

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of the Chief Financial Officer

### Working Capital Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2023 Appropriation	61,383	24,606	-	85,989	59,410	58,849
2024 Annualized CR	69,028	22,060	-	91,088	69,028	69,028
2025 President's Budget	90,025	22,060	-	112,085	90,025	90,025
Change from 2024	20,997	-	-	20,997	20,997	20,997

a/ Amounts in the Outlays column reflect gross outlays.

#### PROGRAM PURPOSE

HUD's Working Capital Fund (WCF) was established by H.R.2029 - Consolidated Appropriations Act, 2016 (Public Law No: 114-113), as authorized by the Department of Housing and Urban Development Act, 1965 [Public Law No: 89-174, 42 USC §3535(f)]. The purpose of HUD's WCF is to promote economy, efficiency, and accountability. The WCF serves as a mechanism for HUD to finance enterprise goods and services, such as Financial Management, Procurement, Travel services, Payroll processing, Records management, Human Resources (HR) systems, HR processing, and Printing. The Working Capital Fund Division (WCFD) formulates, executes, and manages the financial operations of the WCF. Business line owners, such as the Office of the Chief Financial Officer (OCFO), the Office of the Chief Human Capital Officer (OCHCO), and the Office of Administration (ADMIN) are responsible for the management and delivery of WCF goods and services.

#### BUDGET OVERVIEW

The 2025 President's Budget requests a total operations level of \$90 million for the WCF, which is \$21 million more than the 2024 Annualized CR level. The funding level increase includes inflationary adjustments to existing business lines and new business lines proposed for 2025, including new business lines carried over from the 2024 Budget. The 2025 Budget provides funding in each HUD program office Salaries and Expenses (S&E) account to pay for their estimated usage of WCF goods and services including inflationary adjustments and changes in service utilization.

#### WCF Outcomes:

- Promote efficient and effective delivery of enterprise goods and services.
- Incorporate incentives for program offices to utilize WCF services efficiently by aligning costs to usage.
- Reduce overlap and duplication of efforts by providing a joint platform for common administrative needs across offices.
- Demonstrate transparency into the operation and management of common HUD services, and into the overall costs to administer programs.

Current shared-services providers include the following:

- The Department of the Treasury's Administrative Resource Center (ARC) provides financial management, procurement, travel services, and human resources end-to-end processing services.

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- The Department of the Treasury’s Shared Services Programs (TSSP) provides human resources platforms services.
- The National Finance Center (NFC) provides payroll processing services.
- The National Archive and Records Management (NARA) provides records management services.
- The Government Publishing Office (GPO) provides printing services.

Additionally, the WCF operational costs for staff and related support costs are fully recovered.

The requested funding level also includes the following activities that were proposed in 2024 and are currently pending congressional action: (1) Information Technology (IT) end-user devices and wireless support; (2) scanning and digitalization; and (3) space renovation and furniture.

New activities proposed in 2025 include:

- Grants Management Platforms: Incorporating grants management software as service (SaaS) to the WCF’s financial management services portfolio.
- Reorganization Processing: Shifting reorganization processing from ARC to the Office of the Chief Human Capital Officer (OCHCO) to improve the timeliness of classification actions for all customers while decreasing the implementation time for reorganizations.

Table 1 below outlines the requested funding level that will support the WCF services.

**TABLE 1**  
(Dollars in Thousands)

Working Capital Fund Services	2023 Actual	2024 Annualized CR	2025 President's Budget
Financial Management, Procurement, & Travel Services	26,340	29,192	30,651
Human Resources Processing	21,786	26,028	27,330
Human Resources Systems	1,811	1,902	1,948
Payroll Processing	1,703	1,788	1,878
Records Management	4,331	4,401	4,373
End-User Devices	-	-	11,800
Printing Services	3,467	3,720	4,556
Scanning and Digitalization	-	-	845
Space Renovation & Furniture	-	-	-
Grants Management Platforms	-	-	2,877
Reorganization Processing	-	-	1,700
Working Capital Fund Operations	1,945	1,997	2,067
<b>Total Operating Budget (requested in S&amp;E accounts)</b>	<b>61,383</b>	<b>69,028</b>	<b>90,025</b>

In addition to the funding levels outlined above, the 2025 Budget repropose streamlined appropriation language currently pending congressional action in 2024. This language will allow HUD to operate more closely in line with the WCF’s authorizing statute and enhance the efficiency and economy of operations.

## JUSTIFICATION

HUD's WCF provides a business-like buyer and seller approach to centralized services, aligns service provider and customer incentives, and brings transparency to both program offices and HUD at the enterprise level. Program offices bear the cost-of-service and are therefore empowered to manage service usage to maximize limited resources by continually evaluating and refining core business processes. Consequently, the WCF drives cost-conscious incentives for the customer. Additionally, the WCF expands the base of stakeholders who are invested in the continuous improvement of the delivery of services provided through the WCF. Customers push for effective and efficient service delivery, while business line owners have the data and feedback to negotiate for improvements in service quality and/or lower costs.

The WCFD oversees the financial management and governance of the Fund. While each service financed through the WCF remains operationally accountable to the appropriate Administrative Support Office, the WCFD manages the Fund's day-to-day financial operations, including the establishment of transparent and reliable unit cost accounting for all services funded through the WCF and customers who reimburse the Fund for their appropriate share of services.

### **New Activities Reproposed in 2025**

The 2025 Budget repropose three new business lines from the 2024 Budget: IT end-user devices and wireless support, scanning and digitalization, and space renovation & furniture. These business lines are briefly outlined below.

#### IT End-User Devices and Wireless Support

Moving IT end-user devices and wireless support to the WCF advances HUD's overall ability to thoughtfully plan for IT needs and ensures HUD Offices' ability to meet mission requirements. IT end-user devices and wireless support are comprised of hardware purchases of standard and high-end laptops, mobile phones, iPads, and MiFi's, and includes the associated voice and data plans. This proposal represents a budget-neutral realignment for the Department of \$11.8 million. The totals in this budget submission include the funding shifted out of the IT Fund and realigned to S&E accounts.

Funding these services will streamline operations by managing budgeting, reducing the complexity of contracting in-between annual appropriations, monitoring device usage to allow customers to scale up or down based on their needs, and allow IT management to focus their attention on other important areas such as IT security and operational improvements.

Several benefits of this proposal include improved planning and funds management around long-term IT investments; improved operational efficiency by allowing customers to make business decisions surrounding the devices their offices need; and enhanced cybersecurity through regular device refreshes.

#### Scanning and Digitalization

These services include scanning of documents and assignment of metadata for archiving and records, standardized and secured digital asset management, and consistent services from trained Records Managers who oversee and administer related activities. This proposal represents a budget-neutral realignment for the Department of \$845 thousand. The totals in this Budget include the funding shifted out of the ADMIN and realigned into program offices S&E accounts, including one ADMIN employee that will be funded by the WCF.

This service complements WCF's Records Management service line by providing options for HUD Customers to store and maintain their records. Records that are properly scanned and archived no longer need to be kept either physically onsite or in NARA storage facilities. The records become easily accessible and searchable for future use. The value to HUD's operation is increased efficiency, effectiveness, and costs savings due to reduced paper storage costs over time with NARA. The Department will be able to support electronic information management needs in a standardized, compliant fashion which addresses security, records privacy, and search requirements.

### Space Renovation & Furniture

The service will be provided to program offices in the Weaver Building and associated National Capital Region Satellite office. It supports HUD's move to develop a more flexible and hybrid working environment. Additionally, funding this service will provide more flexibility in financing, optimize operations by managing the budget, reduce the complexity of contracting in-between annual appropriations, and allow Space Management to focus their efforts on important areas such as regulatory compliance and providing ergonomic designs and furnishings that foster a safe and healthy work environment.

The funding for this proposal will initially come from program office carryover as part of a pilot transition period, with no Full-Time Equivalent (FTE) impact. Future fiscal years will incorporate longer term planning and cost modeling as part of HUD's longer term space utilization planning efforts.

The proposed service will align with the Department's goal to strengthen HUD's internal capacity and efficiency. The service has the potential to realize long-term savings through office consolidation, increase customer visibility into costs, and provide efficiency in budget utilization.

### **New Activities Proposed in 2025**

#### Grants Management Platforms

This proposal would add grants management software as a service (SaaS) to the WCF's Financial Management Services portfolio. The services would include two shared services Inter Agency Agreements (IAAs), for Grants.gov access and for GrantSolutions, which are currently funded out of the IT Fund, but managed through the OCFO Grants Management Office. This proposal is anticipated to be budget-neutral to the Department by shifting \$2.9 million from the IT Fund into the WCF.

Moving this service to the WCF streamlines the service provision, funding, and management all under a single organization, OCFO, and is anticipated to create additional bandwidth for Office of the Chief Information Officer (OCIO) to focus on IT service provision.

#### Reorganization Processing

HUD is proposing to transition the work of classifying position descriptions for positions affected by reorganizations from ARC to OCHCO. ARC would still be responsible for effectuating approved reorganizations in the HR systems of records, including building approved new or modified organizational structure codes and aligning affected positions to these new organizational structures to ensure the employees are aligned to the correct supervisory chain of command.

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This proposal would add eight full-time equivalents (FTEs) to OCHCO for:

- Establishing new organizational structures,
- Realigning existing organizational structures,
- Classifying position descriptions, and
- Establishing organizational structure codes related to reorganizations.

These FTEs would also support the development of shared position descriptions and the development and implementation of a position description library, providing efficiencies to Program Offices and HR and enabling faster hiring, and updates needed to position descriptions across HUD.

The total cost for this adjustment is anticipated to be \$1.7 million over baseline costs. This funding would be a new budget request and not a realignment of existing budget authority. Costs for this change in service would be allocated using existing HR service drivers.

Table 2 outlines 2025 funding by program office to support new business lines totaling \$17.2 million. Excluded from this table is the Space Renovation & Furniture proposal that will be funded initially from program office carryover as part of a pilot transition period.

**TABLE 2**

Program Offices	IT End-User Devices	Scanning & Digitalization	Grants Management	Reorganization Processing
Office of the Chief Administrative Officer	502,148	24,586	-	49,432
Community Planning and Development	1,106,915	94,561	180,967	190,126
Executive Offices	199,022	7,990	-	16,063
Fair Housing and Equal Opportunity	1,080,506	61,227	180,967	123,104
Government National Mortgage Association	330,388	21,852	-	43,936
Lead Hazard Control and Healthy Homes	89,811	5,331	180,967	10,718
Housing	3,285,641	276,055	1,076,443	555,044
Office of the Chief Financial Officer	379,632	24,463	-	49,186
Office of the Chief Human Capital Officer	242,826	16,605	-	33,385
Office of the Chief Information Officer	752,369	26,000	-	52,275
Office of the Chief Procurement Officer	136,731	13,849	-	27,845
Office of Departmental Equal Employment Opportunity	30,272	1,824	-	3,666
Field Policy and Management	629,682	37,482	-	75,362
Office of General Counsel	832,724	64,024	-	128,728
Policy Development and Research	284,390	17,454	180,967	35,092
Public and Indian Housing	1,916,943	152,209	1,076,443	306,038
<b>Total</b>	<b>11,800,000</b>	<b>845,512</b>	<b>2,876,754</b>	<b>1,700,000</b>

a) Totals vary slightly due to rounding.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2025 President's Budget includes the following:

The 2025 Budget repropose streamlined WCF appropriations language that is currently pending 2024 congressional action. This language aligns more closely with the WCF's authorizing language by removing specific services included and/or proposed for inclusion. The current approach of adding new services into the list of allowable activities takes HUD further away from the authorized purpose of the WCF, which is to provide for the operations and maintenance of HUD activities that the Secretary finds in the interests of economy and efficiency.

The proposed appropriations language would allow HUD to fully realize the benefits of a dynamic WCF by providing greater continuity of operations and risk mitigation. The Budget would mitigate risk by allowing the WCF to establish and operate a proper operating reserve, in line with peer WCFs across the Federal Enterprise. Some immediate benefits would be the ability to continue to deliver essential services in the event of a lapse in appropriations, improved management of fixed versus variable expenses, and smoother operations during continuing resolution (CR) periods.

### APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

*For the working capital fund (referred to in this paragraph as the "Fund"), established pursuant to section 7(f) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(f)), amounts transferred, including reimbursements, to the Fund under this heading shall be available, without fiscal year limitation, for any expenses necessary for the maintenance and operation of the Department that the Secretary finds to be desirable in the interest of economy and efficiency: Provided, That expenses of operation under such section 7(f) shall include operational reserves.*

Note.--A full-year 2024 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 Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.