



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

MAY 24 2004

OFFICE OF THE CHIEF FINANCIAL OFFICER

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:


In accordance with section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199), the Department of Housing and Urban Development (HUD) hereby reports that it did not announce or complete any competitions during FY 2003. Consequently, HUD has no activity to report for the initial reporting period.

During FY 2003, HUD's efforts were focused on establishing an adequate capacity to support the competitive sourcing process in the Department. In identifying activities that might benefit from public-private competition, HUD has taken into careful consideration its diminished staff capacity and existing heavy reliance on contracted services. On March 30, 2004, HUD announced plans to conduct a standard competition under Office of Management and Budget Circular No. A-76 in support of the remaining multifamily housing subsidy agreements administered by HUD staff. Currently, an estimated 60-80 full time equivalents at locations throughout the United States are performing this activity. However, both the General Accounting Office and HUD's Office of Inspector General have reported that this function is not currently being adequately performed. Due to the complexity of this activity, the projected end date of the competition is September 30, 2005. HUD is taking every precaution to ensure sound planning and effective use of the public-private competition process to improve the delivery of services associated with this function. HUD also plans to announce additional competitions in FY 2004 that will increase the total estimated FTEs competed to 200-300.

Under the President's Management Agenda, HUD is integrating competitive sourcing as a viable component of its strategic human capital management process. As part of that process, HUD is implementing a workforce planning system that will: (i) identify staffing and skill gaps in mission critical occupations and competencies and (ii) develop short and long-term strategies to fulfill those needs. At the conclusion of the workforce analysis for each of HUD's major program and functional areas the head of the area will be required to consider competitive sourcing as an option to address the findings in the final workforce analysis report. In doing so, HUD will have effectively integrated and institutionalized competitive sourcing with its workforce planning efforts. HUD will continue to analyze and identify additional functions that could be announced for competition during the remainder of FY 2004.

If your staff has questions or would like additional information on HUD's competitive sourcing efforts, please contact James M. Martin, Assistant Chief Financial Officer for Financial Management, at (202) 708-0638, extension 3706.

Sincerely,

A handwritten signature in black ink, appearing to read "De W. Ritchie", with a long horizontal flourish extending to the right.

De W. Ritchie
Deputy Chief Financial Officer