DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Chief Information Officer

Information Technology Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover[a]/	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	280,000	107,985	-	387,985	343,583	294,000
2021 Appropriation	300,000	49,402	-	349,402	332,402	442,000
2022 President's Budget	323,200	19,000	-	342,200	337,000	326,000
Change from 2021	23,200	(27,402)	-	(4,202)	4,598	(152,000)

a/ Includes anticipated recaptures from prior years. 2020 also includes transfer from Technology Modernization Fund.

PROGRAM PURPOSE

The Information Technology (IT) Fund provides for the infrastructure, systems, and services that support all Department of Housing and Urban Development (HUD) programs, which include all of HUD's mortgage insurance liabilities, rental subsidies, and formula and competitive grants. The fund also supports all administrative and mission support programs.

BUDGET OVERVIEW

The 2022 President's Budget requests $323.2 million for the Information Technology Fund, which is $23.2 million more than the 2021 enacted level. This 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 Budget includes a reduction of $11.8 million for computers, mobile equipment, and related voice and data that supports the Department's internal customers which are part of HUD's 2022 Working Capital Fund Budget. The technology provided through the IT Fund promotes affordable rental housing, provides access to homeownership opportunities, creates healthier home environments, and reduces homelessness.

The IT Fund 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.

JUSTIFICATION

The 2022 Budget includes $278.2 million to continue current services. This funding level incorporates a $11.8 million reduction for end user devices, which will be included in HUD's Working Capital Fund 2022 Budget. OCIO is leveraging cloud and emerging technologies across its programs to replace standalone capabilities within each mission area. The Department is continuing the transition to an enterprise approach for common functionality (such as case and workflow management, records and data management, and reporting/business intelligence). Applications and infrastructure are being moved to the cloud and capacity expanded in architecture design and implementation, in-house solution engineering, and continuous integration and delivery

of new products into operations. These IT solutions will expand the capacity to deliver timely and cost-effective new projects that support access to affordable, accessible, and safe housing and leverage technology to make a positive impact for homeowners, renters, and communities. OCIO will continue its commitment to complete ongoing modernization efforts, expand use of cloud-based, low-code and analytics technologies and mature the agency's enterprise governance practice. By using an agile approach, HUD will deliver new functionality incrementally, while maximizing flexibility and minimizing risk. OCIO will identify common areas of functionality required by the HUD enterprise and provide IT solutions aligned to closely related functions that any program office or line of business can use.

OCIO will also invest in new capabilities and technologies to strengthen and modernize programs and reduce customer burden with improved program operating efficiencies. By using an agile approach, HUD will deliver new functionality incrementally, while maximizing flexibility and minimizing risk. OCIO will identify common areas of functionality required by the HUD enterprise and provide IT solutions aligned to closely related functions that any program office or line of business can use.

OCIO has recently reviewed all its current contracts to consolidate and reduce duplications and excessive service levels. The reviews also demonstrated the need for a more consistent capability to procure cost effective and scalable enterprise solutions. Beginning in late 2020, new agreements are being implemented that increase agility, flexibility, consistency, improve service delivery, and reduce acquisition workload. Any realized savings will be re-invested in modernization and security upgrades.

OCIO also continues to streamline the operating environment by executing a prioritized set of enhancements to the IT infrastructure, which will modernize and consolidate the existing outdated legacy platforms. This will reduce the security vulnerabilities of IT applications and will reduce long-term IT costs. In 2022, HUD will continue its transition to a more agile, modern, mobile-friendly environment. This includes enhancing the services provided through our enterprise software agreements and adding FedRamp cloud solutions to enhance the increased telework, implementing GSA strategic sourcing contracts, and moving enterprise applications to the Cloud.

The Budget supports the expansion and strengthening of the cybersecurity program, building upon the foundational achievements in the last two years. OCIO assessed the current risk environment, critical IT assets, and existing vulnerabilities and began to address gaps and implement integrated key cybersecurity capabilities across the HUD enterprise. In 2021, HUD is starting to build a 24x7 Enterprise Security Operations Center (SOC)/Computer Incident Response Center, Security Architecture and Innovation, Governance, Risk and Compliance, and Strategic Initiatives. OCIO will mature the SOC with advanced threat intelligence and automation capability and leverage innovative technologies that incorporate robotics and artificial intelligence into HUD's threat landscape.

The expanded cybersecurity program will proactively identify and respond to cyber threats. OCIO will also improve and streamline its audit remediation processes and establish Asset Management, Risk Management Framework (RMF), and Supply Chain Risk Management programs to manage cybersecurity risks across the Department. A cybersecurity architecture team will continue to enable systems development and enhancement to securely meet mission objectives. OCIO will deploy innovative data loss prevention (DLP) and Identity, Credential, and Access Management (ICAM) technologies to manage HUD's data and user access and monitor for internal cybersecurity threats, while aligning with Department of Homeland Security Continuous Diagnostics and Mitigation (CDM) program requirements.

Federal Housing Administration (FHA) Modernization

The Budget includes $25 million to complete the original scope of the multi-year Single-Family Housing (SFH) FHA Catalyst initiative, to leverage its platform to meet other SFH requirements, and to begin to modernize the Multi-Family Housing program. FHA is the world's largest mortgage insurer with a single-family mortgage portfolio exceeding $1 trillion to low-income, first-time, and other targeted homeowners.

FHA Catalyst is replacing FHA's siloed approach to insurance endorsement, claims payments, and risk management. The initiative began in 2019 through proof of concepts, and full development began in 2020 using agile principles to minimize risk throughout the entire development. Lenders will interact with FHA throughout the lifecycle of the loan through a single-platform portal. With associated workflow, business rules, and data architecture, the portal will enhance and simplify lenders' experience working with FHA. The modernization is transforming FHA's single-family loan processes to reduce cost, reduce risk and fraud, and bring FHA in line with current industry practices. The solution, when complete in 2023 will provide full lifecycle and servicing support for single-family loans.

A portion of the Budget will provide for planning and to begin to modernize systems supporting the Multi-Family Housing program. The intent is to develop an integrated end-to-end system for multifamily production and asset management to dramatically improve timeliness, reliability, and quality of services for property owners and lenders. HUD is in an advantageous position to build on top of its SFH successes and lessons learned and apply both to Multi-Family modernization. HUD's approach leverages enterprise technology platforms, automated testing, and cloud native design to avoid and reduce technical debt. Automating manual processes and moving systems to modern technology platforms will enable business process improvements and responses to changes in business requirements. FHA will be able to better manage properties in its inventory and dramatically improve tracking, reliability, and efficiency of key asset management tasks, including contract renewals.

PIH Modernization

The Budget includes $20 million to complete the planned modernization effort for PIH. These investments support HUD's priority to strengthen and broaden the Federal housing safety net for people in need. The focus on improved business processes, financial management, and technology for PIH to support economic recovery and improve access to affordable, accessible, and safe housing, help reduce homelessness, end discriminatory practices, and leverage technology to make a positive impact for homeowners, renters, and communities. The priorities for 2022 are to complete modernization projects related to the public housing information center, voucher management systems, operating fund web portal, property inspections, and loan origination/guarantee program.

In addition, OCIO and PIH will work together to build additional new capabilities and address new agency priorities. The 2022 activities include expanding/modernizing the functionality of the Enterprise Income Verification System (EIV), along with ancillary systems in Physical Assessment Sub System (PASS), Financial Assessment Sub System (FASS). These legacy technologies currently support a broad range of communities, public housing residents, public housing agencies (PHAs), and the public and are in a desperate need of modernization.

Upon completion of the Modernization project, HUD would have significantly improved processing of Tenant-Based Rental Assistance, Public Housing Vouchers and Subsidies, and completed the comprehensive overhaul of over 10 systems resolving long-standing audit findings, automating loan application process and modernizing PIH's flagship application (IMS/PIC) serving 3 million families and 30 billion in HUD subsidies annually. After fully decommissioning the legacy and aging technology, all major PIH systems and functions will leverage a modern and scalable design aligned

with HUD's enterprise architecture and offering reduced maintenance cost and increased agility to address future needs.

HUD also continues to conduct planning and develop a roadmap to improve the grants making process by streamlining, modernizing, and consolidating the systems for HUD's eight separate grant programs. This work will address problems with manual and duplicative processes and grants documents across the agency and lack of connectivity to its core financial systems. Development funds will be included in a future budget.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Operations, Maintenance, Development, Modernization and Enhancements	280,000	107,985	387,985	343,583	300,000	49,402	349,402	323,200
Total	280,000	107,985	387,985	343,583	300,000	49,402	349,402	323,200

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2022 Budget includes a General Provision related to the IT Fund. This provision requests the authority to transfer up to $10.0 million from HUD Salaries and Expenses accounts to amounts made available in the Information Technology Fund account (2022 President's Budget, Sec. 231).

APPROPRIATIONS LANGUAGE

The 2022 President's Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the development, modernization, and enhancement of, modifications to, and infrastructure for Department-wide and program-specific information technology systems, for the continuing operation and maintenance of both Department-wide and program-specific information systems, and for program-related maintenance activities, [$300,000,000] *$323,200,000,* of which [260,000,000} *$278,200,000* shall remain available until September 30, 2023, and of which [$40,000,000] *$45,000,000* shall remain available until September 30, 2025: *Provided*, That any amounts transferred to this Fund under this Act shall remain available until expended: *Provided further,* That any amounts transferred to this Fund from amounts appropriated by previously enacted appropriations Acts may be used for the purposes specified under this Fund, in addition any other information technology purposes for which such amounts were appropriated. *(Department of Housing and Urban Development Appropriations Act, 2021.)*