

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Chief Financial Officer

Working Capital Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Transfers	Total Resources	Obligations	Net Outlays
2025 Appropriation	69,849	18,088	-	-	87,937	63,526	66,312
2026 Appropriation	65,206	11,336	-	-	76,542	65,206	65,206
2027 President's Budget	40,251	11,336	-	-	51,587	40,251	40,251
Change from 2026	(24,955)	-	-	-	(24,955)	(24,955)	(24,955)

a/ For 2025, the variance between the enacted amount and the actual obligations reflects the use of carryover funds at the beginning of the fiscal year.

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 critical department-wide Federal shared services on a full cost recovery basis using a buyer-seller approach.

BUDGET OVERVIEW

The 2027 President's Budget requests \$40.3 million for the WCF shared services, which is \$24.9 million less than the 2026 Enacted level. The 2027 Budget does not fund centralized Human Resources Processing services, which is being discontinued by Treasury's Administrative Resource Center (ARC). Pending development of the plan to wind down WCF operations, this request provides funding in the HUD offices Salaries and Expenses (S&E) accounts to support the estimated costs of shared services.

The WCF was established with the following objectives:

- Advance efficient, department-wide delivery of shared services to support mission execution and operational effectiveness.
- Strengthen fiscal stewardship by aligning service costs with actual utilization.
- Eliminate redundancies and achieve cost savings through consolidated administrative services.
- Enhance financial and operational transparency, providing leadership with improved visibility into the governance, performance, and cost of shared services.

These objectives provide the framework for leadership decisions related to the management and funding of shared services.

Federal shared services providers include the following:

- Treasury ARC provides financial management services; the Treasury Common Services Center (TCSC) provides human resources end-to-end processing servicing, travel and procurement services; and the Treasury 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; and
- Scanning and Digitalization services are provided through HUD’s Scanning Service Center.

Table 1 below provides the WCF cost estimates for shared services by fiscal year.

TABLE 1
(Dollars in Thousands)

WORKING CAPITAL FUND		2025 Enacted	2026 Enacted	2027 President's Budget	Changes (+/-)
Summary	Full-Time Equivalent (FTE)	13	11	14	3
	Personnel Services (PS)	2,397	1,973	2,552	579
	Non-Personnel Services (NPS)	67,452	63,233	37,699	(25,534)
	Total Enacted/Requested	69,849	65,206	40,251	(24,955)
	Carryover	18,088	11,336	11,336	-
	Total Resources	87,937	76,542	51,587	(24,955)
Shared Services Funding Detail	Financial Management	30,976	22,747	23,202	455
	Human Resources Processing, Procurement and Travel*	27,795	31,570	5,220	(26,350)
	Treasury Shared Services Programs	1,928	2,138	2,138	-
	Payroll Processing	1,305	1,147	1,204	57
	Records Management	3,367	4,083	3,899	(184)
	Printing Services	2,800	2,377	2,582	205
	Scanning and Digitalization	568	469	507	38
	Skillsoft License	-	-	437	437
	Working Capital Fund Operations	1,110	675	1,061	386
	Total Shared Services and Operations	69,849	65,206	40,251	(24,955)

a/ Starting October 1, 2025, Treasury realigned Procurement, Travel and HR Processing services from ARC to the Treasury Common Services Center (TCSC). Also, starting in FY 2027, HR Processing services are being discontinued by Treasury and returning to HUD.

JUSTIFICATION

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 2026 to 2027, the WCF estimates a 38 percent decrease from \$65.2 million to \$40.3 million. This change reflects the discontinuation of HR processing services by Treasury, the addition of a new business line for Skillsoft License, inflationary adjustments, and other shared services cost changes.

For FY 2027, the Consolidated Appropriations Act 2026 directs HUD to wind down the WCF operations. As the plan is still being developed and its timing has not been finalized, this Congressional Justification does not reflect those changes. However, the plan will provide for the estimated reallocation of funds for shared services to the business line owners' S&E accounts.

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

TABLE 2
(Dollars in Thousands)

HUD Offices	2026 Enacted	2027 President's Budget	Change (+/-)
Office of the Chief Administrative Officer	2,195	1,337	(858)
Community Planning and Development	7,188	4,118	(3,070)
Executive Offices	707	433	(274)
Fair Housing and Equal Opportunity	2,842	1,311	(1,531)
Government National Mortgage Association	1,876	873	(1,002)
Office of Lead Hazard Control and Healthy Homes	534	407	(128)
Housing	19,317	11,558	(7,759)
Office of the Chief Financial Officer	4,349	3,702	(647)
Office of the Chief Human Capital Officer	1,767	687	(1,080)
Office of the Chief Information Officer	2,074	1,422	(652)
Office of the Chief Procurement Officer	1,987	1,529	(458)
Office of Departmental Equal Employment Opportunity	260	121	(139)
Field Policy and Management	2,276	1,088	(1,188)
Office of General Counsel	2,580	1,006	(1,575)
Policy Development and Research	1,576	1,111	(464)
Public and Indian Housing	13,678	9,548	(4,130)
Total	65,206	40,251	(24,955)

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2027 President's Budget proposes 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 continued addition of new services to the list of allowable activities diverts the WCF from its authorized purpose, to support the operations and maintenance of HUD activities that the Secretary determines promote economy and efficiency.

APPROPRIATIONS LANGUAGE

The 2027 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.