



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

CHIEF FINANCIAL OFFICER

December 20, 2007

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510-0001

Dear Mr. President:

In accordance with section 647(b) of Division F of the Consolidated Appropriations Act, Fiscal Year (FY) 2004 (Public Law 108-199), enclosed is the Department of Housing and Urban Development's (HUD) report to Congress on its competitive sourcing efforts for FY 2007. HUD is pleased to report that it has announced one additional Streamlined Competition on Human Resources management support functions involving 22 Full-Time Equivalent (FTE) positions and additional contractor support. HUD's fixed costs for competitive sourcing efforts in FY 2007 were \$104,000. To date, HUD has completed six competitions, of which three have been implemented, Spanish Language Translation Services, Motor Pool, and A-127 Compliance Reviews, with the potential for \$4.13 million in efficiencies savings over five years.

HUD continues to identify and address areas where the Department may be experiencing performance gaps, and areas with existing or anticipated staffing and skill gaps that are difficult to fill. HUD also initiated Business Process Reengineering (BPR) efforts to fully document existing processes and streamline operations, and to provide preliminary planning for possible competitive sourcing activities in the future. HUD has two BPR studies currently, which could result in the announcement of a competition in FY 2008. To date, the approximate number of FTEs for the BPR studies have not been determined.

If your staff have questions or would like additional information on HUD's competitive sourcing efforts, please contact Frank J. Murphy, Assistant Chief Financial Officer for Financial Management. He may be reached via e-mail at: Frank.J.Murphy@hud.gov or via telephone at (202) 402-3466.

Sincerely,


John W. Cox

Enclosure

Spanish Language Translation and Localization Support Services

Achieving the American Dream of owning a home is a primary mission of HUD, and the inability to extend federally funded benefits to those individuals with Limited English Proficiency disenfranchises those individuals' right to homeownership. Developing a Spanish website addressed this issue, and also was responsive to Executive Order 13166 (Improving Access to Services for Persons with Limited English Proficiency (LEP)).

In 2002, HUD's Secretary mandated the localization and translation of the Department's website, "www.hud.gov" into a Universal Spanish Website, creating "Español.hud.gov." The purpose of this initiative was to disseminate federally-conducted home buying, renting, and fair lending programs to the Hispanic Community. This is consistent with the mission of the Department, i.e., to increase homeownership, support community development, and increase access to affordable housing free from discrimination.

In FY 2004, HUD awarded a contract for the Spanish language translation and localization support services, at a cost of approximately \$1.5 million annually. The contractor employed five employees to perform these services. The objective was to disseminate information about HUD's core business functions, and to translate and localize HUD's web pages to the Hispanic community.

In FY 2005, HUD assessed the cost of maintaining and operating HUD's Spanish language website with contract dollars versus the potential cost of bringing the translation expertise in-house. Subsequently, HUD recommended the Spanish translation services be reviewed as part of an A-76 competitive sourcing study.

On March 31, 2005, HUD made a public announcement of an A-76 streamlined competition for Spanish Language Translation and Localization Support Services. The A-76 study disclosed the government's estimated cost savings as \$2.2 million over a five year period and concluded that HUD could effectively and efficiently use two government employees to assume Spanish translation services. These results were announced on June 28, 2005.

HUD used the same performance indicators from the previous contract provider to establish the minimum performance requirements. To date, HUD has hired only one of the two translators, and the performance level has been acceptable, i.e., the service provided continues to be timely, accurate, and of high quality. However, once the second translator is hired the productivity will continue to increase.

HUD realized a cost reduction when this function was in-sourced and these cost savings will continue over the life of the period of performance. The actual government savings to-date is \$1.08 million.

**Department of Housing and Urban Development
FY 2007 COMPETITIVE SOURCING ACTIVITIES**

SAVINGS & PERFORMANCE UPDATE
(Dollars in Millions)

Agency	Bureau	Function Competed	Description of Activity Competed	Type of Competition	FTEs	Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performance Period (in years)	Actual Phase-In Completion Date (MM/DD/YYYY)	Actual Accrued Savings FY 2004
STREAMLINED COMPETITIONS									
HUD		C316	Financial Management	Streamlined competition	:0	:0.925	5	:09/30/2006	:0.000
HUD		C308	Financial Reporting	Streamlined competition	:11	:0.000	5.5	:06/10/2005	:0.000
HUD		W499	Spanish Language	Streamlined competition	:0	:1.550	5.16	:08/01/2005	:0.000
HUD		S716	Motor Pool Services	Streamlined competition	:3	:0.988	5	:09/30/2007	:0.000
HUD		U302	Training Services	Streamlined competition	:31	:3.632	5.5		:0.000
SUBTOTAL, STREAMLINED COMPETITIONS					:45	:7.095			
STANDARD COMPETITIONS									
HUD	Housing/FHA	D706	Non-Section 8	Standard competition	:256	:0.000	5.5		:0.000
SUBTOTAL, STANDARD COMPETITIONS					:256	:0.000			
TOTAL, ALL COMPETITIONS					:301.000	:7.095			

**Department of Housing and Urban Development
 FY 2007 COMPETITIVE SOURCING ACTIVITIES**

SAVINGS & PERFORMANCE UPDATE, cont'd.
 (Dollars in Millions)

Actual Accrued Savings FY 2005	Actual Accrued Savings FY 2006	Actual Accrued Savings FY 2007	Total Actual Accrued Savings	Pd Over Which Actual Savings Accrued (In Years)	Savings Methodology: Cal- culation/ Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
0.000	:0.185	:0.185	:0.370	:1.002053388	:Proxy	
0.000	:0.000	:0.000	:0.000	:2.308008214	:Proxy	
0.000	:0.530	:0.548	:1.078	:2.165639973	:Calculation	
0.000	:0.000	:0.000	:0.000	:0.002737851		
			:0.000	:0		
			:1.448			
0.000	:0.000	:0.000	:0.000	:0		
			:0.000			
			:1.448			