PUBLIC HOUSING AUTHORITY COMPENSATION

Background

After concerns were raised about the level of compensation being paid to some public housing authority (PHA) leaders, in August 2011 HUD reached out to PHAs to require them to provide data on the 2010 compensation for their top five highest compensated employees. This data collection was modeled on the information the IRS requires nonprofit agencies to report on compensation.

After this request was made, the appropriations bill setting HUD's 2012 budget established a one-year cap of $155,500 on the federal contribution that a PHA could use towards a housing authority executive salary. Any amount of salary above that level must be paid for with other funds. The cap applies only to salary and not to any other form of cash compensation. And it only applies for FY 2012.

The 2010 data collected shows that the vast majority of PHA executives – 97% -- earn less than $155,500 in total cash compensation. The average cash compensation of a housing authority executive director was $82,299, and 93% earned less than $125,000 annually. By way of comparison, only 21% of the highest paid PHA executives earned more than the median for non-profit executives of similar sized organizations. The data also shows, however, that there are outlier PHAs that pay certain employees a level of compensation that is clearly excessive.

While PHAs are administered by the states and their employees are state rather than federal employees, PHAs administer significant federal resources and as such must adhere to federal standards of fiscal responsibility. HUD therefore is determined to take aggressive additional measures to promote the responsible and efficient use of federal funds by PHAs, and to that end is announcing a set of caps on PHA employee compensation provided with federal funding.

Protecting Taxpayers

HUD is proposing to align PHA compensation with the tiers of the federal government pay system and close an important loophole in the 2012 congressionally established salary cap. The use of tiers will ensure that pay ranges are commensurate with the size and number of units in housing authorities.

Total Unit Size	Cap Range (max includes location adjustment)
<250	$74,628-$88,349 (GS 11/10)
250-1249	$106,369-$125-926 (GS 13/10)
1250+	$147,857-$155,500 (GS 15/10)

These caps would be indexed to federal government salary scales, taking effect in fiscal year 2013 and remaining in place indefinitely. Unlike the current cap in place for FY 2012, these caps are limits on total cash compensation, not just salary. We have found that at the highest paying PHAs many executives receive a significant share of their compensation through bonuses. So the current cap essentially leaves a loophole that could be used to continue to provide excessive pay through bonuses. The changes announced here will close that loophole.

We want to work with Congress to put in place this permanent solution, but we will not wait if Congress fails to act. So today we are announcing that we will take executive action to put this cap in place in Fiscal Year 2013 under our own regulations if necessary.

Notes on the 2010 Data

In an effort to increase transparency in this area, we are releasing a summary of the 2010 data that has led to these changes. It is important to note several key limitations on the information as collected. First, as the data predates the imposition of the FY 2012 cap, it does not reflect the changes that PHAs have made to comply with the cap. Second, the data reflects total cash compensation, whereas the 2012 cap relates only to salary compensation (excluding bonuses). Finally, the data does not distinguish between compensation paid for with federal resources and that paid with non federal resources. Given these limitations, we are requiring more comprehensive and detailed annual disclosure going forward, which will help us better track the pay levels at the PHAs.

Tables 1 to 3 show the range of compensation for the highest paid PHA employee, organized by HUD region and then by size of agency within each region. We believe that this format will make it easier for PHA boards to compare their pay with those of comparable PHAs, and to more easily comply with the new caps that HUD will implement.

How to read these tables:

- The range created by the 25^{th} percentile to the 75^{th} percentile reflects the compensation range for 50% of the highest paid employees within the subgroup. This is a useful benchmark for considering the generally competitive range for total compensation.

- The median is the compensation at the center point of the range, at which there are an equal number of employees earning above and below that amount.

For example, among the 27 agencies of more than 1,250 units in Region 2 (New York and New Jersey), the median compensation of the highest paid PHA employee in 2010 was $131,835; half of the agencies highest paid employees were compensated between $102,225 and $154,013.

Region key:

Region 1: Connecticut, Vermont, Massachusetts, Maine, New Hampshire, Rhode Island;

Region 2: New York, New Jersey;

Region 3: Pennsylvania, Virginia, West Virginia, Maryland, Delaware, Washington, D.C.;

Region 4: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Puerto Rico, U.S. Virgin Islands;

Region 5: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin;

Region 6: Arkansas, Louisiana, New Mexico, Oklahoma, Texas;

Region 7: Kansas, Iowa, Missouri, Nebraska;

Region 8: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming;

Region 9: California, Arizona, Hawaii, Nevada;

Region 10: Washington, Alaska, Idaho, Oregon;

Table 1. Agencies 1,250 HUD units and above

Geography	Number	Range of CY2010 compensation of highest paid employee*		
		25th percentile	Median	75th percentile
ALL AGENCIES	449	$94,522	$115,615	$147,100
Region 1	35	$99,644	$117,035	$139,999
Region 2	27	$102,225	$131,835	$154,013
Region 3	56	$92,043	$116,666	$145,303
Region 4	105	$98,599	$126,028	$161,318
Region 5	67	$87,584	$100,235	$130,975
Region 6	50	$90,696	$107,555	$153,332
Region 7	16	$78,387	$101,112	$119,694
Region 8	15	$71,328	$101,109	$115,908
Region 9	59	$115,251	$140,323	$167,545
Region 10	19	$100,152	$107,152	$145,362

*Includes salary and bonuses, but excludes benefits and other allowances

Table 2. Agencies 250 to 1,249 HUD units

Geography	Number	Range of CY2010 compensation of highest paid employee*		
		25th percentile	Median	75th percentile
Agencies 250 to 1,249 units	1,112	$63,208	$75,609	$93,391
Region 1	89	$70,453	$80,164	$96,657
Region 2	106	$72,613	$91,326	$116,926
Region 3	97	$67,669	$79,093	$91,619
Region 4	277	$64,793	$77,158	$97,214
Region 5	193	$59,907	$70,362	$83,413
Region 6	158	$55,261	$72,532	$82,000
Region 7	79	$55,337	$65,136	$74,469
Region 8	35	$57,154	$75,714	$95,112
Region 9	48	$75,549	$101,081	$122,938
Region 10	30	$62,162	$74,897	$90,000

*Includes salary and bonuses, but excludes benefits and other allowances

Table 3. Agencies less than 250 HUD units

Geography	Number	Range of CY2010 compensation of highest paid employee*		
		25th percentile	Median	75th percentile
Agencies Less than 250 units	2,052	$27,890	$42,092	$57,637
Region 1	76	$51,665	$61,905	$69,645
Region 2	86	$43,265	$61,709	$77,643
Region 3	35	$46,500	$52,416	$70,000
Region 4	500	$32,793	$47,898	$61,394
Region 5	342	$34,390	$44,901	$59,046
Region 6	586	$24,000	$36,322	$50,462
Region 7	303	$19,113	$31,668	$44,100
Region 8	98	$19,578	$35,859	$50,992
Region 9	14	$42,781	$57,846	$91,044
Region 10	12	$38,475	$55,624	$79,134

*Includes salary and bonuses, but excludes benefits and other allowances