs’ Coordinating Officer for Disaster Recovery and its associated staff to CPD’s Office of Disaster Recovery.
- Ginnie Mae proposes several organizational changes to its structure to better align functions, workload, and operational missions. The changes proposed and outlined within Ginnie Mae’s congressional justification will provide improved operational efficiencies and program support for all the affected offices.
- The Office of the Inspector General proposes to realign the Planning, Performance, Risk Management, and Engagement Office (PPRiME) Division within the Office of Evaluation to create the office of the Chief Strategy Officer within the Immediate Office of the Inspector General. This realignment will help to assist the IG with developing and executing strategic plans and initiatives, centralize oversight strategy, manage OIG organizational risk, and increase OIG quality assurance.

### **Financial Transformation**

In 2018, OCFO implemented the Financial Transformation. Its purpose is to invest in people, processes, and technology to advance HUD’s goals of protecting taxpayer funds while maintaining efficient and effective operations. OCFO has achieved its goal of financial excellence by remediating financial infrastructure weaknesses and obtaining an unqualified audit opinion for the first time in eight years.

Since implementation, OCFO has remediated eight material weaknesses and eliminated all four disclaimers in the 2017 financial statements. These achievements have resulted in HUD becoming compliant with the DATA Act, Improper Payments Elimination and Recovery Improvement Act (IPERIA), A-123 Compliance, Positive Statement of Assurance, and Grants Oversight and New Efficiency Act Compliance. OCFO will continue this investment to further HUD’s effort in protecting taxpayer funds. The 2022 Budget provides \$10 million for financial consulting services to support the following:

- Agency financial reporting
- A-123 compliance
- Audit remediation
- Data analytics
- Improved financial operations

### **Working Capital Fund (WCF)**

In 2022, a new business line is being incorporated into the WCF: End-User Information Technology Devices and Wireless Support services.

End-User IT Devices and Wireless Support is comprised of end-user IT equipment, including computers and laptops, mobile phones, tablets, mobile hotspots (MiFis), and specialized equipment purchases, as well as the associated voice and data plans. Moving device acquisition to a WCF model allows for HUD to improve long term IT planning, establish a more regular device refresh cadence, improve IT security through use of up-to-date hardware, and promote efficient use of these services driven by customer business needs.

### **Information Technology Fund**

The Budget requests \$323.2 million for the Information Technology Fund. This funding supports the Operations and Maintenance of current IT systems and applications that support HUD's mission and administrative functions, and its IT infrastructure, such as computer hardware, network and communications, support services, enterprise software licenses, and cybersecurity. The technology provided through the IT Fund promotes affordable rental housing, provides access to homeownership opportunities, creates healthier home environments, and reduces homelessness.

The Budget also provides for critical Development, Modernization, and Enhancement initiatives to support the Department's strategic priorities and strengthen HUD's internal institutional capacity to deliver on its mission. These new investments improve delivery of services, digitize manual processes, and promote the stewardship of taxpayer dollars. The Budget will also expand and strengthen cybersecurity at HUD by continuing implementation of a comprehensive cybersecurity program that addresses critical security deficiencies related to cyber risk management, the operating environment, governance, data protection, and identity/access management.