

Department of Housing and Urban Development (HUD) Salaries and Expenses

Overview

The Department of Housing and Urban Development requests \$1,350,000,000 for the Salaries and Expenses (S&E) account in fiscal year 2012, an increase of \$4 million from the enacted fiscal year 2010 funding level and a decrease of \$29,070,635 from the 2011 President's Budget. The request continues HUD's commitment to addressing the series of national economic, social, and energy challenges, as well as acknowledging the constraints of the current economic environment.

The transformation that began with the 2010 Budget will continue in 2012. The 2012 Budget continues the broad transformation and renewal of HUD. Its goal, plain and simple, is to rebuild HUD as a powerful agent for advancing not only national housing objectives but, through housing, broader economic, social and energy goals as well. To accomplish this, HUD is continuing its Department-wide transformation effort to improve our operations and create a dynamic organization capable of addressing some of our nation's most difficult problems. However, being mindful of the budget constraints, HUD requests only the funds necessary to maintain current staffing levels and operational requirements, which results in a small increase in resources over the fiscal year 2010 funding level.

Description of Need

HUD remains at the forefront of the Federal response to the national mortgage meltdown and is central to the economic recovery. In the midst of a credit crunch, the Federal Housing Administration ("FHA") is playing a critical countercyclical role. FHA continues to represent nearly a quarter of single family mortgage dollar volume, up from 1.9 percent in 2006. HUD is actively involved in foreclosure mitigation, homeownership counseling, and a myriad of efforts to curb mortgage abuse and lending discrimination. Given its power to quickly generate jobs and catalyze housing construction and renovation, HUD is essential to broader economic recovery and restructuring. The Recovery Act invested \$13.6 billion in HUD programs in an ambitious effort to modernize and "green" the public and assisted housing inventory, jumpstart the stalled low-income housing tax credit market, stabilize neighborhoods hardest hit by foreclosures, and prevent homelessness. In fiscal year 2012, HUD will continue its efforts to oversee these investments, as well as provide technical assistance and guidance to its grantees to ensure that Federal funds have the greatest possible impact.

The Department is critical to addressing the structural gap between household incomes and housing prices and the persistent un-affordability of housing. HUD already plays an important role in making housing affordable through its investments in rental vouchers, public and assisted housing, and more recent HUD-funded efforts led by states and localities. These efforts recognize that ensuring a stable supply of affordable housing in safe, quality communities enables low-income families and individuals to live healthy, productive lives. HUD is also a vehicle for advancing sustainable and inclusive growth patterns, communities of choice, and energy efficiency. In fiscal year 2012, HUD will continue its unprecedented level of collaboration with the Departments of Transportation, Education, and Energy to ensure that the location of affordable housing enhances access to employment and educational opportunities, and makes the way we develop and redevelop our communities a key part of the solution to climate change and energy independence.

These roles require an agency that is nimble and market-savvy, with the capacity and expertise necessary to galvanize HUD's vast network of partners--state and local governments, builders, lenders, realtors, appraisers, energy auditors, community development corporations, technical providers, and research institutions.

Housing and Urban Development, Salaries and Expenses

The Department's fiscal year 2012 S&E request will allow it to build on the policies and strategic goals set forth in the Department's Strategic Plan. The S&E Budget will support the Department's efforts to achieve five strategic goals:

SG-1 Strengthen the Nation's Housing market to Bolster the Economy and Protect Consumers

Mitigate the foreclosure crisis, address the neighborhood effects of foreclosure, and promote sustainable homeownership. Enhanced investments in staffing and training will ensure the safety and soundness of FHA, enabling it to cope with the rising volume of mortgage business, detect fraud, and monitor the practices of lenders and appraisers. The Budget proposes increasing the technical assistance and capacity building function at HUD. In particular, the Budget emphasizes oversight of the more than \$6 billion of Neighborhood Stabilization Program funds targeted to communities overwhelmed by foreclosures and abandoned properties.

SG-2 Meet the Need for Quality Affordable Rental Homes

Restore Federal leadership on promoting affordable rental housing. The Department has proposed transforming rental assistance, with the ultimate goal of moving to a single source of rental assistance for demand- and supply-side subsidies to HUD-assisted housing. This effort will preserve more than 300,000 public and privately owned housing units through the voluntary conversion to project-based voucher assistance. The Budget also re-proposes to capitalize the Housing Trust Fund.

SG-3 Utilize Housing as a Platform for Improving Quality of Life

Establish partnerships that cost effectively combine housing and health, employment and other services. HUD is working with other agencies to target their highest priority populations and to generate integrated solutions to multi-faceted problems, to reduce costly duplication of programs, and to realize cost-savings through better coordination and alignment. The Department will work with agencies across the government to address the housing and service needs of homeless persons with special needs; to prevent homelessness among families with children and to help stabilize at-risk families; to provide the flexible resources needed to support bringing high quality local plans to end homelessness to scale.

SG-4 Build Inclusive and Sustainable Communities Free from Discrimination

Drive energy efficient housing and inclusive, sustainable growth. The nation's current housing, economic, health and energy crises demand that the Federal Government and its local partners effectively coordinate policies related to community development. The spatial mismatch between housing and transportation investments limits access to decent employment and education opportunities for entire neighborhoods. To address these problems HUD seeks to ensure through comprehensive community development, strategic planning, enforcement and enhanced capacity building that all communities are livable for residents and viable in the long term. The Department will continue to build on its collaborative relationship with the Departments of Energy, Transportation, and the Environmental Protection Agency to ensure successful implementation of these programs.

SG-5 Transform the way that HUD does business

Transform the way that HUD does business. HUD is in the midst of a reinvention that is leveraging technology and implementing a new way of doing business to respond to the needs for increased transparency and improved service delivery. HUD is committed to an investment in transformation that will be implemented diligently over time through building a high-performing, skilled workforce, creating an organization that is customer-centered, creating flexible systems that promote responsiveness, and fostering cultural change within the work environment that reflects the values of HUD's mission.

Housing and Urban Development Salaries and Expenses

PERSONNEL SERVICES

Fiscal Year 2012 Budget: \$1.095 Billion

The Department requests \$1.095 billion for BOC 1100, Personnel Services, a decrease of \$1,130,000 (est. 154.9 FTE) from fiscal year 2010 enacted. This object class includes employee salaries, as well as benefits and other personnel related expenses, such as health and retirement benefits, terminal leave payments, transit subsidies for headquarters and field employees, student loan repayment, flexible spending account fees, awards, and relocation costs. The following is the fiscal year 2012 request by program office:

(Dollars in Thousands)	FY 2010 Enacted		FY 2012 Request		FY 2012 v 2010	
	Amount	FTE	Amount	FTE	Amount	FTE
Executive Direction	\$26,855	160.0	\$30,408	184.0	\$3,553	24.0
Office of Chief Human Capital Officer	\$76,958	612.5	\$65,863	500.8	(\$11,095)	(111.7)
Office of Departmental Operations and Coordination	\$9,623	74.3	\$9,149	70.8	(\$474)	(3.5)
Office of Field Policy and Management	\$51,275	387.9	\$47,678	364.1	(\$3,597)	(23.8)
Office of the Chief Procurement Officer	\$14,649	117.9	\$15,705	123.6	\$1,056	5.7
Office of the Chief Financial Officer	\$35,197	212.9	\$34,758	196.6	(\$439)	(16.3)
Office of General Counsel	\$89,062	665.0	\$88,146	637.2	(\$916)	(27.8)
Office of Departmental Equal Employment Opportunity	\$3,296	25.7	\$3,204	24.2	(\$92)	(1.5)
Office of Faith-based and Neighborhood Partnerships	\$1,393	10.8	\$1,335	9.6	(\$58)	(1.2)
Office of Sustainable Housing and Communities	\$2,400	19.5	\$3,100	24.0	\$700	4.5
Office of Strategic Planning and Management	\$3,288	26.7	\$4,127	33.0	\$839	6.3
Office of Disaster and Emergency Management	\$0	-	\$5,152	40.4	\$5,152	40.4
Public and Indian Housing	\$197,074	1,556.5	\$189,610	1,513.9	(\$7,464)	(42.6)
Community Planning and Development	\$98,989	829.4	\$99,815	831.1	\$826	1.7
Housing	\$374,887	3,211.6	\$397,660	3,303.6	\$22,773	92.0
Government National Mortgage Association	\$11,095	77.8	\$0	-	(\$11,095)	(77.8)
Policy Development and Research	\$21,138	155.5	\$21,390	157.0	\$252	1.5
Fair Housing and Equal Opportunity	\$71,800	610.7	\$70,733	586.5	(\$1,067)	(24.2)
Office of Healthy Homes and Lead Hazard Control	\$7,151	58.9	\$7,167	58.3	\$16	(0.6)
Total	\$1,096,130	8,813.6	\$1,095,000	8,658.7	(\$1,130)	(154.9)

Full-year 2011 appropriations for the HUD S+E not enacted at the time the Budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The table above compares the fiscal year 2012 Request to fiscal year 2010 Enacted, which equals the annualized level that would be provided by a full-year continuing resolution in 2011.

The 2012 Budget proposes two significant changes to the way departmental salaries and expenses are funded. First, the Budget proposes to fund personnel expenses for the Government National Mortgage Association (GNMA) through Commitment and Multiclass fees, rather than through a separate appropriation for personnel compensation and benefits. This request will allow GNMA to increase its staff level to strengthen risk management and oversight, and to move in-house some functions that are performed by contractors. Second, the Budget proposes to establish an Office of Sustainable Housing and Communities

Housing and Urban Development, Salaries and Expenses

(OSHC) within the Department. By doing so, HUD seeks an account structure that is commensurate with the elevated role that OSHC will play in developing and implementing sustainable development policies. A detailed summary of the FTE changes is provided below:

FTE Increases

Office of Housing/Federal Housing Administration (FHA). FHA requests 3,303.6 FTE for fiscal year 2012, an increase of 92 FTE over the fiscal year 2010 enacted level. The requested fiscal year 2012 funding level will allow Housing to support the staffing levels required to enable FHA to continue to be instrumental in responding to the national mortgage meltdown and foreclosure emergency. In the midst of a credit crunch, FHA is playing a critical countercyclical role as a stabilizing force during this time of economic crisis. Housing is actively involved in foreclosure mitigation, homeownership counseling, and a myriad of efforts to curb mortgage abuse and lending discrimination. FHA is now insuring 30 percent of purchase mortgages and 20 percent of refinances in the housing market. FHA's portfolio is estimated to be \$1.2 trillion by the end of fiscal year 2012, which has more than tripled since the end of fiscal year 2009.

Office of Strategic Planning and Management (OSPM). OSPM requests a total of 33 FTE for fiscal year 2012, an increase of 6.3 FTE over the fiscal year 2010 enacted level. OSPM was created in fiscal year 2010 to drive organizational, programmatic, and operational change to maximize efficiency and performance across the Department. Building on the model that the Secretary successfully implemented at the Department of Housing Preservation and Development in New York City, the Office facilitates HUD's strategic planning process with the Secretary, his senior leadership team, and external stakeholders. The office will identify HUD's strategic priorities and transformational change initiatives; create and manage work plans for targeted transformation projects; and develop key program performance.

Executive Direction (ED). HUD requests that the ED account, which covers the salaries and expenses of various high-level management offices, receive 184.0 FTE. This increase of 24.0 FTE over the fiscal year 2010 enacted level reflects managerial changes to align senior-level employees with this account structure, as well as a small increase to total FTE. New positions will provide additional support to the HUD mission and Strategic Plan by: 1) increasing Departmental awareness of matters relating to public information, outreach and education efforts, participation in public events, and the impact of policy decision on the public, and 2) providing a regular presence in key Congressional offices to receive vital input on Secretarial and White House priorities, devoting more staff resources to legislative priorities, providing more timely responses to Congressional inquiries, and enabling needed improvements to important correspondence/contact management business processes which require additional staff.

Office of Chief Procurement Officer (CPO). CPO requests 123.6 FTE for fiscal year 2012, an increase of 5.7 FTE over the fiscal year 2010 enacted level. Consistent with the governmentwide effort to improve and bolster the Federal acquisition workforce, CPO will continue the proven successful strategy of dedicating contracting staff to specific clients in order to enhance establishment of Integrated Program Teams (IPTs) to effectively shepherd requirement from planning through final delivery. IPTs will create an environment of partnership and customer service that is critically needed to meet departmental objectives. CPO's objective is to improve government performance through its management plan proposed changes in addressing small business goals, contract acquisition training, and performance based contracts. The departmental plans reflect rationales for accomplishing particular goals and objectives in ways that are responsive to program requirements, while still maintaining a high level of customer service and instilling a positive attitude in the acquisition process among our clients and the general public.

Office of Sustainable Housing and Communities (OSHC). As previously mentioned, the 2012 Budget proposes to establish a separate Office of Sustainable Housing and Communities, within the Office of the Secretary. OSHC requests 24 FTE for fiscal year 2012, an increase of 4.5 FTE over the fiscal year 2010 enacted level. OSHC provides technical and policy support for energy, green building, and transportation programs at HUD and

Housing and Urban Development Salaries and Expenses

throughout the country. The primary function is to manage new grant programs to catalyze the home retrofit market and promote transit-oriented development. The increase in FTE for fiscal year 2012 will support efforts relating to the Livable Communities Act by creating competitive planning grants that towns and regions can use to create comprehensive long-term plans that integrate transportation, housing, land use, and economic development.

Office of Disaster and Emergency Management (ODEM), ODEM was created under the approved fiscal year 2010 Operating Plan and Office of the Chief Human Capital Officer (CHCO) reorganization, and staffed by employees formerly located within CHCO. ODEM requests a total of 40.4 FTE for fiscal year 2012. ODEM is the single point of contact for: HUD disaster preparedness, response, and recovery management; continuity planning and management; testing, training, and exercises regarding disaster, continuity, and emergency management, including participation in national level planning and exercises and Cabinet level exercises; and protective services for the Secretary, Deputy Secretary, and the Department, and physical security. ODEM is developing standard policies, tools, and templates to improve the effectiveness and efficiency of HUD disaster and emergency operations. The office will also increase capacity for best practices research, internal training and testing, and external outreach and coordination. The additional FTE will be assigned to: 1) improve coordination and implementation of regional and field preparedness and readiness programs and take on a greater role in preparedness and mitigation at the State and local levels through regional coordination; 2) help HUD take on an interagency lead or primary support role in several key Recovery Support Functions, such as Housing, Community Planning and Capacity Building, and Economic Development; 3) address shortfalls in testing, training and exercise requirements to ensure compliance with National Security and Presidential Directives and Executive Orders; 4) integrate departmental training requirements in support of response and recovery; 5) coordinate efforts related to addressing long-term housing and recovery issues, program development and implementation; 6) provide surge capacity to Disaster Housing Assistance Programs; and 7) provide administrative support for all major ODEM business components.

FTE Decreases

Office of Fair Housing and Equal Opportunity (FHEO). FHEO requests 586.5 FTE for fiscal year 2012, a decrease of 24.2 FTE from fiscal year 2010 enacted. This request will also permit HUD to maintain current staffing levels and allow FHEO to continue playing a pivotal role in the successful achievement of the Department's strategic goals. FHEO is responsible for overseeing the investigation of all Fair Housing Act complaints filed in the country, compliance reviews, and investigations. FHEO also performs outreach to bring HUD program recipients in compliance with all applicable civil rights laws such as Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Title IX of the Education Amendments Act of 1972, and the Architectural Barriers Act of 1968. This massive oversight responsibility affects every program in the Department and supports the enforcement of Federal housing civil rights laws as FHEO staff manages the Fair Housing Assistance Program (FHAP), the Fair Housing Initiatives Program (FHIP) and its grant award process. FHEO also enforces Section 3 of the Housing and Urban Development Act of 1968 and provides oversight and technical assistance to local housing authorities and community development agencies to ensure that HUD investments result in economic opportunities for low income individuals, public housing residents, and companies who employ them. The requested 586.5 FTE will contribute to Section 3, affirmatively furthering fair housing, and the Department's fair lending activities, as well as provide necessary leadership and oversight to ensure consistency in FHEO's processes.

Office of the Chief Human Capital Officer (CHCO). CHCO requests 500.8 FTE for fiscal year 2012, a decrease of 111.7 FTE from 2010 enacted. As previously mentioned, this reduction partially stems from restructuring efforts, including the establishment of ODEM. Even with the reduction, CHCO will be able to support management needs and reduce grade structure, support hiring reform, and enhance alignment between employee

Housing and Urban Development, Salaries and Expenses

performance plans and Departmental strategic goals. Since CHCO's reorganization, it has initiated a business modernization process to evaluate and map hiring processes and analyze the roles and responsibilities of staff across the organization related to hiring, and HUD has become the government model for hiring reform. Working closely with OPM, CHCO has streamlined the end to end hiring process so that all hiring actions initiated after February 1, 2010, are completed within 79 days. These efforts have also been aided by the implementation of a new Staffing and Classification system (Phase 1 of the End to End Hiring System, a high-priority Transformation Initiative IT project). This system allows HUD to automate the classification function, which has accelerated Departmental hiring and positioned HUD to create a skilled and motivated workforce.

The Employee Viewpoint Survey is administered by the Office of Personnel Management and is a snapshot of employee perceptions regarding critical areas of their work life, areas which drive employee satisfaction, commitment, and ultimately retention in the workforce. The View Point Survey evaluates government agencies in four areas based on the Human Capital Assessment and Accountability Framework indices. Based on an analysis of the survey results, an action plan to improve in these critical areas has been developed.

The HUD 2011 action plan represents specific projects/programs the Department will implement over the next year and beyond to address the three key areas of focus;

- 1) *Improve Performance Management* through developing and delivering pilot training sessions for managers that address the various and complex issues associated with "How to Deal with Poor Performers" and developing and delivering Performance Management training for managers, supervisors and employees.
- 2) *Improve the Perception of General Training* through creating a brand 'Learning Community' area on HUD@work with a logo and description of what a 'Learning Community' at HUD means and incorporate learning goals into first line supervisor performance standards to better incentivize employee development and hold supervisors accountable, and develop a supervisory training course that trains supervisors on how to better engage employees in the ITAP process and use the ITAP.
- 3) *Improve Strategic Communication* through assessment of current communications around critical messages to determine strengths and weaknesses with the current state.

Government National Mortgage Association (GNMA). The fiscal year 2012 Budget proposes to fund the GNMA account with receipts from Commitment and Multiclass fees collected pursuant to Title III of the National Housing Act, as amended. This request will allow GNMA to increase its staff level to strengthen risk management and oversight, and to move in-house some functions that are performed by contractors.

Field Policy and Management (FPM). Field Policy and Management requests 364.1 FTE for fiscal year 2012, a decrease of 23.8 FTE from fiscal year 2010 enacted. In 2010, HUD initiated efforts to reshape and restructure the FPM workforce to improve the efficiency and efficacy of office operations. The fiscal year 2012 request will enable FPM to focus on its core mission of furthering and broadening local partnerships and collaboration efforts and increase its role in providing data analyses of the Recovery Act and other initiatives without any reduction in service to the customer base.

Office of General Counsel (OGC). OGC requests 637.2 FTE in fiscal year 2012, a reduction of 27.8 FTE from the fiscal year 2010 enacted level. HUD will continue efforts that were initiated in 2010 to enable the OGC to fulfill its mission while increasing efficiency. The OGC is the Chief Legal Officer of the Department and the legal adviser to the Secretary and other principal staff of the Department. The responsibility of the General Counsel is to provide legal opinions, advice and services with respect to all programs and departmental activities, and to provide counsel and assistance in the development of the Department's programs and policies.

Housing and Urban Development Salaries and Expenses

Office of Chief Financial Officer (CFO). The CFO requests 196.6 FTE for fiscal year 2012, a decrease of 16.3 FTE from the fiscal year 2010 enacted level. The CFO advises the Secretary and Departmental leadership on all aspects of financial management. This staffing level will ensure the Department establishes and meets financial management goals and objectives and that the Department is in compliance with financial management legislation and directives. The CFO provides accounting and reporting services in support of the administrative, general program activities and prepares the Department's annual consolidated financial statements. The CFO staff will continue working to reduce improper payments and monitor funds control compliance assessments and reviews for all HUD programs.

The chart below presents the fiscal year 2012 request in the Nine-Account Structure:

Summary of Request

(Dollars in Millions)

	FY 2010 Enacted	FY 2011 CR	FY 2012 Request	Increase/ Decrease over FY 2011
Executive Direction	\$26,855	\$26,855	\$30,408	\$3,553
Administration, Operations, and Management	534,611	534,611	530,117	(4,494)
Personnel Compensation and Benefits				
Office of Housing	374,887	374,887	397,660	22,773
Office of Community Planning and Development	98,989	98,989	99,815	826
Office of Public and Indian Housing	197,074	197,074	189,610	(7,464)
Office of the Government National Mortgage Association **	11,095	11,095	-	(11,095)
Policy Development and Research	21,138	21,138	21,390	252
Fair Housing and Equal Opportunity	71,800	71,800	70,733	(1,067)
Office of Healthy Homes and Lead Hazard Control	7,151	7,151	7,167	16
Office of Sustainable Housing and Communities	2,400	2,400	3,100	700
Total, Salaries and Expenses	1,346,000	1,346,000	1,350,000	4,000

** Proposal to be funded from Commitment and Multiclass fee receipts collected pursuant to Title III of the National Housing Act.

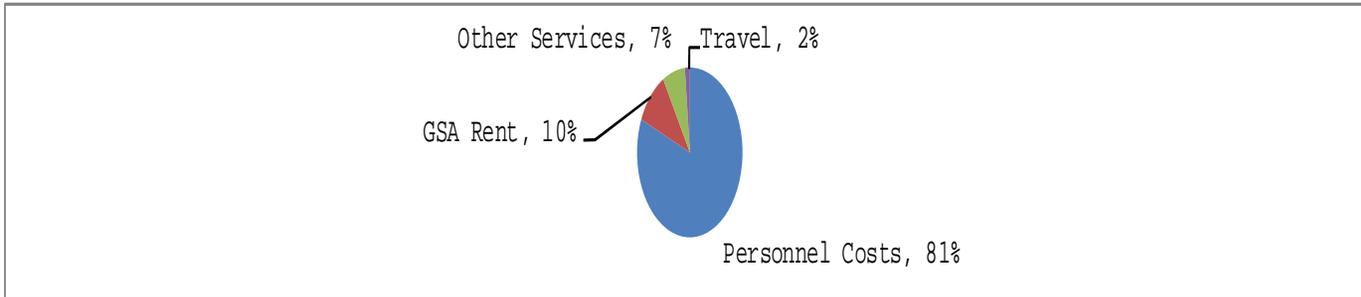
Non-Personnel Services Request Summary

HUD requests a nominal increase to Non-Personnel Services in fiscal year 2012. As a commitment to cost savings, the Department has reduced costs whenever possible. The overall increases for each budget object class are discussed in detail below.

Housing and Urban Development, Salaries and Expenses

**Crosswalk: Fiscal Year 2010 versus Fiscal Year 2012
(Dollars in Millions)**

<u>Budget Object Class</u>	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>
1100 Personnel Costs	\$1,096.1	\$1,095.0
2100 Travel	20.1	19.0
2200 Transportation of Things	0.4	0.3
2300 GSA Rent	128.3	135.0
2400 Printing	4.0	2.8
2500 Other Services	84.5	88.8
2600 Supplies	4.1	3.0
3100 Furniture and Equipment	7.0	5.0
4200 Claims and Indemnities	1.5	1.1
Total	\$1,346.0	\$1,350.0



The above graph illustrates that the majority (91 percent) of the Department’s funding is spent on mandatory costs for payroll and GSA rent charges. This demonstrates that a large majority of HUD’s expenses are fixed and attests to the Departments efficient use of resources. Reductions are proposed where possible. However, the large increase to GSA rent is beyond the control of the department.

The following discusses each individual budget object class:

Travel and Transportation of Persons (BOC 2100), \$19.0 million. This category represents the transportation of Government employees and/or other persons who travel under the auspices of the Federal Government, their per diem allowances when in authorized travel status, and other expenses

Housing and Urban Development Salaries and Expenses

incidental to travel. It consists of travel both away from the official duty station and in and around the official station of an employee. These funds allow HUD staff to monitor Public Housing Agencies and grant recipients, conduct technical assistance and training, and carry out other mission-critical responsibilities.

The request of \$19.0 million is \$900,000 less than the enacted fiscal year 2010 level. As part of the governmentwide Accountable Government Initiative, HUD will seek administrative savings to reduce travel costs. Travel funds allow HUD staff to travel to conduct management reviews, asset management reviews, risk assessment and compliance reviews, provide technical assistance, conduct investigations, and obtain training.

Transportation of Things (BOC 2200), \$300 thousand. This classification consists of charges for the transportation of things and the care of such things while in the process of being transported. It includes rental trucks and other transportation equipment, and reimbursement to Government personnel for authorized movement of household effects.

The request of \$300,000 is \$100,000 less than the enacted fiscal year 2010 funding level and reflects a continuation of HUD's policy to limit the administrative expenses.

Rent, Communications, and Utilities (BOC 2300), \$135 million. The funds under this object class provide for all rental costs for space and equipment, communication services, and utilities. The major cost associated with this object class is real property rental. The General Services Administration establishes rental rates and provides cost estimates for the space requirements identified by the Department.

The request of \$135 million is \$6.7 million over the fiscal year 2010 enacted level and \$3.6 million over the fiscal year 2011 anticipated level, which reflects a 4 percent inflationary increase to the base.

Printing (BOC 2400), \$2.8 million. The funds included under this object class represent the cost of contractual printing and reproduction services, and related composition and binding operations performed by or through the Government Printing Office.

The request of \$2.8 million reflects a \$1.2 million decrease from the fiscal year 2010 enacted level. As part of HUD's commitment to cost savings, the Department will identify ways to achieve administrative savings to reduce printing costs, while maintaining the Department's critical printing requirements.

Other Services (BOC 2500), \$88.8 million. The fiscal year 2012 desired policy funding level request is \$88.8 million and reflects a \$4.3 million increase from the fiscal year 2010 enacted level.

More than 40 percent of contract services funding is used for mandatory obligations for building security, maintenance, costs associated with implementing Homeland Security Personnel Directive 12 (HSPD-12) and the fees for the Federal Protective Service. In addition to these core contractual services, the Department will also require funds to continue to meet the requirements of the Improper Payments Information Act of 2002. This includes contract services to cover the estimated cost of providing a comprehensive consolidated error measurement study of the more than \$26 billion expended on HUD's various rental assistance programs, as well as the cost of an interagency agreement with HHS to cover computer matching costs to verify tenant income. Funding in this object class supports succession planning studies and employee training and development, which will be critical as the Department addresses the impending increase in employee retirements. This account also contains \$2,357,000 for fiscal year 2012 E-Government regulations.

HUD has initiated an energy savings performance contract (ESPC) project for the Robert C. Weaver Building, HUD Headquarters, to improve energy efficiency and indoor air quality. In addition to the critical needs for energy and air quality improvements, the 41 year-old building requires major

Housing and Urban Development, Salaries and Expenses

rehabilitation to address outdated and inadequate infrastructure, such as plumbing and electrical systems, telecommunications system, elevators, and restroom facilities. The Budget continues to provide \$11 million to support the modernization of the Weaver Building, which will address the existing inefficient interior floor plan and will provide a much more open environment, maximizing the use of natural light and engendering improved collaboration and communication throughout the building. Additionally, the modernization will allow for consolidation of headquarters employees, potentially eliminating the need for four nearby satellite offices and reducing rent costs. Together with the Energy Savings Performance Contract, HUD headquarters can establish itself as a model for sustainability.

Supplies and Materials (BOC 2600), \$3.0 million. This object class identifies charges for commodities, whether acquired by formal contract or other forms of purchase, which are ordinarily consumed or expended within one year after they are put into use, converted in the process of construction or manufacture, or used to form a minor part of equipment or fixed property. This includes purchases necessary for basic business operations.

The request is \$3.0 million, a decrease of \$900,000 from the fiscal year 2010 enacted level.

Equipment (BOC 3100), \$5 million. This object class is used to support the purchase of various types of equipment. Equipment purchases may include but are not limited to office furniture and fixtures, office equipment, such as quick copy machines and calculators, equipment to deliver in-house training, and books.

Insurance Claims and Indemnities (BOC 4200), \$1.1 million. This object class provides for the Federal Government's self-insurance costs including court-ordered payments. The fiscal year 2012 request of \$1.1 million is \$400,000 below the fiscal year 2010 enacted level.