

INFORMATION TECHNOLOGY FUND
2015 Summary Statement and Initiatives
(Dollars in Thousands)

INFORMATION TECHNOLOGY FUND	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2013 Appropriation	\$199,035	\$185,110 ^a	-\$10,411	\$373,734	\$282,938	\$249,336
2014 Appropriation/Request	250,000	93,812 ^b	...	343,812	283,000	256,000
2015 Request	<u>272,000</u>	<u>64,812^c</u>	<u>...</u>	<u>336,812</u>	<u>275,000</u>	<u>254,000</u>
Program Improvements/Offsets	+22,000	-29,000	...	-7,000	-8,000	-2,000

- a/ This includes a net transfer of \$67.8 million (after rescission and sequestration) from the FHA Mutual Mortgage Insurance account, \$250 thousand from FEMA for the Hurricane Sandy Task Force, \$750 thousand from FEMA for the Hurricane Sandy Disaster Housing Assistance Program, \$1.5 million of transfers from expiring S&E funds, and \$6.7 million in recaptures of prior year obligations. It excludes \$398 thousand in FEMA Disaster Housing Assistance Program funds transferred in fiscal years 2007, 2008, and 2011 that were returned to FEMA, and \$85 thousand in Hope for Homeowners funds that were returned to Housing. All carryover is for O&M.
- b/ This figure includes \$4 million in anticipated O&M recaptures. It includes \$21.3 million DME carryover and \$72.5 million O&M carryover.
- c/ This figure includes \$4 million in anticipated O&M recaptures. It includes \$45.0 million DME carryover and \$19.8 million O&M carryover.

1. Summary of the request

For fiscal year 2015, HUD requests \$272 million in direct appropriations for the Information Technology (IT) Fund, an increase of \$22 million from the fiscal year 2014 budget. The fiscal year 2015 request includes \$256.1 million for the operations and maintenance (O&M) of HUD's existing IT systems and costs relating to HUD's IT Infrastructure environment, and \$15.9 million for continued development, modernization, and enhancement (DME) of HUD's IT systems.

This request includes:

- \$140.6 million for the O&M of HUD's IT Infrastructure, including the data center (servers, switches and licenses to support all of the HUD applications and systems), end users (desk tops, lap tops, devices), transport (communication services), system engineering and management, and automated monitoring and management. Due to recent funding constraints and the decision to reevaluate HUD's approach, HUD will not be implementing the transition to our new infrastructure environment in

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the request year. Through efforts underway in fiscal year 2014, HUD will reduce the technical and operational risks of that transition which may also reduce the cost of the new environment. This will be part of future requests.

- \$49.4 million for the O&M of systems and tools that directly support HUD's core business functions, including mortgage insurance, grants management, subsidies management, and controls and oversight. This is an increase from the fiscal year 2014 funding levels to sustain new capabilities being brought on line through FHA Transformation and NGMS.
- \$65.9 million for the O&M of systems and tools that provide support functions and enterprisewide services and e-government activities. This includes the implementation of the New Core project – a shared service agreement with Department of Treasury for acquisition, accounting, travel and time and attendance systems, and accounting transactional services. In the past, HUD's accounting transactional functions have been funded through the Salaries and Expenses (S&E) budget. However, in this request the total requirement for the interagency agreement is requested in the IT Fund.
- This request also reflects a \$9.2 million realignment of contracting funds for IT compliance and oversight into the S&E account. This realignment will consolidate federal and contracted support for the compliance and oversight functions that provide security, privacy, IT investment management, enterprise architecture, and portfolio management.
- \$15.9 million for continued development, modernization and enhancement (DME) of HUD's IT systems. This includes modest investments in FHA Transformation and Next Generation Management System (NGMS), as well as smaller investments in several projects to allow for further enhancements or the completion of tools that have been developed. The cost in fiscal year 2015 to maintain our current systems and sustain the new capabilities we have developed, leaves very few resources for development. HUD is currently focusing DME investments on actions which we expect will lead to savings in our current systems and infrastructure, which may be reinvested in further system improvements. The funds will support:
 - Modifications to the homeless grants system and formula grant programs to address regulatory and legislative mandates.
 - Improvements to our capabilities in our income verification and photo inspection capabilities
 - Enhancements to our analytic capabilities across the enterprise, to improve our ability to integrate geospatial information in HUD systems and decisions
 - Expanded FHA's risk management capabilities and integrated risk and fraud tools for Single Family underwriting.
 - Development of a modern platform to provide current Public Housing Information Center (PIC) functionality, develop interfaces to allow on-line applications for the voucher program and tools to help manage the voucher waiting lists.

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Segment	FY 2015 Budget Request (\$ in Thousands)		
	O&M	DME	Total
Core Mission Area Subtotal	\$49,412	\$13,475	\$62,887
Business Services Area Subtotal	195,864	275	196,139
Enterprise Wide Services Subtotal	9,755	2,167	11,922
eGovernment Initiatives:	1,052		1,052
Total	256,083	15,917	272,000

The IT Fund provides funding for the operations, maintenance, and development of HUD’s IT infrastructure and systems that support the over \$47 billion in appropriated funds, nearly \$1.2 trillion in mortgage insurance liabilities, make payments for more than 5.4 million rental subsidies, provide management and oversight of approximately \$8.1 billion of annual federal investment in formula and competitive grants, and support hundreds of billions of dollars in FHA and Ginnie Mae securitization efforts that are a safeguard to the private mortgage financing market.

This funding includes the desktops, laptops and other mobile devices, data management in the HUD data centers, information transport, or communications, application support and systems engineering and all security, and help desk support to more than 15,000 users in 64 regional offices and field offices nationwide.

Critical IT investments

The majority of the request provides the operations and maintenance of the current systems, over \$256M. While HUD has reduced some of the cost of O&M in our current systems and applications, there have also been new capabilities and requirements which have added to the total requirements for O&M, while expanding or improving functionality. HUD has added new capability in the management of the voucher program through NGMS. HUD has expanded and enhanced capabilities in Single Family Housing through the Lender Electronic Assessment Portal (LEAP) and the Portfolio Evaluation Tool (PET). Additionally, the financial management segment has expanded to include all of the funding for the shared service agreement with the Department of Treasury, or New Core.

While we expect that these expanded capabilities will bring savings to HUD - some in the program funding, some in IT and some in S&E - this budget continues to reflect the need to maintain legacy systems as new capability is fully developed and integrated. In fiscal year 2014, HUD will use almost \$50M of our carryover to fund the O&M costs of our legacy capability and newly delivered capability. This will result in a significant reduction in carryover available for O&M purposes in fiscal year 2015. At this fiscal year 2015 requested level, HUD can sustain the required legacy systems and address new and expanded capabilities. Any further reduction would have a significant effect on our ability to support the HUD’s IT needs.

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HUD does not plan to continue the implementation of our infrastructure modernization efforts in fiscal year 2015. However, HUD is making investments that will allow our current architecture to be more agile and efficient, will standardize the platforms and systems in the IT environment, and will position HUD to leverage shared services or cloud computing where ever possible to reduce costs and streamline our IT operations. We anticipate that we will renew our infrastructure modernization efforts in fiscal year 2016. However, given our large anticipated reduction in carryover balance going in to fiscal year 2015, any reduction from our O&M request in this budget will have a significant impact on our ability to successfully carry out our necessary infrastructure modernization efforts.

Other Development Initiatives

HUD is requesting \$15.9 million to support development initiatives, largely in the core mission areas. HUD is making modest investments in our key initiatives that deliver complete, discreet capabilities to move us further along the path of reducing the complexity of the IT infrastructure by turning off legacy applications, systems, and platforms and ultimately achieve O&M savings.

HUD remains committed to completing the work of FHA Transformation to transform and modernize the mortgage insurance capabilities and the work of Next Generation Management System (NGMS) to automate the management and oversight in the rental assistance programs. As we are able to realize savings through other transformation efforts, HUD intends to use those savings to fund high priority development in these areas.

Please see Section 3, "Strategic goals and achievements," for achievements accomplished to date on the Department's major development initiatives.

Salaries and Expenses (S&E) and Full-Time Equivalent (FTE) Request

HUD is requesting 252.9 FTE for OCIO in fiscal year 2015, which reflects an increase of 7.1 FTE as compared to fiscal year 2014. The requested FTE increase will primarily augment HUD's capacity in enterprise program management, data center operations, and service delivery.

More details on the S&E request are provided in the Office of the Chief Information Office (OCIO) S&E justification.

2. IT Segments

CORE MISSION

The Core Mission Area includes systems and projects that support HUD's core mission functions, such as the promotion of sustainable homeownership, the stabilization of the housing market, providing housing assistance, and efforts that support HUD's partners in community revitalization and job creation efforts. Fiscal year 2015 funds for the Core Mission Area will include the necessary operations and maintenance (O&M) and development, modernization, and enhancement (DME) funding for the IT systems that directly support the U.S. Citizen in the HUD mission areas of homeownership, rental assistance, and grants.

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Controls and Oversight

The Controls and Oversight segment provides the tools and systems to oversee rental assistance program, including support for the Capital Fund, Operating Fund, and the Moving-to-Work Program in HUD's Public Housing program. This segment also has systems that support the Multifamily Housing Program. These systems enable HUD's Real Estate Assessment Center (REAC) to effectively and fairly measure the performance of public housing agencies and multifamily properties. HUD uses these systems to evaluate the physical condition of public housing agencies' units, the soundness of agencies' financial operations, the effectiveness of their management assessment, the level of resident satisfaction with their services and living conditions, and to classify the risk-level.

This segment helps assess the effectiveness of their financial and management operations of Public Housing Authorities (PHAs) across the country. It allows for the calculation of the PHA score (determines the overall health of a PHA's) which further allows HUD to most effectively use its funding to serve more families and identify issues and risks across all of the PHAs. Approximately 30,000 internal and external system users depend on the systems in this segment.

Grants Management (formerly Community & Regional Development)

The Grants Management segment supports all the departmental grants management functions, providing the systems that enable HUD to administer more than \$15 billion annually in formula and competitive programs to communities nationwide, across the entire lifecycle of the grants. More than 10,000 users depend on one or more of these grants management systems as their primary business interface with HUD. Combined, these people and organizations use the systems in this segment to complete over 65,000 total assistance actions each year.

The systems in the Grants Management segment automate critical functions, including: grant application intake and review, grant award tracking, activity setup and the drawdown of funds, grantee risk analysis and monitoring, consolidated planning and performance reporting, and health and lead hazard compliance. These systems provide the management and oversight of billions of dollars of annual investment activity that support disaster recovery, homeless assistance, lead hazard, public housing, and environmental compliance and the nation's economic recovery as a whole.

By the end of fiscal year 2014, HUD plans to complete the de-commission and replacement of the "GMP" system – an outdated Legacy platform currently used for the Grants Management Process. HUD estimates this will achieve a cost savings of \$400,000 per year.

Mortgage Insurance (formerly Homeownership)

The Mortgage Insurance segment is comprised of systems that support FHA's and HUD's efforts to promote sustainable homeownership. It includes systems that support a national mortgage insurance industry servicing \$1.2 trillion of insurance-in-force; manage HUD's portfolio of single family and multifamily properties; assist with re-development and homeless assistance required by the Base Closure Community Redevelopment and Homeless Assistance Act; and automate services for lender management, premium refunds, and credit subsidy data used by the Single Family and Multifamily Housing Mortgage Insurance programs.

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The Mortgage Insurance segment includes the FHA Transformation Initiative. FHA Transformation is developing and implementing a modern financial services IT environment to better manage and reduce risk across all of FHA's Mortgage Insurance Programs. It will enable risk detection and fraud prevention by capturing critical data points at the front-end of the loan life cycle, while leveraging the right set of risk and fraud tools, rules-based technology, and transactional controls to minimize exposure to FHA's Insurance Funds. To date, the FHA Transformation IT initiative has delivered a new lender certification system, and has made sound progress on the Single Family Housing's systems and new risk management tool. The next steps in FHA Transformation include enhancing PET to produce real-time reports and predictive analytics, a new risk and fraud monitoring system, a new automated underwriting system, and developing and implementing business process improvements necessary to modify and replace FHA's inventory of 30 year old IT systems.

Subsides Management (formerly Housing Assistance)

The Subsides Management segment consists of the systems that enable HUD to provide and monitor rental housing assistance to more than 5.4 million households, across many HUD programs, each with its own individual set of business rules. It includes the systems which assist in management of the Department's \$20 billion Housing Choice Voucher (HCV) program.

The primary investment in the segment is the NGMS. NGMS is a multiyear investment initiated in 2010 to provide a suite of robust technical tools designed to help HUD administer its affordable housing programs more efficiently, and to modernize and streamline the various work functions of these programs. NGMS is structured to support modular, agile development and allow the Department to change course as needed. The early phases of NGMS are focused on improving the management and oversight of HUD's Public Housing programs and Housing Choice Voucher programs, which respectively provide approximately \$26.7 billion of housing assistance to needy families each year. These programs are currently managed by multiple outdated legacy systems that are poorly integrated with each other, and 'built out of necessity' ad-hoc tools built in Microsoft Excel or Access, which require manual processes that introduce significant risks of error.

In the fourth quarter of fiscal year 2013, NGMS delivered the Budget Formulation and Forecasting (BFF) tool for the HCV program, and delivered the initial capability for the Portfolio and Risk Management Tool (PRMT) which supports both the public housing and voucher programs (full implementation of PRMT is expected in the first quarter of fiscal year 2014). These core investments will enable HUD to replace manual processes with smart, repeatable, and reliable automated processes, and to respond quickly and accurately with information on the needs of the rental assistance program and the impacts of changing budgets. NGMS has also developed the affordable housing data architecture (AHDA) for its systems and applied that architecture to its BFF and PRMT projects.

BUSINESS SERVICES

The Business Services Area includes the systems and projects that support HUD's administrative and support functions, such as Financial Management, Administrative Management, HR, and the IT infrastructure. A significant portion of the fiscal year 2015 funds

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for Business Services will include the funding necessary to support the IT infrastructure and automated services that comprise the back-bone of the Department's daily operations.

Information Technology

The Information Technology segment is comprised of the hardware, software, and services for HUD's IT infrastructure. This includes the data centers, networks and telecommunications, desktop and mobile computers, peripherals, help desk and end user support, and the operations and maintenance of programs and systems maintained by OCIO.

Although this request does not include any investments in Infrastructure Modernization, HUD has completed several significant pieces of the modern infrastructure environment. These include:

- Systems Engineering & Management Services – providing HUD with trusted advisory role and assisting HUD in defining requirements and enabling processes for review, requirements analysis, technology evaluations, etc. They will provide guidance and assistance during transition phases of each of the Service Towers from current providers;
- Automated Monitoring and Management – providing continuous oversight of the agreements between HUD and the various service delivery contractors; and
- Transport Services – providing HUD with next generation Wide Area Network infrastructure, video conferencing services, and trusted internet connections;

HUD plans to continue migration to a modernized infrastructure during fiscal year 2016, but this request includes funding to continue to support the current environment for:

- Data Center – which includes the servers, licenses and network support, providing and managing hosted and cloud services for HUD's IT environment; and
- End User Services – providing and managing HUD's local area network, end-user hardware and software laptop, desk tops and other devices providing support services at HUD headquarters and each of HUD's regional and Field Offices.

Acquisition Management

The Acquisition Management segment supports the Office of the Chief Procurement Officer in its mission to acquire the Department's contracted goods and services in the most efficient and cost-effective manner. The Acquisition Management segment includes HUD Integrated Acquisition Management System (HIAMS), a single enterprisewide integrated acquisition management system. HIAMS integrates the complete procurement process from pre-award activities to contract close-out of the procurement. As the full implementation of the New Core project is complete, this function will be subsumed into the shared services agreement with the Department of the Treasury's Bureau of the Fiscal Service.

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Administrative Management

The Administrative Management Segment assists the Office of Facilities Management Services to provide its key support services in the operations and management of HUD's real and personal property, mail distribution, printing and graphics services, and other key services.

Systems in the Administrative Management Segment manage, monitor, and provide accountability for HUD Facilities, Property, and Assets. These systems also support requests for creating, updating, and/or altering books, booklets, pamphlets, banners, posters, advertisements, PowerPoint presentations, awards, and training materials, in digital format and/or layouts. These systems create internal communication products that keep HUD's personnel informed of events and training programs and provide an automated HUD phonebook via the HUD Locator.

Financial Management

The Financial Management segment provides the capability to meet audit requirements and financial reporting needs, to be compliant with Federal Accounting and System Standards (e.g. FSIO, FASB, FISMA), and to make payments to the millions of customers HUD serves. The segment contains the cross-cutting financial management systems that support all HUD programs and administrative areas. The funding in the IT Fund for this segment will allow HUD to maintain its current legacy financial management systems and continue with the New Core program. New Core is aiming to enhance capabilities in financial management, travel, procurement, and workforce planning to better support strategic decision making.

The New Core modernization effort will implement a HUD enterprise-wide financial system that will allow the department to resolve material weakness and audit findings while optimizing cost sharing through a consolidated shared services infrastructure platform. This will reduce HUD's legacy system upgrade and maintenance needs. Additionally, this agreement will provide HUD managers with on-demand financial information and greater transparency in reporting for both end-users and oversight organizations, facilitate accurate and timely funding decisions, and provide analytical capability to measure the effectiveness and efficiency of program outputs and outcomes. Use of a shared service provider will allow HUD to leverage the economy of scale for shared services, and using a production proven system will allow HUD to bring the system on-line faster, with less effort, and with reduced risk.

The New Core program is groundbreaking in the federal government and will demonstrate government capabilities to make financial transaction processing more efficient while consolidating infrastructure and utilizing cloud technologies intended to ultimately deliver savings for the U.S. taxpayer. HUD will be the first cabinet level agency to implement full financial transaction processing through use of a federal shared service provider (FSSP). In planning the transition to an FSSP, HUD has identified 10 legacy systems that HUD can decommission in fiscal years 2015 and 2016.

The increase in IT funding devoted to the Financial Management segment in fiscal year 2015 is needed to integrate with the shared service provider in the areas of budget formation, building a financial reporting enterprise data warehouse, and implementing managerial cost accounting improvements. The agreement will also support a workforce planning and strategic procurement

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planning module to facilitate a coordinated approach for future procurements, and replace functionality in HUD's current fixed asset system in fiscal year 2015.

Human Resource Management

The Human Resources Management segment includes IT investments that assist the Office of the Chief Human Capital Officer in its responsibilities of managing and administering the Department's human capital programs, including recruitment, professional development and training, workforce analysis, and succession planning.

The Human Resource Management segment includes the ongoing HR End-to-End system which provides for all of the Department's human capital management activities. It also includes HRConnect, which serves as HUD's personnel processing system. Finally this Segment funds HUD's payroll processing/time and attendance system, WebTA; this last function will be subsumed into New Core when the full implementation of the New Core project is complete.

Planning and Budgeting

The Planning and Budgeting segment supports the systems that help develop and submit Information Technology business cases; provides tools for analysis of workforce allocation and FTE usage; and support the development, editing and submission of the annual budgets to OMB and Congress. These tools and capabilities assist HUD's resource decision making and the analysis of funding to help manage the multi-billion dollar HUD portfolio. HUD hopes to utilize capabilities in the New Core project to better support payroll analysis and other financial management needs.

Public Affairs

The Public Affairs Segment supports the Department's internal and external messaging. This segment enables the Department to leverage HUD's web products to better serve citizens, business partners, and employees. The segment includes support for Departmental high-visibility projects such as HUD's Hurricane Sandy response, Disaster Recovery site in response to the Recovery Act, Open Government Initiative, and Avoiding Foreclosure. The Department's internet presence served over 48 million unique visitors in fiscal year 2012, an average of over 4 million unique visitors a month, providing information, services, and access to over 50 different applications 24 hours a day, 7 days a week to its customers. It is the premiere example of "build once, use many" in the Department.

Regulatory, Legislative, and Enforcement

The Regulatory, Legislative and Enforcement segment provides IT support to a variety of enforcement capabilities in the Offices of General Counsel, Fair Housing and Equal Opportunity, Field Policy and Management, Lead Hazard Control and Healthy Homes. This segment provides the systems that support the tracking, monitoring, document creation, and workload management of various enforcement cases against lenders, landlords, and recipients of HUD assistance who violate federal, state and local fair housing laws;

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other civil rights authorities; HUD program requirements for both the physical and financial conditions of developments; Davis-Bacon; lead-based paint disclosures; and ethical requirements.

This segment ensures that HUD has the capacity to recapture and return federal monies to the purposes for which they were intended, protect the FHA General Insurance Fund, redress housing and lending discrimination, debar or suspend bad actors in HUD programs, protect children from lead hazards, and ensure that workers on HUD developments are compensated in accordance with the prevailing wage rates.

ENTERPRISEWIDE SERVICES

Enterprisewide Services include the systems and projects that provide shared, cross-cutting and cost-saving solutions for the Department. By grouping systems and projects by similar business function, enterprise services enables HUD to find opportunities to share cross-cutting services among the program areas, to reduce the number of duplicative systems, and to leverage economies of scale.

Business Analytical Services

The Business Analytical Services segment supports the extraction, aggregation, and presentation of information to facilitate better decision-making and business evaluation across HUD programs. This segment includes investments in analytical services and geospatial services.

Analytical services use business intelligence capabilities to provide consistently rigorous analysis of program performance throughout the Department. This includes the HUDStat project, which integrates data from many disparate program systems to present up-to-date views of program performance by place and time, giving senior leadership a consistent and accurate view of HUD's progress toward its strategic goals. It allows HUD leadership and managers to see the status of their program, geographically both at an aggregate level and a granular level.

Enterprise Geospatial Services systems were created to address the Department's need to coordinate the development and deployment of geospatial technology at HUD, and encourage the use of innovative products and approaches across the entire Department. The Enterprise Geospatial Services program directs the efficient, cost-effective, and sustainable use of geospatial technology throughout HUD.

Customer Relationship Management Services

The Customer Relationship Management Services segment is comprised of systems that provide services for many of HUD's stakeholders and grantees. These services include call-taking, documenting, reporting and trend analysis of 150,000 mission-critical service requests per year. These requests originate from all of the Department's major business partner groups, across all HUD program, business, IT, and functional area groups. The tools in this segment are designed to reduce call processing times by 25-50 percent.

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The request supports the continued implementation of a project tracking enterprise for capturing work completed across all program areas in the field focused on HUD's customers and stakeholders. These systems provide important information to HUD for use in budget formulation and justification as well as a better understanding of programmatic impacts on the ground, allowing a line of sight for HUD staff to analyze data from a national, regional, or field office. This allows HUD to cascade work from managers to employees and improve performance in management and project management.

This segment also funds tools which allow HUD and its stakeholders to evaluate the creditworthiness of loan applicants, produce financial statement filings for HUD's programs, and provide help-desk services for HUD's grantees. These systems ensure that HUD's risk of insuring loans for borrowers who have defaulted on FHA loans or other federal loans are minimized and do not increase to unacceptable levels. These projects also ensure that HUD complies with established Computer Matching Agreements to provide a shared interagency database with several federal agencies and lenders working on their behalf.

Data Management Services

The Data Management Services segment provides the systems and processes needed to define the data standards that allow HUD to make evidence based decisions about potential programmatic changes and their impact. This segment provides HUD capabilities to store and share data ensure better quality of data and better access.

The Data Management Services Segment provides for the usage, processing and general administration of information throughout the Department. This segment provides the foundation for improving HUD's data management capability by changing from a system focus to an enterprisewide focus. This will result in better data quality, deeper data understanding, and more enhanced data sharing across the Department.

Digital Asset Services

The Digital Asset Services segment supports the Executive Secretariat in serving as the central control and coordination point for the management of correspondence to and from the Secretary and the Deputy Secretary, as well as other correspondence received at Headquarters from the Congress and elected officials. These systems help in the receipt, analysis, assignment, distribution, and tracking of controlled correspondence. It also helps the Executive Secretariat in maintaining files for subsequent retirement and physical transfer to the National Archives and Records Administration for preservation as a permanent institutional history. The systems in this segment are also vital for handling Freedom of Information Act requests.

These systems ensure HUD meets legislative as well as regulatory mandates to respond to Executive Order 13392 for Freedom of Information Act (FOIA) management, the Government Paperwork Elimination Act, and the President's November 28, 2011 memorandum relative to records management, as well as other directives.

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eGOV Initiatives

HUD funds its contributions to the federal eGovernment Initiatives in part through the IT Fund, and in part from HUD's Administration Support Services account. This portion of the IT Fund enables HUD to make its financial contributions to these critical cross-agency initiatives:

- GovBenefits;
- Disaster Assistance Improvement Plan;
- E-Rulemaking;
- Grants.gov;
- The Integrated Acquisition Environment;
- Performance Management; and
- Financial Management.

Additional funds for eGovernment Initiatives are provided through HUD's Administration Support Services account.

HUD continues to provide support for innovative solutions that meet the Department's priorities, promote transparency and accountability, and encourage participation in government. Through the framework established by the e-Government Act of 2002 and the ongoing collaborative efforts with other federal agencies, HUD is providing simple, easy-to-use governmental services and information that are accessible, effective, and less burdensome for our customers.

3. Strategic Goals and Achievements

To better manage costs and to ensure an efficient IT Fund, CIO continues to implement revised and improved management controls. These include:

1. Developing an enterprisewide portfolio and project management process. These tools and processes will allow HUD to view the schedule, milestones/delivery of products and performance (financial, acquisition) for all HUD IT projects. This will allow HUD leadership to assess the performance of the IT projects, quickly and consistently across all projects.
2. Assessing the scope of all IT contracts in order to reduce scope and cost of work and task orders for duplicative and unnecessary activities. This includes a cross-walk of the fiscal year 2013 spend plan line items to their contracts for a higher level of transparency between the budget and the procurement actions.
3. Strengthening the new segment sponsor's role as executive stewards of their business functionalities. Among the new segment sponsor's responsibilities is to provide the subject matter expertise and executive-level leadership to identify

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opportunities to eliminate systems with redundant or unnecessary functionality; to advantageously combine and integrate IT assets; to ensure business processes are optimized before any development, modernization or enhancement project is undertaken; and to work with other segment sponsors in other HUD program areas on departmentwide IT solutions.

4. Establishing functional segment architectures. These will provide the details of HUD business processes, workflow, performance goals, data, systems, services, and infrastructure that support business transactions. These will also enable a clearer view of how much is being spent to close specific business performance gaps. Finally, these will identify existing duplication and gaps in HUD's services for which IT services could be leveraged to improve performance and achieve greater return on investments.
5. Strengthening control and oversight mechanisms to better manage carryover balances in the IT Fund, ensure high-value use of our available resources, and hold projects accountable for achieving results. To minimize its carryover balances and ensure success of its high-priority IT investments, HUD will increase the frequency, amount, and depth of reviews with the programs for unobligated balances against the annual spend plan, re-directing unused funds to the most critical funding shortfalls and towards our most successful projects. HUD's senior leadership is continually reviewing the needs of its IT systems and ensuring its annual IT spending plan is up-to-date and reflects its most important priorities.
6. Assessing all operational systems to identify candidates for decommissioning. HUD's new IT Management Framework includes a formal control gate review process with detailed procedures for officially retiring systems in order to reduce overall O&M costs. The intent of the Office of the Chief Information Officer (OCIO) is to reinvest savings from O&M to much-needed DME projects, particularly for enterprise wide solutions to gain greater value from investments and further reduce O&M costs.

Development Initiative Achievements

With DME funding through the Transformation Initiative and IT Fund, HUD has initiated or completed a tremendous amount of systems and tools development and transformation that will completely replace and modernize our IT infrastructure. As we continue to build on prior investments, HUD's priorities for IT development will be IT Modernization, New Core, FHA Transformation and NGMS. To date these projects have delivered important transformational capabilities that will allow HUD to continue to and better serve its clients. The following is a summary of what has been achieved in these projects as well as other key successes:

FHA Transformation

- Deployed Federal Financial Services Platform (FFSP) – Infrastructure: Procurement and baseline configuration of Oracle hardware and software components to support business functionality to be delivered by the FHA Transformation set of projects.

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- Deployed LEAP Lender Approval: Automation of Lender Approval workflow for new lenders seeking to become approved by FHA. Streamlines and updates current manual business process and validation checks.
- Deployed LEAP Lender Recertification and Institution Manager: Automation of Lender Recertification and institution management workflows – Retires two major FHA systems – Institution Master File (IMF) and Lender Assessment Sub System (LASS).
- Deployed PET: Implementation of a web-based tool that provides reporting and analytics capabilities that allow FHA users to model risks associated with its portfolio of mortgages. Expected to save approximately 0.1 percent in avoided losses and/or premium adjustments (\$30M).
- Deploying Risk and Fraud Tool: Develop capability for FHA to conduct automated risk and fraud checks on loans prior to endorsement.
- Deploying Electronic Appraisal Delivery: Develop capability for FHA to receive electronic appraisals and data from lenders in an industry standard (MISMO) format.
- Deploying Multifamily Housing and Healthcare Automated Underwriting: Deployment of new Multifamily Housing Automated Underwriting Solution which streamlines operations, introduces efficiencies within business cycles and retires one legacy application by implementing a commercial off-the-shelf tool.
- Deploying Capital Needs Assessment Alignment-I: Development of a standardized assessment template to be used across multiple agencies when conducting capital needs assessments.
- Deploying Physical Inspections Alignment-IT (REAC Improvements): Improvements to HUD's REAC software systems to eliminate duplicative inspections performed by State Housing Agencies, HUD-MFH, HUD-PIH, USDA-RD, etc.

Next Generation Management System (NGMS)

- Deployed Phase 1 of the Budget Forecast and Formulation (BFF) module of NGMS. The BFF module is currently demonstrating initial module functionality. This module will allow HUD to anticipate HCV program cash flow needs through the development of precise, targeted budget forecasting scenarios based on timely, accurate data. In addition to calculating future funding needs, the system will include a data-driven distribution model in which ad-hoc, "what-if" and multiple variable budget scenarios can be created, archived and compared.
- Deployed the Portfolio and Risk Management Tool (PRMT) initial operating capacity: Leveraging the experience of the Office of Field Operations' Portfolio Management Tool, PRMT provides a single access point where users can access, analyze, and interpret all major program performance indicators for all PIH programs. The system pulls data from PIH's disparate data sources and provide a single location for performance data that is scalable, consistent, and reliable

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- Development of Cash Management and Disbursement (CASH): The first stage of the initial phase of this module – gathering information regarding the necessary financial fields not currently in the HUD-5005 and performing estimations of PHA payments based on this supplemental data along with household-level information in the PIC system as compared to PHA actual expenses (e.g. HAP register) – has been completed. The next stage of the pilot will include more comprehensive requirements, resulting in the capability to make HCV program payments to a pilot group of public housing authorities based on household-level data the PHAs enter into the system.
- Continuing HUDCAPS Migration: We have completed the initial phase for this NGMS module, which defined requirements of current and future state business needs for the financial management of the Housing Choice Voucher Program and put forth a system solution to gaps and business/programmatic needs for replacement of the HUDCAPS system as well as alignment with the New Core initiative of a single Departmental general ledger system.
- Developed the Affordable Housing Data Architecture (AHDA): AHDA provides and maintains required data architecture as needed by all the other modules, (current and future) of NGMS. We have completed and applied the AHDA for the BFF and PRMT projects. In the long-term, the AHDA Team plans to transform the way HUD manages affordable housing data, and move to a more innovative “data as a service” approach. This will allow for better customer service, more data availability, and faster system updates.

New Core

- Completed Discovery Phase with the Department of Treasury, Bureau of Fiscal Service, Administrative Resource Center (ARC). During this effort, a high level gap analysis was performed to determine compatibility with ARC’s shared service offering.
- Current and Planned Activities Include:
 - Collaborating with ARC and HUD Subject Matter Experts to finalize New Core’s requirements and analysis phase for the October 2014 release. During this phase, HUD and ARC will document HUD’s unique shared services requirements and develop solutions to any gaps between the requirements and ARC’s standard solution. HUD and ARC have completed 85 percent of the necessary sessions to document HUD’s requirements. Expected Duration: September 2013 – May 2014
 - Completing New Core’s configuration and design activities, including designing HUD’s interface solution to connect HUD to ARC’s shared services platform, preparing HUD’s legacy data for conversion, and designing HUD’s reporting solution in the shared services environment. Expected Duration: March 2014 – June 2014

Information Technology Fund

- Evaluating HUD's business processes to determine the impact of the migration to ARC's shared services environment on HUD's operations. As part of this analysis, HUD will work to identify areas to further streamline HUD's operations to meet ARC's standard processes, where applicable. Expected Duration: September 2013 – July 2014

IT Modernization

- Standardized multiple platforms, tools and practices to provide a common infrastructure framework or enterprise-level standards. Standardization allows the HUD infrastructure to be operated and managed more cheaply and efficiently and allows the infrastructure to be more agile as need requirements and development occurs.
- Transitioned HUD applications from non-standard and/or unsupported software to a standard, cloud-ready application state.
- Delivered an enterprise identity, credential and access management solution in a phased approach that delivers a single sign on to eliminate the need to manage multiple access solutions and passwords, as well as HSPD-12 compliant logical access compliance.
- Developed an IT Platform Standardization deployed through MicroStrategy as the enterprise business intelligence for 24 agency applications to reduce duplicative solutions and obtain the best value for HUD.
- Delivered IT management best practices with the implementation of both an Information Technology Infrastructure Library (ITIL) training and certification program for key HUD staff and IT service management to ensure best practices encompassing Change, Configuration & Release Management and Service Level Management.
- Awarded the Transport services contract which will provide agencywide communications; a single and seamless department-wide WAN, along with a centralized network and management system, and will be acquired via the Network Universal GWAC.
- Awarded the Systems Engineering and Management services contract to assist in transition planning and execution, evaluations of cost and technical proposals from service delivery providers, recommendations of emerging technologies, evaluations of emerging technologies, and development of implementation plans.
- Identify risk mitigation options to minimize impact on HUD business during transition; including consideration of cloud alternate hosting facilities to prevent halt on critical business system continuation or implementation. This factor has potential for unidentified costs at this time, to be determined by a feasibility study.
- Assess IT readiness (technology and human resources): Assess the readiness of the federal workforce to recognize and manage the IT infrastructure as an enterprise foundation to modernize and streamline HUD's mission accomplishment. Ensure that standards, policies, and procedures are in place, as well as federal employees trained with the appropriate skill set to properly manage, monitor, and utilize the services at a cross-Program HUD level.

Information Technology Fund

Grants Management

- Transformed e-snaps to support the Homeless Emergency and Rapid Transition to Housing (HEARTH) Act of 2009 regulations beginning with the fiscal year 2012 competitive grants for homeless assistance with the following benefits:
 - The online e-snaps system supported processing of 8,074 applications to award announcement in 38 days in fiscal year 2012, up from processing less than 6,000 annually (taking over 100 days to award announcement) prior to automation. This is a reduction in the time to award of approximately 60 percent, while adding capacity to handle over a 30 percent increase in the number of application since 2005.
 - At least \$1,000,000 in cost avoidance (annually) for the contract support required to manage application data related to the intake, scoring, selection, and performance reporting (over 12,000 person hours).
 - E-snaps also significantly lowers paperwork and administrative burden for applicants and grantees by allowing fully electronic application submission, annual performance reporting, grant agreements, and other steps; renewal grants (which constitute around 85 percent of the annual applicants) can re-use and edit prior year submission content for hundreds of thousands of hours saved in public burden annually, compared to manual processes. Grantees instead focus these recovered administrative resources towards direct service and program outcomes.
- Launched the Consolidated Planning module to grantees in IDIS May, 2012, with the following benefits:
 - Reduce Community Planning and Development (CPD) Field staff workload related to review of Consolidated Plans and Annual Action Plans by approximately 30 hours per Consolidated Plan and 15 hours per Annual Action Plan.
 - Reduce grantee staff workload related to preparing and submitting Consolidated Plans and Annual Action Plans by approximately 60 hours per Consolidated Plan and 30 hours per annual Action Plan.
 - For fiscal year 2014, this represents approximately 20,745 CPD staff hours saved and 30,320 grantee staff hours saved.
- Automated the Environmental Review process in IDIS by launching HUD Environmental Review Online System (HEROS) planned for October, 2013 resulting in fuller compliance and accountability of grant dollars and activities required by the National Environmental Policy Act (NEPA) of 1969 as enacted by the White House Council on Environmental Quality (CEQ) regulations at 40 CFR 1500-1508 and HUD regulations 24 CFR 50-58.
- Began Phase 1 and 2 to modernize and re-engineer the Grants Management Process System (GMP) towards the Target Architecture, with the goal of retiring an obsolete technology platform (i.e., "Power Builder") and decommissioning 43 client-server installations in CPD Field Offices. This will create cost savings to the HUD infrastructure). (CPD originally developed GMP to automate HUD-required grantee risk analysis and monitoring processes, and to electronically transmit and manage Congressional notification of grant awards - speeding up the process significantly and reducing the possibility of error.)

Information Technology Fund

- The Enhanced the Geographic Information System (GIS) mapping system, CPD Maps, which is available to the public and also integrated into IDIS, provides demographic and service data to meet data analysis portions of the Consolidated Planning process. This reduces or even eliminates the need for more than 1,200 grantees to gather data and purchase and maintain their own GIS software – a cost savings to grantees of approximately \$10 million over a 10-year period.
- Automated many manual processes and program reporting requirements by updating performance screens for the HOPWA program that link outcomes, outputs, and financial disbursements, and by creating the capacity to include HOPWA competitive programs in electronic data systems. This process will eventually eliminate the need for manual data entry and review of paper-based reports which will result in reduced staff costs. CPD also fully automated the consolidated and annual plan process for 218 HOPWA grants and 198 formula and competitive HOPWA grantees which realizes significant time savings for CPD field staff and grantee program staff.

HUDStat

- Integrated the tool of data sets from roughly 30 different programs addressing all of HUD's fiscal years 2010-2011 and fiscal years 2012-2013 Agency Priority Goals.
- Produced 150 reports and a core set of goal-specific, easy-to-use dashboards that now provide instant access to a wide range of performance data across time and place, for senior leaders and program staff alike, making it simpler than ever to use data to drive decision making.
- Developed a comprehensive data model to inform enterprise data standards.

Data Management and Geospatial

- Added FHEO Real-time geocoding of all addresses to the on-line housing discrimination form. This will improve data analysis and mapping capabilities of FHEO discrimination data. The production implementation is in the HUD test center now with expected release in the next 2 weeks.
- Strengthened the Section 3 business registry data integrity by the implementation of pick lists for State, County, City and Zip built from a crosswalk of authoritative USPS and Census data. This will also improve data analysis and mapping capabilities for those Section 3 Recipients searching for a qualified business (expected completion September 2013).
- Developing a Master Data system. This system will reduce HUD's replication of the same information across systems, make the information on the same entity consistent across systems, minimize the use of SSN and other Personally Identifying Information by replacing them with a unique HUD ID but still allowing the SSN and PII be available if needed for business reasons, and create a linking variable so HUD can report on who it serves and who it works with across programs.

Information Technology Fund

- Released an Affirmative Furthering Fair Housing (AFFH) prototype to coincide with the notice of public comment pursuant to the AFFH rule change to improve understanding of new requirements for HUD funding recipients. Ultimately, the AFFH tool will result in decreased grantee costs/time spent to complete the analysis of impediments to fair housing.
- Enabled rapid information sharing between HUD, FEMA and other federal partners in the wake of Hurricane Sandy and provided critical information to HUD's leadership and the Hurricane Sandy Recovery Task Force through the ArcGIS Online tool. As a result, this effort involving the collection of data from HUD partners was done with significantly fewer FTE work hours.

Legislative Proposals and Language Changes

HUD proposes amending the IT Fund appropriations language to allow HUD to determine the level of DME needed from the total appropriation. Each fiscal year's DME need and funding availability is impacted by the number of systems, the varying levels of security and sustainment challenges, the contracting schedule, and the delivery of new capabilities – all factors which change many times through the year and are difficult to project with exact precision during the appropriations process. One of HUD's strategic goals is to reduce the size and number of IT systems and platforms, while reducing O&M costs. To this end, HUD is constantly assessing the right the mix of development and O&M to deliver new capabilities and turn off legacy applications and systems. These efforts are hindered by having a prescribed DME funding level. The requested flexibility in our O&M and DME levels will enable HUD to better achieve this strategic goal.

Section 214 of the General Provisions is amended to allow HUD to transfer up to \$10 million from Salaries and Expenses (an increase from \$5 million, but equal to the authority prior to fiscal year 2014). This transfer allows HUD to balance the investments in our IT tools with the investments in our workforce. This increase in the transfer amount will allow HUD to take better advantage of opportunities to automate functions or make investments in tools and systems that make our workforce more capable and productive, better serving the HUD programs.

**INFORMATION TECHNOLOGY FUND
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Operations and Maintenance	\$164,448	\$185,110	\$349,558	\$280,086	\$205,000	\$72,488	\$277,488	\$256,100
Development, Modernization, and Enhancement	<u>24,176</u>	<u>...</u>	<u>24,176</u>	<u>2,852</u>	<u>45,000</u>	<u>21,324</u>	<u>66,324</u>	<u>15,900</u>
Total	188,624	185,110	373,734	282,938	250,000	93,812	343,812	272,000

NOTES

1. The 2013 Budget Authority column represents the appropriations for the Working Capital Fund.
2. Operations and Maintenance 2013 Carryover into 2014 a net transfer of \$67.8 million (after rescission and sequestration) from the FHA Mutual Mortgage Insurance account, \$250 thousand from FEMA for the Hurricane Sandy Task Force, \$750 thousand from FEMA for the Hurricane Sandy Disaster Housing Assistance Program, \$1.5 million of transfers from expiring S&E funds, and \$6.7 million in recaptures of prior year obligations. It excludes \$398 thousand in FEMA Disaster Housing Assistance Program funds transferred in fiscal years 2007, 2008, and 2011 that were returned to FEMA, and \$85 thousand in Hope for Homeowners funds that were returned to Housing.
3. Operations and Maintenance Carryover into 2014 includes \$4 million in anticipated recaptures.

INFORMATION TECHNOLOGY FUND
Appropriations Language

The fiscal year 2015 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the development of, modifications to, and infrastructure for Department-wide and program-specific information technology systems, for the continuing operation and maintenance of both Department-wide and program-specific information systems, and for program-related maintenance activities, [~~\$250,000,000, of which \$205,000,000~~] *\$272,000,000, which* shall remain available until September 30, [~~2015~~] *2016* [, and of which \$45,000,000 shall remain available until September 30, 2016 for Development, Modernization and Enhancement]: *Provided*, That any amounts transferred to this Fund under this Act shall remain available until expended: *Provided further*, That any amounts transferred to this Fund from amounts appropriated by previously enacted appropriations Acts may be used for the purposes specified under this Fund, in addition to any other information technology purposes for which such amounts were appropriated[: *Provided further*, That not more than 25 percent of the funds made available under this heading for Development, Modernization and Enhancement, including development and deployment of a Next Generation Management System and development and deployment of modernized Federal Housing Administration systems may be obligated until the Secretary submits to the Committees on Appropriations and the Comptroller General of the United States a plan for expenditure that—(A) provides for all information technology investments: (i) the cost and schedule baselines with explanations for each associated variance, (ii) the status of functional and performance capabilities delivered or planned to be delivered, and (iii) mitigation strategies to address identified risks; (B) outlines activities to ensure strategic, consistent, and effective application of information technology management controls: (i) enterprise architecture, (ii) project management, (iii) investment management, and (iv) human capital management]. (*Department of Housing and Urban Development Appropriations Act, 2014.*)