

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	Outlays
2022 Appropriation	56,685	16,750	-	73,435	56,685	56,685
2023 Appropriation	61,383	24,769	-	86,152	61,383	61,383
2024 President's Budget	76,904	14,769	-	91,673	76,904	76,904
Change from 2023	15,521	(10,000)	-	5,521	15,521	15,521

a/ Amounts in the Outlays column reflects 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 2024 President's Budget requests a total operations level of \$77 million for the WCF, which is \$15.5 million more than the 2023 enacted level. The 2024 Budget provides for each HUD office to pay for their use of WCF goods and services, through payments to the WCF for their estimated usage. The Budget requests funding for these WCF payments within HUD's salaries and expenses (S&E) accounts. The requested level will support the WCF services in Table 1 below. In addition to the funding levels listed below, the Budget requests an adjustment to the WCF's appropriations language to be more closely in line with the WCF's authorizing statute. This streamlined language will allow HUD to fully realize the benefits to efficiency, economy, and transparency that can be achieved through the WCF.

Differences in Table 1 below and the Summary of Resources table above are attributable to the timing of obligations, expenditures, and revenue across fiscal years as part of the revolving cycle of business operations within the WCF.

TABLE 1

(Dollars in Thousands)

Working Capital Fund Services	2022 Actual	2023 Enacted	2024 President's Budget
Financial Management, Procurement, & Travel Services	24,429	26,340	27,603
Human Resources Processing	20,538	21,786	22,832
Human Resources Systems	1,747	1,811	1,902
Payroll Processing	1,328	1,703	1,789
Records Management	6,658	4,331	4,401
IT End-User Devices and Wireless Support*	-	-	11,800
Printing Service	-	3,467	3,720
Scanning and Digital Archiving	-	-	860
Space Renovation & Furniture	-	-	-
Working Capital Fund Operations	1,985	1,945	1,997
Total Operating Budget	\$56,685	\$61,383	\$76,904

* Reproposed from 2023 Budget

Current Activities:

- Financial management, procurement, and travel services provided by the Department of the Treasury's Administrative Resource Center (ARC)
- Human resources processing services provided by ARC
- Human resources platforms provided by the Department of the Treasury's Shared Services Programs (TSSP)
- National Finance Center (NFC) payroll processing
- Records Management services by the National Archive and Records Management
- Printing Services by the Government Publishing Office
- WCF Operations to fully recover the operational costs of the WCF

New Activities Proposed in 2024:

- IT end-user devices and wireless support
- Scanning and Digital Archiving
- Space Renovation and Furniture

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 Business Lines Proposed in 2024

The 2024 Budget repropose IT end-user devices and wireless support from the 2023 Budget and expands business line offerings with the inclusion of Scanning and Digital Archiving services, and Space Renovation & Furniture.

IT End-User Devices and Wireless Support: Funding select IT Operations and Maintenance expenses out of the WCF aligns with HUD's obligation to provide efficient and effective services in the administration of HUD's programs. The WCF's customer base strongly supports the establishment of the IT end-user devices business line within the Fund. They believe that 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 (DM&E).

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 Information Technology Fund and realigned to S&E accounts. Moving IT end-user devices and wireless support to a WCF model provides several benefits: 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. Ultimately, 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.

HUD's current model to fund IT end-user devices and wireless support through the IT Fund presents significant funding limitations on HUD's ability to thoughtfully plan for and execute against IT needs. For example, HUD lacks the ability to smooth acquisition costs over time because they must all be obligated each year, making regular IT refreshes more difficult. This inflexibility impairs HUD's ability to effectively establish and execute IT acquisition contracts. These funding limitations present not only considerable constraints around decision making and decreased operational efficiency, but also cybersecurity risks as hardware ages.

With IT end-user devices in the WCF model, HUD will be better positioned to improve and refresh end-user devices on a pre-determined schedule. Moving to a WCF model will provide suitable, risk-based, and economical capabilities that allow HUD to meet evolving mission needs. Through the WCF model, HUD will deliver IT end-user devices and wireless support services in a more customer-centric and economical manner.

For a detailed shift in the budget-neutral realignment of budget authority, please see **Table 2** below.

TABLE 2

Component	2024 End-User Devices - Base	2024 Allocation – End-User Devices	Realignment
ADMIN	-	502,148	502,148
CPD	-	1,106,915	1,106,915
EO	-	199,022	199,022
FHEO	-	1,080,506	1,080,506
GNMA	-	330,388	330,388
LHCHH	-	89,811	89,811
HSNG	-	3,285,641	3,285,641
OCFO	-	379,632	379,632
OCHCO	-	242,826	242,826
OCIO	-	752,369	752,369
OCPO	-	136,731	136,731
ODEEO	-	30,272	30,272
FPM	-	629,682	629,682
OGC	-	832,724	832,724
OBT	-	-	-
PDR	-	284,390	284,390
PIH	-	1,916,943	1,916,943
IT Fund	11,800,000	-	-11,800,000
Total	11,800,000	11,800,000	-

Scanning and Digital Archiving Services: Scanning and Digital Archiving 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 service complements the 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 National Archives. The Department will be able to support electronic information management needs in a standardized, compliant fashion which addresses security, records privacy, and search requirements. This initiative will increase transparency and equip employees with the tools they need to succeed. This proposed Scanning and Digital Archiving services represents a budget-neutral realignment for the Department of \$860 thousand; the totals in this Budget include the funding shifted out of the Office of Administration (ADMIN) and realigned into program offices S&E accounts, including one ADMIN employee that will be funded via the WCF.

For a detailed shift in the budget-neutral realignment of budget authority, please see Table 3 below.

TABLE 3

Component	2024 Scanning & Digital Archiving - Base	2024 Allocation - Printing	Realignment- Printing
ADMIN	860,000	25,472	-834,528
CPD	-	94,314	94,314
EO	-	7,731	7,731
FHEO	-	62,531	62,531
GNMA	-	20,363	20,363
LHCHH	-	5,383	5,383
HSNG	-	285,581	285,581
OCFO	-	24,282	24,282
OCHCO	-	15,972	15,972
OCIO	-	28,166	28,166
OCPO	-	13,609	13,609
ODEEO	-	1,838	1,838
FPM	-	38,581	38,581
OGC	-	67,359	67,359
PDR	-	17,489	17,489
PIH	-	151,329	151,329
Total	860,000	860,000	-

Space Renovation & Furniture: The proposed Space Renovation and Furniture 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 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. The funding for this proposal will initially come from program office carryover as part of a pilot transition period, with no FTE impact. Future fiscal years will incorporate longer term planning and cost modeling as part of HUD's longer term space utilization planning efforts.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President's Budget includes the following:

The 2024 Budget streamlines the WCF appropriations language to align more closely with the WCF's authorizing language by removing specific services included and/or proposed for inclusion. The current legislative text does not serve the Department well in the administration of HUD programs by limiting WCF activities to a restrictive list of activities that does not consider changes

over time in business operations and current operational needs. 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 improved management of fixed versus variable expenses and smoother operations during continuing resolution periods.

APPROPRIATIONS LANGUAGE

The 2024 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 working capital fund [for the Department of Housing and Urban Development] (referred to in this paragraph as the "Fund"), *established* pursuant[, in part,] to section 7(f) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(f)), amounts transferred, including reimbursements [pursuant to section 7(f)], to the Fund under this heading shall be available, [only for Federal shared services used by offices and agencies of the Department, and for any such portion of any office or agency's printing, records management, space renovation, furniture, or supply services the Secretary has determined shall be provided through the Fund, and the operational expenses of the Fund] *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 [amounts within the Fund shall not be available to provide services not specifically authorized under this heading: Provided further, That upon a determination by the Secretary that any other service (or portion thereof) authorized under this heading shall be provided through the Fund, amounts made available in this title for salaries and expenses under the headings "Executive Offices", "Administrative Support Offices", "Program Offices", and "Government National Mortgage Association", for such services shall be transferred to the Fund, to remain available until expended: Provided further, That the Secretary shall notify the House and Senate Committees on Appropriations of its plans for executing such transfers at least 15 days in advance of such transfers] *expenses of operation under such section 7(f) shall include operational reserves. (Department of Housing and Urban Development Appropriations Act, 2023.)*