

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Chief Financial Officer

Working Capital Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Adjustments	Total Resources	Obligations	Net Outlays
2024 Appropriation	69,677	22,060	-	91,737	71,585	67,012
2025 Appropriation	69,849	18,088	-	87,937	69,849	69,849
2026 President's Budget	69,965	18,088	-	88,053	69,965	69,965
Change from 2025	116	-	-	116	116	116

a/ Amounts in the Net 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 finances department-wide shared services on a full cost recovery basis using a business-like buyer-seller approach. The WCF finances several Federal shared services, including financial management, procurement, travel, relocation, human resources, records management (including archiving), scanning and digitalization, and printing services.

BUDGET OVERVIEW

The 2026 President's Budget requests \$70 million for the WCF, which is equal to the 2025 Enacted level. The 2026 Budget provides funding in each HUD office Salaries and Expenses (S&E) account to pay for their estimated use of WCF services including inflationary adjustments and changes in service utilization.

WCF Objectives:

- Promote efficient and effective delivery of department-wide shared services.
- Incentivize HUD offices to use WCF services efficiently by aligning costs to usage.
- Reduce overlap and duplication of efforts by providing a joint platform for common administrative needs across HUD offices.
- Demonstrate transparency into the operation, management, and costs of shared services.

Federal 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 (including staff acquisition, classification services, processing operations, and HR helpdesk). Additionally, Treasury’s Shared Services Programs (TSSP) provides human resources platform services.
- The National Finance Center (NFC) provides payroll processing services, including payroll policy support and tax reporting.
- The National Archive and Records Management (NARA) provides records management services, including the storage and service of HUD’s records at NARA’s Federal Records Centers.
- The Government Publishing Office (GPO) facilitates printing services for HUD, including the lease of multi-functional devices with print, copy, scan and fax functions and related support activities for HUD’s headquarters and field locations.
- Scanning and Digitalization services are provided through HUD’s Scanning Service Center.

Table 1 below provides the WCF funding resources by year and detailed cost estimates by Federal shared service.

TABLE 1

(Dollars in Thousands)

WORKING CAPITAL FUND		2024 Enacted	2025 Enacted	2026 President’s Budget	Changes (+/-)
Summary	Full-Time Equivalent (FTE)	18	14	14	-
	Personnel Services (PS)	3,317	2,397	2,517	121
	Non-Personnel Services (NPS)	66,360	67,452	67,448	(5)
	Total Enacted/Requested	69,677	69,849	69,965	116
	Carryover	22,060	18,088	18,088	-
	Total Resources	91,737	87,937	88,053	116
Shared Services Funding Detail	Financial Management, Procurement, & Travel Services	29,475	30,976	30,976	-
	Human Resources Processing	26,028	27,795	27,795	-
	Treasury Shared Services Programs	1,855	1,928	1,928	-
	Payroll Processing	1,908	1,305	1,305	-
	Records Management	4,350	3,367	3,557	190
	Printing Services	3,616	2,800	2,750	(50)
	Scanning and Digitalization	845	568	634	66
	Working Capital Fund Operations	1,600	1,110	1,020	(90)
	Total Shared Services and Operations	69,677	69,849	69,965	116

In addition, the 2026 Budget proposes streamlined appropriations language to align HUD’s operations more closely with the WCF’s authorizing statute, improving efficiency and cost-effectiveness.

JUSTIFICATION

HUD's WCF utilizes a buyer-seller model, aligning service providers' and customers' incentives while promoting transparency across offices and the Department. HUD offices bear service costs, allowing them to manage usage and optimize resources by refining business processes. This encourages cost-conscious behavior and expands the stakeholder base, driving continuous service improvement. Customers demand greater efficiency, while business line owners utilize data and feedback to negotiate enhanced service and cost savings.

The Working Capital Fund Division (WCFD) manages the Fund's financial operations and governance, ensuring full recovery of operational costs. It also manages daily financial activities, ensuring transparent unit cost accounting and customer reimbursement for their share of services.

The WCF aims to provide efficient service, cost transparency, economies of scale, and equitable cost distribution to customers, while exploring opportunities for cost reduction in current business lines.

From 2021 to 2024, the WCF saw a 48 percent increase from \$47 million to \$70 million, due to the addition of two new business lines to the WCF for Records Management and Printing, and also higher expenses in Financial Management (FM) and Human Resources (HR) services. The higher expenses were attributed to HUD's increased demand of FM and HR services including classification and staff acquisition, and staffing increases at Treasury's ARC to meet customer needs. However, for 2026, the Department will seek to obtain more favorable rates from its shared services providers to account for HUD staffing reductions and other factors. This may result in lower overall WCF funding in 2026 compared to amounts shown in Tables 1 and 2.

Table 2 below provides a breakout of the WCF funding resources for each office.

TABLE 2

(Dollars in Thousands)

HUD Offices	2025 Enacted	2026 President's Budget	Change (+/-)
Office of the Chief Administrative Officer	2,276	2,279	3
Community Planning and Development	7,654	7,665	12
Executive Offices	756	756	1
Fair Housing and Equal Opportunity	3,141	3,154	13
Government National Mortgage Association	1,996	1,998	2
Office of Lead Hazard Control and Healthy Homes	595	596	0
Housing	20,014	20,051	38
Office of the Chief Financial Officer	5,049	5,060	12
Office of the Chief Human Capital Officer	1,856	1,857	1
Office of the Chief Information Officer	2,369	2,373	3
Office of the Chief Procurement Officer	2,547	2,548	0
Office of Departmental Equal Employment Opportunity	265	265	0
Field Policy and Management	2,496	2,505	9
Office of General Counsel	2,637	2,642	5
Policy Development and Research	1,718	1,719	2
Public and Indian Housing	14,480	14,495	15
Total	69,849	69,965	116

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2026 President's Budget includes the following:

The 2026 Budget repropose streamlined WCF appropriations language. 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.

APPROPRIATIONS LANGUAGE

The 2026 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.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119-4).