

Written Testimony of

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U.S. Department of Housing and Urban Development (HUD)

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and Related Agencies Appropriations Subcommittee**

On

**HUD's Fiscal Year 2012 Proposals for Transformation Initiative and Technical Assistance,
and an Update on HUD IT Priorities**

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Estelle Richman Testimony: Transformation Initiative

Chairman Latham, Ranking Member Olver and Members of the Subcommittee, thank you for the opportunity to talk to you today about HUD's Transformation Initiative.

The Transformation Initiative represents a strategy for transforming the way HUD does business, which is one of the five goals of HUD's strategic plan and essential for achieving the other four goals. Before we get into the nuts and bolts, I want to stress to you that the Secretary is not using the word "Transformation" in a throwaway manner. HUD is in the midst of a multi-year effort to fundamentally transform the agency. We are doing this by breaking down the silos and streamlining the agency's programs and operations; investing in research and evaluation to build knowledge and technological evaluation; and increasing the agency's ability to respond to cross-cutting and urgent challenges. The Transformation portfolio is not a set of discrete projects, but rather a collection of interconnected initiatives that all contribute to the achievement of HUD's overall Transformation goals. This portfolio includes those projects funded by the Transformation Initiative Fund that is the subject of today's hearing. For example, although IT investments were not included in the 2012 budget request, IT investments, along with Technical Assistance, Research, and Demonstration investments, continue to be a critical to the Department's Transformation.

That said, the Transformation Initiative Fund remains *the* primary source of funding for changing the way HUD does business, while at the same time increasing the efficiency and effectiveness of our programs. IT investments are enabling us to automate critical business processes in our Voucher programs, reduce risk in the FHA portfolio, and modernize our aging IT infrastructure to reduce long-term operating costs. TA investments are allowing us to create more efficient and cost effective delivery systems that increase the impact of our investments and reduce waste, fraud, and abuse in our programs. In addition, TA investments build much needed capacity for state and local governments at a time when they are facing furloughs and layoffs despite increases in service demands resulting from the difficult economic climate. Research and

Demonstration investments are allowing us to effectively evaluate program performance and impact so that we can continue to fund programs that work, and stop funding or restructure programs that are not achieving desired outcomes.

To date, we have invested significant time and energy to get TI right. We are trying to do something new, to create a fundamental paradigm shift in the way that we do business. New things, especially systemic changes, take time, and we have inherited a number of challenges that have impeded our ability to obligate funds as quickly as we might have liked. In the areas of IT, Research, and Demonstration, HUD's capacity to execute projects had atrophied because previously, there has been limited funding for these types of projects. In the area of TA, dollars have previously been provided within program accounts, with limits on how these funds could be used, leading to inefficiency and waste as well as constrained thinking about the delivery of TA. And when funding was made available for these purposes, we have not delivered. Our mechanisms for getting funds out to constituents are broken: Our Procurement and NOFA processes are slow and inefficient, making it difficult to obligate funds and deliver results quickly. Furthermore, those TA dollars fell through the cracks with little to show for it, due to the lack of structure for monitoring, tracking, or accountability.

FY10 was a necessary transition year where we have taken the time to establish a foundation for effectively managing, monitoring, and ensuring accountability that will ensure quick success in FY11 and FY12. From the start, we have done this fundamentally differently than in the past. In the first month after the FY10 budget was passed in December 2009, we received and evaluated 117 TI project proposals from across the Department, selecting 70 projects we believed represented the most innovative and strategic investments. We have driven the development of comprehensive project plans that will allow us to effectively evaluate the impact of HUD dollars. We are creating new contract vehicles and NOFAs that are flexible, outcome-focused and easily leveraged to accommodate future years' funding. We are establishing a framework to systematically track and monitor projects, as well as hold responsible parties accountable when milestones and overall project goals are not achieved. We are undertaking major process improvement initiatives for our Procurement and NOFA processes, projects that are expected to achieve noticeable results in FY11.

Having established this foundation, we are starting to see progress across all of the TI Fund categories. Nine months after your approval of our FY10 TI Plan, we have obligated or expended 20 percent of FY10 TI funds (\$51M), with another 30 percent (\$71M) to be obligated in the next few months. In mid-February, we submitted to you a comprehensive plan for TI-IT spending, the first of its kind at HUD, that we hope will enable us to obligate funds above the 25 percent cap that was established for IT in the FY10 appropriations language. Awards for OneCPD, one of our cross-cutting, flexible TA delivery vehicles, are set to be made by the end of this month – altogether \$23M in funding – and the new Troubled PHAs contract is close to completion. Research NOFAs for \$2.5M are currently on the street, and we expect awards to be made by July.

HUD believes these and future TI Fund investments will go a long way to reduce waste, fraud and abuse, increase program effectiveness, and in the case of TA, provide much needed support to state and local governments that have lost capacity, resources, and skills in the current

economic climate. Even in this severely constrained budget environment, we do not view TI as taking money away from our programs, but rather as a reinvestment in programs to get more “bang for the buck.” We could have gone the “business as usual” route to simply get the money out the door, but instead we are staying true to the intent of TI by taking the time to institute the necessary framework for ensuring accountability and impact of these investments.

The projects in the TI Fund are truly transformational—facilitating cross-program interaction, coordination between program offices and procurement, the development of flexible contract vehicles that focus on outcomes and impact rather than compliance. We hit some bumps along the way, as you always do when trying to create fundamental change, but we have now laid a solid foundation to execute projects efficiently and effectively in FY11 and FY12.

Thank you and I am pleased to address any questions.

Jerry Williams Testimony: Update on HUD IT Priorities

Thank you for allowing me to speak to you today about HUD's information technology (IT) priorities. Let me begin by stating that HUD did not request TI funding authority in FY 2012 for information technology. However, IT funds are requested in the Working Capital Fund for 2012, and while we will continue to need funds to support the modernization of our business processes in subsequent years, we would have sufficient funding from FY 2010 TI transfers and the requested FY 2011 TI transfers to meet our commitments in FY 2012.

HUD estimates that \$122.5M in FY 2010 TI funds and \$119M in FY 2011 TI funds will be needed to support multi-year Transformation Initiative IT projects. Our intent is to fully leverage these resources to meet our transformation needs. Additional funding was not requested in FY2012 on the presumption that the FY 2011 funds would continue to be available for three fiscal years and would be adequate to support all of HUD's planned TI/IT projects.

I will begin by discussing what we have been able to do with the Transformation Initiative funding that was made available in FY 2010.

As you are aware, HUD had some management problems that related to poor performance from IT projects. Language that required HUD to mature these management processes was included in the FY 2010 appropriations along with the authority to utilize funding to support transformation initiatives.

We recognized the magnitude of the changes needed and to date have limited our spending to correct the management weaknesses and to plan and prepare for a meaningful modernization of the IT systems that will support HUD's business functions. We simply could not afford to spend limited modernization funds without developing a plan, and we could not have a viable plan without doing the work necessary to ensure we would get results and spend modernization funds wisely.

With the advice of the Government Accountability Office (GAO), we have now developed and implemented new policies, procedures and standards that govern the way that HUD manages its IT investment dollars. The new management framework makes use of vigilant planning and transparency of progress to create accountability and ensure there are tangible results. We have begun to rebuild our capacity to carry out IT modernization and have adopted management controls to guide the modernization effort. Our spending to date has, therefore, been limited given our prudent approach of taking the time needed to properly plan this significant change effort. This approach is consistent with previous Government Accountability Office recommendations and the requirements specified in the Consolidated Appropriations Act.

HUD submitted its plan for spending the remaining \$88M of the funds available from the FY 2010 budget to the House and Senate committees on February 15. The plan centers on leveraging technology across HUD's mission areas rather than investing in these capabilities as separate projects within each mission area, a previous practice that has led to rising complexity and cost of HUD's infrastructure. This plan represents a major shift in HUD's information technology management practices and use of technology to improve performance and reduce costs.

HUD is now poised to responsibly invest in and guide seven of its highest priority projects to successful results. They are FHA Transformation, Next Generation Voucher Management System, eGrants Management in support of the Hearth Act, Place-based Performance Management System, HR End-to-End Solution (Phase 1), HUD Integrated Acquisition Management System, and HUD Integrated Financial Management Improvement Project.

We restructured each of these projects to deliver business functionality in six month increments and to begin sharing a common technical infrastructure over the next year. This took a considerable amount of time but is a necessary step to ensure success. The first set of business functionality will be delivered over the next 45 days and includes:

- New tools to improve risk management and increase the volume of FHA loans that may be targeted for review;
- A new budget forecasting prototype for Project-based Section 8;
- New voucher management tools to improve voucher utilization rates;
- Automated staffing and classification capability to speed recruitment processes;
- A streamlined grant application, award and reporting process that supports the HEARTH Act implementation;
- Streamlined preparation of contracting solicitations and contract writing; and
- New capability to capture and analyze performance information across HUD services.

These improvements are the first step in preparing for and implementing real change at HUD. Greater functionality and depth including new shared infrastructure tools is planned and being tracked for delivery in September 2011 and in March 2012. Additional improvements will be planned and implemented in FY 2012 and FY 2013 as we continue to follow this model. These include common services such as business intelligence, single sign-on to our systems, geospatial visualization, and IT infrastructure services that can be leveraged across all HUD programs. These common services were originally planned to be developed independently. The restructuring of the projects identified how that approach would increase cost by unnecessary duplication and perpetuate the complexity of the current IT environment.

For FY 2011, HUD continued to request IT funding through the Transformation Initiative transfer authority. An estimated amount of \$119M would be allocated for IT, principally in support of the FHA Transformation, Next Generation Voucher Management System, and Grants Management Systems initiatives. It also includes funds to support continued implementation of common services and management processes that support a wide range of HUD's programs. HUD's new IT management model will be utilized to plan and track these funds as well as all future IT projects regardless of the funding source.

We expect to begin realizing a reduction in infrastructure costs by decommissioning outdated systems and migrating to shared platforms beginning in FY 2012. We expect to simultaneously increase our project management capacity over the next 18 months.

Thank you and I am pleased to address any questions.

Raphael Bostic Testimony: Technical Assistance, Research, and Demonstrations

Chairman Latham, Ranking Member Olver, and Members of the Subcommittee, thank you for the opportunity to talk to you today about the Transformation Initiative and the Department's FY 2012 Budget Request.

I am here today to speak more directly on two of the three pillars of the Transformation Initiative: Technical Assistance and Research and Demonstrations. I would like to begin with Technical Assistance.

Technical Assistance ensures efficient implementation of our programs by our local partners and grantees. In the current economic climate, with local and state governments under serious budget pressures, making each program dollar go further is even more critical. Our technical assistance efforts are designed to help communities struggling to balance budgets do more with our resources and theirs. As has Estelle Richman stated in her testimony, the Transformation Initiative is a new approach to doing business at HUD, and that includes our approach to TA, which is built on the principles of accountability and streamlines processes to make all programs more efficient.

What do HUD's technical assistance programs do? They help with the nuts and bolts of program operations – training, staff development, and capacity building for state and local governments, public housing authorities, and local housing and economic development oriented organizations. We know that a “one-size-fits-all” approach across the country does not work. TA helps communities of all types and sizes effectively access and utilize federal resources to provide affordable housing and undertake economic development and job creation activities. Having informed and supported local partners helps fewer program dollars go farther and increases program effectiveness.

From the Federal perspective, TA can be seen as a “force multiplier” – making program dollars go further through effective implementation. From a local perspective, TA builds grantee capacity that enables local governments and organizations to make their own program decisions to meet local needs. HUD can provide some of the information necessary, but good technical assistance also lets communities learn from each other, providing local governments and other organizations new tools and approaches to help them do their jobs, and help our programs succeed.

A 2002 GAO report on HUD TA had one over-riding conclusion and recommendation – HUD needs to introduce performance measurement into its technical assistance contracts to ensure that they are working. The report stated, “we are recommending that HUD, where possible, measure the impact of the technical assistance and develop consistent guidance for program offices to follow,” and that HUD should “determine the practicability of measuring the impact of these services and, where appropriate, establish objective, quantifiable, and measurable performance goals.”¹

¹ HUD MANAGEMENT: Impact Measurement Needed for Technical Assistance (GAO-03-12)

We have taken this advice to heart, and stress performance measurement throughout the Transformation Initiative approach to technical assistance. Perhaps the best example of this is the OneCPD TA initiative. Performance measures are being built into all TA contracts issued by CPD: all work must be carried out under ‘model’ Memoranda of Agreement assigning specific responsibilities for the overall engagement to the parties - HUD, the TA provider(s) and the grantee – and identifying the expectations of each. For example, if a TA engagement includes the restructuring of the grantee delivery system for its housing construction program, regardless of the funding source (i.e., HOME, CDBG, Tax Credits etc.), one outcome could be a specified increase in the annual unit production numbers by that grantee. As another example, on our technical assistance initiative for Troubled Public Housing Authorities, HUD is also including an emphasis on performance measures for the first time. The ultimate outcome is simple – financial stability of the PHA and its housing. Along the way, though, we must closely monitor whether progress is achieved. By monitoring the success and speed of assistance as teams help PHAs through each stage of the recovery, we can document the performance of the TA.

Besides adding accountability, a major improvement only possible under TI is the streamlining and aligning of technical assistance across the Department and with other agency partners that work in local communities. Previously, HUD TA was provided haphazardly through either individual program accounts in annual appropriations acts, or in a few cases through separate statutorily authorized provisions in selected programs. Some programs did not receive any technical assistance, including for a number of years the CDBG program, HUD’s largest block grant program. Moving these funds into the combined TI Account allows the Department – with Congressional input – to align limited TA funds with key priorities. It also allows synergies impossible in a siloed approach – for instance through OneCPD, TA can be combined to assist both HOME and CDBG users during the same visit. This reduces costs for HUD and for local grantees. If a grantee has problems with financial management for HOME, they will also have trouble with financial management for CDBG. OneCPD TA will assess any capacity gaps and address them according to the needs of the grantee, rather than by program.

The National Resource Bank described in the President’s FY 2012 budget also exemplifies this strategic approach. Working with other agency partners, it will align technical expertise available to local governments across the nation on a wide-range of needs that affect their economic health and futures. It will provide targeted and timely assistance on demand, especially to economically distressed cities – large and small – that are committed to making tough decisions about their economic development strategies. The National Resource Bank will make Federal resources go further by effectively leveraging and aligning private sector and philanthropic investments in technical assistance to these cities. It will organize expertise across a wide range of issues affecting economic stability and job growth and offer an opportunity to help knit the various other public and private programs and resources together in a more comprehensive and strategic way.

Through the Transformation Initiative approach to TA, HUD is able to address documented needs for improvement. As the Committee is no doubt well aware, the HUD OIG and the GAO are very effective in identifying where HUD's technical assistance can be best used. Our technical assistance projects can reach across programs to make the improvements they suggest.

OneCPD addresses recommendations both organizations have made. The most recent Semi-Annual Report from the HUD OIG², issued just last week, showed a large number of problems in various HUD programs, including in the block grant programs. The IG, summarizing the results of six months of audit activity, identified \$125 million in costs that were either "questioned" (\$53 million) or that could have been "put to better use" (\$72 million), primarily under the HOME and CDBG programs.

The nature of the block grants themselves shows the need for targeted TA. They are flexible and provide for broad local discretion and decision-making. The large block grant programs provide assistance to over 1,200 formula grant recipients including States, large cities and relatively smaller towns and municipalities with varying levels of capacity. Without proactive steps to prevent waste, fraud, and abuse through technical assistance, HUD relies on efforts that police the programs on the back end through audits – an unwieldy process at best. TA can improve program operations on the front end to enhance planning and program compliance.

An October 2002 GAO report³ on HUD Management issues noted that HUD operated 20 different technical assistance programs at the time. The report made a series of recommendations for ways that HUD could improve its TA contract system. The OneCPD approach directly addresses these recommendations by consolidating the award process for TA contracting and providing for performance measurement of TA providers so that HUD can assess the effectiveness of the use of these funds.

Bringing **Troubled PHAs** into recovery is a major focus for HUD. There are some 175 housing authorities that are designated as troubled out of over 3,100. The HUD IG Semi-Annual Report outlines numerous audits of PHAs, uncovering issues ranging from difficulty with program compliance to outright fraud and criminal activity. This is an issue we take extremely seriously. Earlier this month, the board of the Philadelphia Housing Authority announced, at the urging of HUD, that they were resigning over issues related to malfeasance by the Executive Director. We cannot let PHAs get into disruptive and costly situations like this.

In the case of public housing, technical assistance is not just used to assist well-intentioned grantees to improve their capacity. HUD is using its TI technical assistance funds to deal directly with the problems at these PHAs which either have severe management problems, physical problems with the housing stock, or both. The funds are used for Independent Assessment Teams, which act like S.W.A.T. teams to assess financial and physical issues and provide an action plan for addressing the problems. By documenting specific issues, the Independent Assessments are often a necessary first step to taking stronger actions, from replacing management to HUD takeover via receivership.

² Semiannual Report to Congress: April 1, 2010, through September 30, 2010

³ Impact Measurement Needed for Technical Assistance, (GAO-03-12)

A large number of TA contract procurements are currently being finalized in HUD internal clearance and are expected to be issued for public bid shortly. The Troubled PHA assessment contracts are also using a performance based approach as recommended by GAO.

Beyond troubled PHAs, PIH is currently engaged in an effort to develop a *Physical Needs Assessment (PNA)* tool. When the development of the PNA tool is complete, all PHAs will be required to complete a PNA in accordance with the new standards. The implementation of PNA will primarily involve the provision of guidance and technical assistance to instruct PHAs on how to complete the new PNA tool, along with quality assurance procedures.

This is going to be a critical tool to help assess the quality of the stock – at the individual project level – to help guide decisions on how to deal with the massive backlog of capital needs, which the Committee is fully aware of. It will also incorporate cost-effective energy efficient improvements that will save the federal government expenditures on utility costs.

Over the past two years we have been in ongoing conversations with mayors, foundations, nonprofits working on the ground in economically distressed places and the Members of Congress who represent them. We've heard time and again about the capacity strain many of them are experiencing, the way HUD's programs do not work well for them, and of the clear and strong desire for a coordinated inter-agency approach to tackling these very complex challenges. *The National Resource Bank* in the President's FY 2012 budget addresses these needs. The NRB would create a nationwide capacity to provide cities tailored technical expertise and support through a "one-stop-shop." The NRB will help lay the foundation for economic recovery and transformation in these small, medium and large -sized cities that are in urban, suburban and rural areas.

An issue raised by this Committee recently during Secretary Donovan's testimony is the difficulty HUD grantees face in complying with *fair housing assessments*. A GAO report from last September⁴ found that a large number of HUD grantees under the CDBG and HOME programs did not comply with requirements to undertake a fair housing assessment (called an Analysis of Impediments). This report found that of the 441 Analyses they reviewed, 29 percent had not been updated within the last five years, and an additional 25 grantees were unable to show they had ever complied with the requirement. The Transformation Initiative will allow us to provide grantees with tools to make this process easier and assistance in using them locally. These are just a few examples of how the Transformation Initiative approach to TA can address specific improvements in our program delivery. An advantage of this approach is that we do not decide which project to focus on in a vacuum. Both Appropriations Committees have input into selecting priority areas through their approval of the annual Operating Plan, submitted by HUD after the enactment of the annual appropriations act.

As technical assistance multiplies the effects and efficiency of our programs through local implementation, **research and demonstrations** tell us which tools provide the most impact for

⁴ HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans (GAO-10-905 September 14, 2010)

the lowest cost. The non-partisan Coalition for Evidence-Based Policy notes that “in most areas of social policy – such as education, poverty reduction, and crime prevention – government programs often are implemented with little regard to evidence, costing billions of dollars yet failing to address critical social problems. However, rigorous studies have identified a few highly-effective program models and strategies.”⁵ It is our duty to pursue the most effective strategies with the funds we have, and we can only do this with better evidence.

Through our research, the Office of Policy Development and Research has uncovered savings to taxpayers, two of which were highlighted in a recent report by the National Research Council⁶ for the size of their impact. The NRC report resulted from a Congressional request, convening a committee of leading experts to evaluate the research capacity at HUD. This panel, chaired by John Weicher, who was both my predecessor in PD&R under President H.W. Bush and FHA Commissioner under President W. Bush, produced a report in 2008 reviewing HUD’s research process and history. The largest savings came from a Quality Control study undertaken in the early 1990’s to investigate substantial inaccuracies in setting rents for tenants in HUD’s assisted housing programs. The process implemented based on this research saves an estimated \$1.4 billion each year, or almost 3% of HUD’s budget. The National Research Council report also identified research PD&R completed in the early 1980’s warning against a coinsurance program in the FHA Multifamily program. This warning was not heeded, resulting in an estimated \$3.7 billion loss to the FHA, and ultimately taxpayers, that could have been avoided.

Rigorous evaluations and demonstrations also lead to programs that deliver results. Demonstrations are the only real tool we have to test whether our programs or changes to them benefit the public in the way Congress intended. The benefits to the taxpayer from making our investments count are far larger than the efficiencies and outright cost savings we can identify. We absolutely want to find improvements that save a few billion dollars a year, but it is crucial to get the most from the 47 billion dollars the President’s budget proposes to spend on housing Americans and improving their communities through HUD’s budget.

As a lifetime researcher, I will certainly admit rigorous studies with the ability to tell us the answers we need are not easy or cheap. Demonstrations generally require funding over several years and often allow waiver of program rules when conducted to pilot ideas for existing program changes. Since the 1990s, HUD has done relatively few research demonstrations, largely due to budget constraints. Those few demonstrations, however, have been HUD’s most important and informative research on real program impacts.

- *Jobs Plus* was a demonstration in six distressed public housing sites showed that carefully designed rental assistance, combining work incentives, employment services, and community supports for work, result in significant increases in individual incomes in both the short- and long-term. Lessons from this initiative are being applied in the Choice Neighborhoods program.

⁵ <http://coalition4evidence.org/wordpress/>

⁶ Committee to Evaluate the Research Plan of the Department of Housing and Urban Development, National Research Council, “Rebuilding the Research Capacity at HUD,” 2008.

- *Moving To Opportunity* showed that families moving from high poverty public housing to low poverty neighborhoods with a voucher see a dramatic improvement in safety, neighborhood quality, and housing, leading to very large improvements in health. As important is what we learned the voucher pilot we deployed cannot do. In the short-term, moves to low-poverty neighborhoods do not improve employment or education outcomes. Without this knowledge, we might spend years expecting results rather than attacking the problem another way.
- *Effects of Housing Vouchers on Families* showed that relative to not having housing assistance, receipt of a voucher dramatically reduces homelessness. It also demonstrated that voucher receipt leads to lower wages and employment in the short run, though it has no impact on wages and employment over a longer term. This information was crucial for aligning our programs to meet the United States Interagency Council on Homelessness goals to eliminate homelessness within the decade.

The National Research Council recommended first and foremost in its assessment that “PD&R should regularly conduct rigorous evaluations of all HUD’s major programs.”⁷ Likewise, a recent GAO report on research agendas at HUD and other agencies recommends we simultaneously consider four general criteria: “strategic priorities, program concerns, critical unanswered questions, and the feasibility of conducting a valid study.” They go on to advise, “in the short run, because agency evaluation resources are limited, ensuring balance in evaluations across programs may not be as important as addressing strategic priorities.”⁸ This is precisely why the Transformation Initiative is important – segmenting research into PD&R’s Research and Technology account and individual programs makes it more difficult to align our research investments with strategic directions and answer larger questions that may take several years of investment. TI is the way we can gain this fundamental knowledge of HUD’s programs, and take large steps forward to make them achieve more for less. Like improving our internal efficiency through IT investments and external efficiency of local partners through TA, research and demonstrations are the building blocks on which an efficient and effective HUD are built.

The TI process also brings agency-wide input to these efforts rather than isolating the process of program improvement with researchers. The National Research Council concluded “The committee concludes that the research agenda-setting process in PD&R is too insular and has too much of a short-term focus; consequently, it is unlikely to come to grips with many important realms of emerging urban challenges.”⁹ This was true within HUD, and the disconnect between research and program offices kept programs and the program improvement process separate in a costly and unproductive way. We are integrating program evaluation horizontally now, breaking down these barriers and aligning our efforts so that we all push in the same direction – towards

⁷ Ibid.

⁸ Experienced Agencies Follow a Similar Model for Prioritizing Research (GAO 11-176).

⁹ Committee to Evaluate the Research Plan of the Department of Housing and Urban Development, National Research Council, “Rebuilding the Research Capacity at HUD,” 2008.

better programs that help a nation struggling with a housing crisis without waste we cannot afford.

While HUD transforms itself this way, it also has to stay in touch with those outside. We implemented a new process last year to gather research suggestions from the public, researchers, and our counterparts in other agencies and non-profit organizations through a simple submission to our website. This forum received more than 600 submissions. Through the Transformation Initiative, this Committee and its counterpart in the Senate provide timely and important direction on the larger research questions we address through its approval of our annual Operating Plan. This Congressional feedback process takes time, but it is time well spent as we settle on the fundamental questions HUD needs to ask to move forward.

Projects we have undertaken in FY 2010 and those we would consider continuing address these fundamental questions:

- The Housing Choice Voucher Administrative Fee Study addresses the cost of basic operations for a program funding over 2 million households across America.
- Our evaluation of the Family Self Sufficiency program in public housing pushes towards policy solutions that make our assistance as brief and temporary as it can be for Americans who simply need to get back on their feet.
- As we emerge from the greatest housing crisis this country has known, our evaluation of HUD Housing Counseling is crucial. When the crisis began, we had little solid proof of the best help we can provide to struggling homeowners. HUD-approved housing counselors were the front line in this crisis, and we owe it to them and homeowners to figure out the best tools for informing and assisting the largest purchase most Americans will ever make.
- A Seniors and Services Demonstration we are exploring with HHS builds on a GAO report from July recommending the two agencies, “further explore opportunities to more formally link housing and supportive services.” The GAO report focuses on the improvements better coordination might have for combating homelessness in rural areas, but we also want to look forward to the general needs our nation faces with an aging population.
- Our evaluation of the Rural Innovation Fund will find the impact of innovative solutions grantees are piloting in distressed rural areas, which could suggest improvements not only for this grant, but in many of HUD’s programs.

These examples and the other Research and Demonstration projects we can undertake through the Transformation Initiative will give us the knowledge we need to give HUD’s programs the

greatest impact at the lowest cost to taxpayers. With this knowledge, we can implement cost savings in our programs, deliver results that matter, and make the most of the resources we have.

Combining our best knowledge to improve our program tools with better trained and effective local grantees makes our programs do more for less. As Estelle Richman and Jerry Williams described before me, we truly believe these efforts will transform HUD.

Thank you, Chairman Latham, Ranking Member Olver, and members of the Subcommittee, for your time this morning, and I am happy to address any questions.