

**STRATEGIC WORKFORCE PLAN, FY04 TO FY08**

OFFICE OF HOUSING  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JULY 2004

*Perkins*

Strategic Workforce Plan, FY04 to FY08

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## Executive Summary

The Office of Housing is committed to superior service to the American people and the U.S. economy in support of our mission. We face important challenges to accomplishing this mission in the next 4 years: an aging workforce, a top-heavy grade structure, significant unmet training needs and competency gaps, and limited resources. While our future FTE gaps can be met without any significant changes to current hiring practices, our current and projected competency gaps must be addressed. In addition, we must reshape and redeploy our workforce to provide an adequate pipeline of qualified staff to replace the large number of older, experienced staff who are—or soon will be—eligible to retire. We must devise and employ imaginative solutions that ensure we have enough skilled, motivated, and technologically sophisticated staff members.

We prepared this strategic workforce plan to help us effectively use human resources programs and initiatives in partnership with the Department's Office of Human Resources. The plan identifies products and services, the key job series that provide them, and the critical competencies needed by the employees; analyzes current and future full-time equivalent (FTE) supply and demand, skills, competencies, and gaps; and proposes comprehensive strategies to address the gaps. Implementation of many of these strategies will depend upon the availability of adequate financial and human resources.

Our workforce is older than the overall federal workforce, with higher grade levels. Forty percent of Housing employees are GS-13 or above, compared with 23 percent for the federal government. Fifty-seven percent of our workforce is 50 or older, and 30 percent will be eligible for retirement by FY06.

Total workforce demand will increase by 6.1 percent, or 201 FTEs, by FY08. The total workforce gap by FY08, which results from increased demand and a steadily shrinking workforce due to attrition, is projected at 802 FTEs. In other words, in order to fill this gap, Housing would have to hire an average of 200 employees per year over the next 4 years. By comparison, accessions averaged 181 FTEs a year from FY01 to FY03.

The job series with the largest projected gap between supply and demand by FY08 are as follows:

- ◆ 1101A—General Business and Industry (non-supervisory [NS]), 400 FTEs
- ◆ 1101B—General Business and Industry (supervisory [S]), 109 FTEs
- ◆ 0343—Management and Program Analysis, 74 FTEs.

Significant gaps were found in three general competencies required by all Housing employees:

- ◆ Analytical ability and reasoning
- ◆ Problem solving
- ◆ Knowledge of applicable Department of Housing and Urban Development (HUD) housing programs, policies, and requirements.

The most populous job series, 1101—General Business and Industry, 0343—Management and Program Analysis, and 0303—Miscellaneous Clerk and Assistant, also show gaps in a number of technical competencies.

We summarize the gaps in FTEs and competencies by organization in the following section.

## GAPS BY ORGANIZATION

### Office of Multifamily Housing Assistance Restructuring

The current Mark-to-Market workload of the Office of Multifamily Housing Assistance Restructuring (OMHAR), which sunsets year end FY04, will decline over the next 3 years with the biggest decline in FY05. This decline is reflected in the start-up FY05 demand FTE numbers for the replacement Office of Affordable Housing Preservation (OAHP). As the OAHP increases the activities in program oversight and support, additional FTE resources will be needed and are reflected in the increasing demand in years FY06 through FY08.

We project gaps in 13 of OMHAR's 47 competencies, but only 2 of those competencies have gaps greater than 20 percent:

- ◆ Coaching and directing
- ◆ Human resource management.

## DAS Regulatory Affairs and Manufactured Housing

The workload for DAS Regulatory Affairs and Manufactured Housing (DAS/RAMH) will steadily increase over the next 4 years, coupled with productivity decreases due to changes in current standards and regulations, resulting in increased demand for FTEs. Therefore, the gap between supply and demand for FTEs in this organization will grow by between 12 and 14 FTEs in the next 3 years, peaking at 40 FTEs in FY07, and then decreasing to 11 FTEs by FY08. Fourteen of DAS/RAMH's 50 competencies show gaps, but only Knowledge of RESPA program requirements is greater than 20 percent.

## Office of Insured Healthcare Facilities

The gap between supply and demand for FTEs in the Office of Insured Healthcare Facilities (OHCF) is relatively small, peaking at 5 FTEs in FY08. However, this is an organization of only 10 people, so 5 FTEs represent a 50 percent gap. This gap is due to our projected increases in workload in mortgage insurance originations and mortgage servicing.

OHCF has 48 competencies, 9 of which project gaps. Only 2 of the 9 are greater than 20 percent—Knowledge of monitoring and investigative techniques and Knowledge of financial analysis methods and information systems.

## DAS Operations

DAS Operations (DAS/O) projects slight increases in workload over the next 3 years and then a slight decrease from that level in the 4th year. These projections result in a gap between supply and demand of around 20 FTEs in FY08, assuming attrition and no accessions. This gap is primarily in the 0343 and 0301 series. Ten of the 54 competencies identified for DAS/O show gaps, and 4 of those gaps are greater than 20 percent:

- ◆ Product knowledge
- ◆ Knowledge of contracting principles
- ◆ Manage HUD planning processes and associated outputs
- ◆ Knowledge of proposal and contracting processes.

## DAS Multifamily Housing

Over the next 4 years, the gap between supply and demand in DAS Multifamily Housing (DAS/MF) is projected to grow to 32 FTEs. This is a result of projected workload increases in mortgage insurance originations, mortgage servicing, real estate owned properties, and rental assistance. Most of this demand is for

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1101A—General Business and Industry (NS) and 0343—Management and Program Analysis.

DAS/MF has 27 projected gaps in the 68 competencies identified, and 13 are greater than 20 percent. The competencies with the largest gaps are as follows:

- ◆ Knowledge of program management
- ◆ Knowledge of monitoring and investigative techniques (for 1101A and 1171)
- ◆ Knowledge of financial analysis methods and information systems.

## DAS Single Family Housing

The gap between supply and demand for FTEs in DAS Single Family Housing (DAS/SF) is projected to grow to 50 FTEs by FY08. The increase in demand is due to projections of growth in almost all of the products and services—modest growth in most, but more significant growth in mortgage servicing and real estate owned properties. The job series with the largest projected gaps for DAS/SF are the 1101A—General Business and Industry (NS) and 1101B—General Business and Industry (S).

Thirty-one of DAS/SF's 50 competencies show gaps, 16 of which are greater than 20 percent. The competencies with the largest gaps are as follows:

- ◆ Conflict management
- ◆ Knowledge of Internet/intranet and web-based communications and applications
- ◆ Accountability
- ◆ Knowledge of personnel policies and procedures
- ◆ Analytical ability/reasoning
- ◆ Human resource management.

## DAS Finance and Budget

DAS Finance and Budget (DAS/FB) shows a gap of 70 FTEs by FY08. The job series with the largest gaps are the 0343—Management and Program Analysis, 0510—Accounting and 0501—Financial Administration and Program series. DAS/FB shows gaps in 20 of their 62 competencies, 11 of which are greater than 20 percent. The competencies with the highest gaps are as follows:

- ◆ Accountability

- ◆ Evaluating
- ◆ Coaching and directing
- ◆ Human resource management
- ◆ Conflict management.

## Single Family Field

Single Family Field (S/F Field) is projected to have a gap of 231 FTEs by FY08. Most of this gap will be due to attrition: demand is only expected to grow by about 10 percent. The data show that the S/F Field workforce has gaps of more than 20 percent in 19 competencies.

The largest gaps occurred in the following competencies:

- ◆ Knowledge of cost estimating
- ◆ Conflict management
- ◆ Organizational knowledge
- ◆ Workload management
- ◆ Analytical ability/reasoning
- ◆ Reference management
- ◆ Accountability.

## Multifamily Field

Multifamily Field (M/F Field), which accounts for roughly half of Housing's workforce, is projected to have a gap of 335 FTEs by FY08. If no hiring takes place, the projected supply of FTEs would be only 80 percent of what will be needed. Nearly all the projected gap is due to attrition: demand will grow by only 3 percent.

Gaps were found in a total of 28 competencies for M/F Field. Of these, 16 are gaps of more than 20 percent. Large gaps occur in the following technical competencies:

- ◆ Knowledge of program evaluation
- ◆ Knowledge of program management

- ◆ Knowledge of Internet/intranet and web-based communications and applications
- ◆ Knowledge of agency-specific software/hardware and systems
- ◆ Knowledge of monitoring and investigative techniques
- ◆ Knowledge of basic underwriting and endorsement procedures
- ◆ Knowledge of financial analysis methods and information systems
- ◆ Knowledge of multifamily underwriting procedures
- ◆ Knowledge of cost estimating
- ◆ Conflict management
- ◆ Coaching and directing
- ◆ Technical credibility
- ◆ Human resources management
- ◆ Accountability.

## WORKFORCE GOALS AND STRATEGIES

We have identified the following workforce planning goals for the period from FY04 through FY08:

- Link the workforce planning process with Housing's business and budgetary planning.* We recommend including strategic human capital goals in the HUD strategic plan and identifying key initiatives requiring financial resources in the annual Department budget. Provide the information developed by the workforce planning process to program managers so they can account for the impact of business decisions on the workforce before the fact. Clearly identify each human resource goal with one or more business outcomes.
- ▶ *Reshape and redeploy the workforce to provide a sufficient pipeline of entry-level to mid-level employees to replace older, higher-graded employees who retire or leave.* This will include adjusting grade levels as positions become vacant; providing incentives to employees with obsolete skills to acquire new skills; and using incentives such as relocation bonuses, early outs, and buy outs. Greater use of temporary and term appointments will supplement existing skills, provide special expertise, and help manage surges in workload.

- ◆ *Reduce skill gaps, beginning with Housing's mission-critical occupations and leadership positions.* Address the competency gaps in these occupations and leadership jobs—using changes to the recruiting profiles, knowledge management techniques, and advanced technical skill training—in mortgage servicing, program oversight, and regulatory programs. We will expand the use of alternatives to expensive classroom training, including rotational jobs, acting assignments, executive coaching, and electronic courses available through HUD's Virtual University.
- ◆ *Conduct succession planning and strengthen leadership development to ensure leadership continuity.* Like many federal organizations, Housing will experience a talent drain due to the retirement of senior executive and mid-level management. The approach Housing takes to replenishing its pipeline of leadership talent will help determine its success in meeting congressional and administration objectives. Training, knowledge sharing, coaching, and mentoring are key to providing capable replacement pools for departing leaders.
- ◆ *Renew our commitment to developing a culture of high performance and accountability.* While other human capital goals are important, if we don't help all employees achieve their greatest potential as contributors to the mission, realizing those goals is unlikely. Housing will improve the linkage between program outcomes and individual performance plans at all levels. We will inform employees of mission expectations and measures of performance, and recognize them for desired results. We will also address poor performance by taking timely, effective corrective action.
- ◆ *Establish a Housing Human Capital Management Committee to provide leadership on human capital issues and to coordinate with Department-level offices.* The committee's first assignment will be to help with detailed planning for implementation of the workforce strategies outlined in this document. The committee will coordinate its work with HUD's Human Capital Management Executive Steering Committee. The coordination function is particularly important in light of limited human and financial resources for implementing strategies throughout HUD.

## CONCLUSION

This plan analyzes current and projected workforce supply, demand, and gaps to solve anticipated problems and efficiently employ our human capital. As stated previously, Housing's products and services are projected to grow by only 6.1 percent over the next 4 years. However, since numerous external factors—the economy, interest rates, and political mandates—affect our work, we should view these projections with caution. Updating this workforce plan annually will account for changes in these factors.



# Introduction

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## PURPOSE OF STRATEGIC WORKFORCE PLANNING

In 2000, the General Accounting Office (GAO) put human capital management on its list of “high risk” federal government operations. In 2002, it cited the Department of Housing and Urban Development’s (HUD’s) lack of “a comprehensive strategic workforce plan to guide its recruiting, hiring, and other key human capital efforts.”<sup>1</sup> The Office of Management and Budget (OMB) issued guidance that requires agencies to incorporate human capital management into Government Performance and Results Act (GPRA) performance goals and measures. Human capital management is also an integral part of *The President’s Management Agenda*,<sup>2</sup> and workforce planning is key to going to green on the traffic light scorecard.

For these reasons, and to engage and retain a staff that can accomplish its mission, the Office of Housing (hereafter referred to as Housing) prepared this workforce plan. HUD and Housing recognize that workforce planning plays a key role in aligning the workforce with new and changing business needs. Our goal is to integrate workforce planning into our strategic management toolkit to achieve our strategic goals and objectives. It then becomes a routine, continuing process like budgeting and strategic planning.

This workforce plan provides the following:

- ◆ Identification of products and services, the key job series required to provide them, and the critical competencies needed by employees in each job series—consistently defined across Housing
- ◆ Analysis of current and future demand for full-time equivalents (FTEs) based on anticipated changes in demand and productivity rates for Housing’s products and services
- ◆ Analysis of skills and competencies—including current and future supply, demand, and gaps—based on changes in demand and productivity rates for Housing’s products and services
- ◆ Comprehensive strategies designed to address identified gaps in FTEs and skills and competencies.

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<sup>1</sup> U.S. Government Accounting Office, *HUD Human Capital Management: Comprehensive Strategic Workforce Planning Needed*, GAO-02-839 (Washington, DC: July 2002), p. 2.

<sup>2</sup> Executive Office of the President, Office of Management and Budget, *The President’s Management Agenda, Fiscal Year 2002*, S/N 041-001-00568-4 [undated]. Available from <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.

## Chapter 2

# Workforce Demographic Profile

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This chapter presents a demographic profile of the current Housing workforce.<sup>1</sup> Understanding the characteristics of the current workforce assists in planning for the future. To aid in interpreting these data, we provide federal workforce data for comparison.<sup>2</sup> We limited the federal workforce data to white-collar occupations in cabinet-level agencies, an appropriate comparison group for Housing, and looked only at permanent, full-time, nonseasonal employees.

Highlights of the demographic profile include the following:

- ◆ On average, the Housing workforce is older than its federal counterpart (50 years old compared with 45), with correspondingly greater length of service.
- ◆ Thirty percent of the workforce will be eligible for optional retirement by FY06, and about half of those are at grades GS-13 and above.
- ◆ Housing grade levels are high compared with the overall federal government: over 40 percent of Housing positions are GS-13 or above, compared with only 23 percent in the federal sector. However, the type of work Housing performs may justify the higher-grade levels.

## AGE

Overall, the Housing workforce is considerably older than the federal workforce. The average age of Housing employees is 50; slightly more than 57 percent are 50 or older. Fourteen percent are under the age of 40, and the remaining 29 percent are in their forties. Table 2-1 shows how Housing's age ranges compare with the federal workforce.

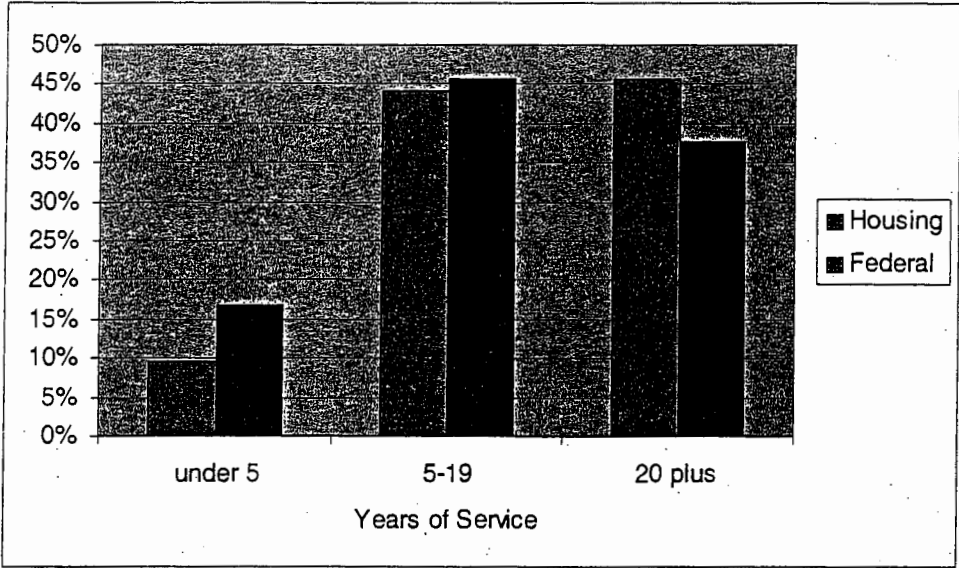
*Table 2-1. Workforce Age (%)*

Age range	Housing	Federal workforce
Under 40	14	25
40 to 49	29	34
50 and over	57	41

<sup>1</sup> Unless indicated otherwise, all data are current as of September 30, 2003.

<sup>2</sup> Office of Personnel Management, *FedScope*, September 2003. Available from <http://www.fedscope.opm.gov/employment.htm>.

Figure 2-2. Workforce by Years of Service



## RETIREMENT ELIGIBILITY

In FY03, nearly 20 percent of Housing’s workforce was eligible for optional (full) retirement. Figure 2-3 shows, by grade range, the percentage that is eligible in FY03 and the percentage that will become eligible in the future. As expected, the largest proportion of the retirement-eligible population falls in the most senior grades, although a large portion of our GS-13s and GS-14s are retirement eligible as well. Approximately one-third of employees at GS-13 and above will be eligible for optional retirement by FY05. Nearly half of the most senior employees (GS-15 level) will be retirement eligible in the following year.

Figure 2-3. Retirement Eligibility by Grade

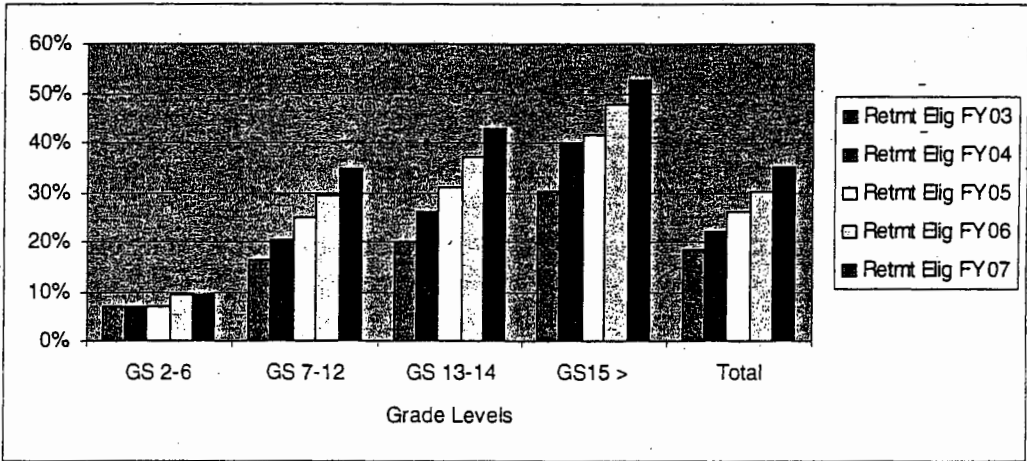
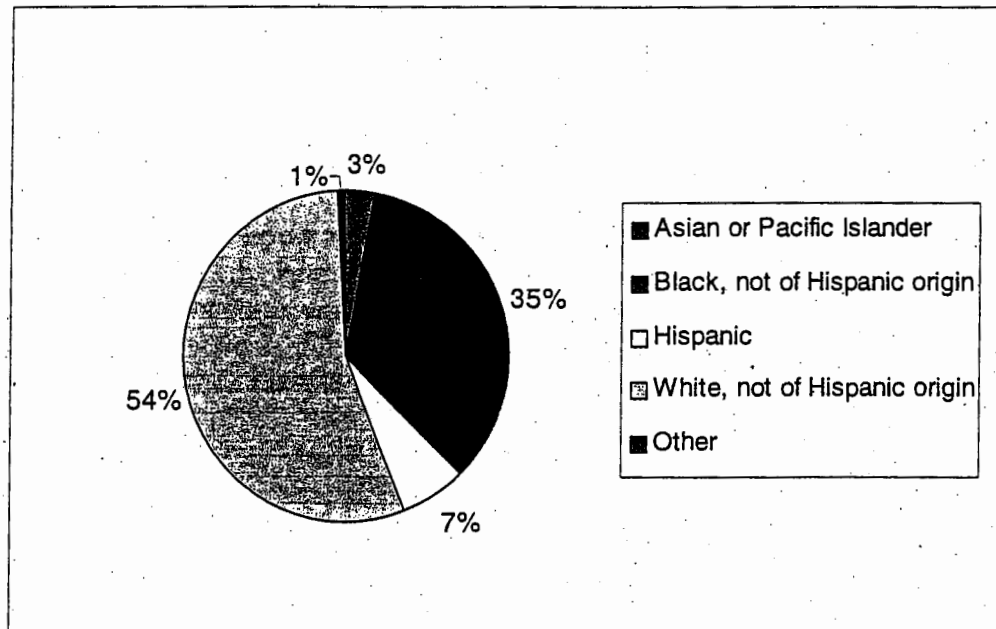


Figure 2-3 reflects employees onboard as of the end of FY03, with no adjustment for anticipated losses or hires. In other words, the Housing workforce in FY07 will not actually have 35 percent eligible for retirement; it will have some smaller percentage because, as retirees depart, they will likely be replaced by younger individuals, with fewer years of service and therefore not eligible for retirement.

## DIVERSITY

Housing has a very diverse workforce with respect to both gender and race. Women constitute 62 percent of the workforce. Racial minorities account for almost half the workforce, and about one-third of the workforce is black (see Figure 2-4).

Figure 2-4. Racial Minority Representation



## GRADE LEVEL

Housing has a highly graded workforce, as shown in Figure 2-5.<sup>3</sup> About 40 percent of Housing employees serve in grades GS-13 and above, with an additional 35 percent in GS-12. Nearly two-thirds of the total workforce are at Grades 12 or 13. About 20 percent of the workforce is below the GS-12 level. The implications of this top-heavy grade structure for workforce planning and strategies to address this problem are discussed in Chapter 5.

<sup>3</sup> Grade plans other than GS (such as GM, MG, and EX) cover approximately 3 percent of the employees. By comparison, 10 percent of the federal workforce falls under these other plans.

Figure 2-5. Housing Grade Structure

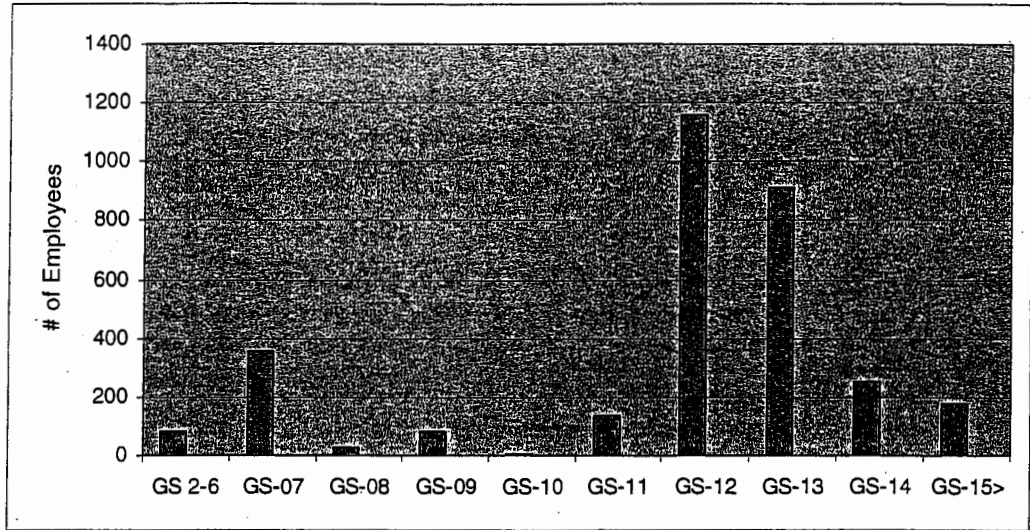
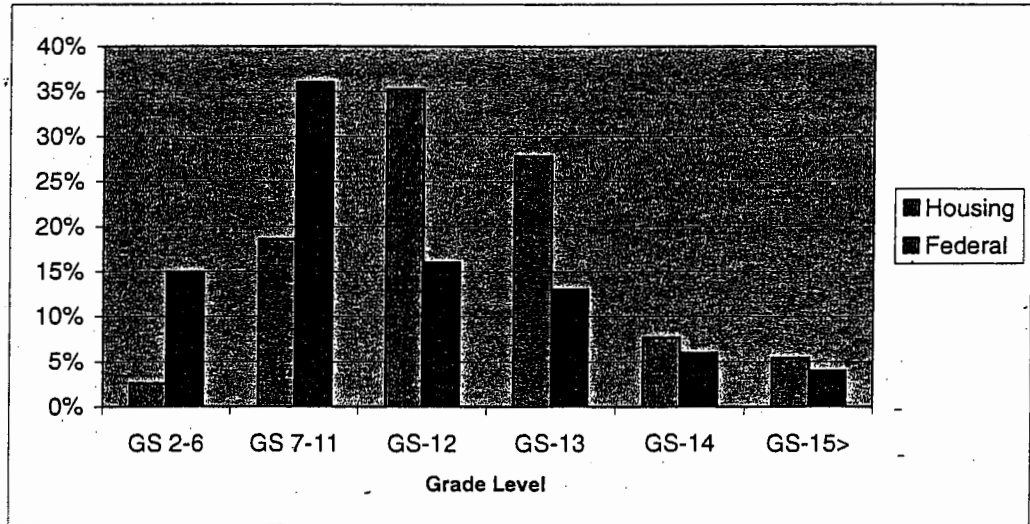


Figure 2-6 compares Housing's grade distribution with that of the federal government overall. Housing has nearly twice as many employees in grades 12 and above as the federal government (76 percent, compared with 39 percent).

Figure 2-6. Comparison of Housing and Federal Workforce Grade Structure



## OCCUPATIONAL SERIES

The analysis in this workforce plan covers Housing's key occupational series, accounting for 95 percent of its workforce. Three-quarters of the employees work in two series: 1101 General Business and Industry and 303 Miscellaneous Clerk and Assistant. Nearly two-thirds of Housing employees work in the 1101 series, which we have broken into non-supervisory (1101A) and supervisory (1101B)

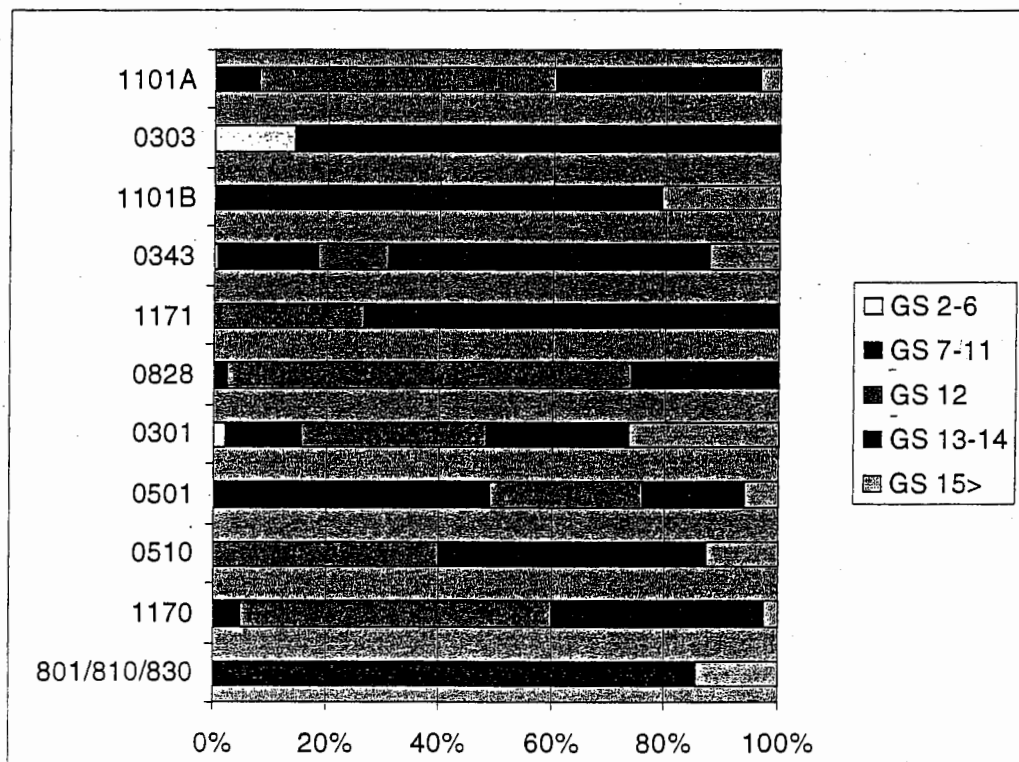
positions. Table 2-2 shows the key series, number of employees in each, and percentage of Housing's overall workforce that each series represents.

Table 2-2. Key Occupational Series

Series and title	Number	Percentage
1101A—General Business and Industry (Non-Supervisory)	1,729	52.6
0303—Miscellaneous Clerk and Assistant	416	12.7
1101B—General Business and Industry (Supervisory)	299	9.1
0343—Management and Program Analysis	165	5.0
1171—Appraising	117	3.6
0828—Construction Analyst	116	3.5
0301—Misc Administration and Program	91	2.8
0501—Financial Administration and Program	84	2.6
0510—Accounting	55	1.7
1170—Realty	40	1.2
0801/0810/0830—Engineering	7	0.2
Total	3,119	95.0

Figure 2-7 shows the grade distribution among the key occupational series.

Figure 2-7. Housing Grade Structure by Job Series



Nearly all the lower grades are in the 0303 Miscellaneous Clerk and Assistant series. Also at the lower end of the grade structure (below GS-12) are administrative personnel in the 501 Financial Administration and Program series and 0301 Miscellaneous Administration and Program series. About the same percentage of employees in the 0343 series (Management and Program Analysis) are in this same grade range. However, only a small number are at the entry level; the majority of positions in these series are in the GS-7 to GS-12 range.

Not surprisingly, the series with the highest percentage of employees at the GS-13 or above are 0801/0810/0830, which include civil, mechanical, and general engineers, closely followed by supervisors in the General Business and Industry series (1101B), and appraisers (1171). Employees in these positions are usually college graduates with specific technical training and continuing education requirements to remain certified.

## ATTRITION

OPM attrition data are only available at the department level; therefore, we used attrition rates for HUD in this section. Table 2-3 shows the attrition rates experienced by HUD for Housing's key occupational series between FY00 and FY03 and the average rates over that period.

Table 2-3. HUD Attrition Rates by Key Occupational Series (%)

Series	FY00	FY01	FY02	FY03	FY00-03 (average)
1101	4	4	4	5	4
0303	4	4	3	4	4
0343	6	5	6	6	6
1171	5	5	9	5	6
0828	6	5	8	5	6
0301	7	9	6	6	7
0501	4	3	4	6	4
0510	5	7	3	3	4
1170	2	6	0	7	4
Average	5	5	5	5	5

We calculated attrition rates for each fiscal year by dividing the separations for the year by the inventory data from the previous year. In the separation data, we did not include separations due to mass transfer or reduction in force (RIF) because they are unusual circumstances.

The attrition rates are similar across Housing's key job series. The 0301 job series has the highest attrition rate, an average of 7 percent across the years, but the

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## CONTRACTOR SUPPORT

While contractors play a critically important role in accomplishing our mission, this workforce analysis was limited to federal employees. It is not necessary to cover contractor staff because we do not need to plan for hiring or managing them. However, since the contractor workforce in Housing is so large, we provide a summary of the number of contractor FTEs for each of our products and services.

*Table 3-1. Contractor Support by Product and Service*

Product and service	FY04 Contractor FTE	FY04 Federal FTE	Contractor FTE as % of Total FTE
Mortgage insurance originations	536	910	37
Mortgage servicing	272	662	29
Real estate owned properties	1,950	277	87
Rental assistance	1,255	322	79
Capital advances and grants	0	203	0
Program oversight	114	357	24
Regulatory programs	22	60	27
Business support infrastructure	267	494	35
Total	4,416	3,285	57

## CURRENT SHORTFALL

As explained, we use FY04 as the base year for projections, but FY04 authorized FTE levels are inadequate to handle the current workload. Therefore, we collected data on the current shortfall of FTEs (demand) for FY04. We estimated this existing shortfall at 151 FTEs for all of Housing, an increase of 4.6 percent in the workload demand handled by the current staff. Table 3-2 shows the estimated shortfall by product and service.



Table 3-2. FY04 Shortfall (FTEs)

Product and service	Demand	Shortfall	Demand with shortfall	Shortfall as % of demand
Mortgage insurance originations	910	30	940	3.3
Mortgage servicing	662	23	685	3.5
Real estate owned properties	277	48	325	17.3
Rental assistance	322	6	328	1.9
Capital advances and grants	203	4	207	2.0
Program oversight	357	23	380	6.4
Regulatory programs	60	7	67	11.7
Business support infrastructure	494	10	504	2.0
Total	3,285	151	3,436	4.6

The shortfall is generally small: 6 percent or less for six of the eight products and services. Two products and services reported significant shortfalls: real estate owned properties, 17.3 percent, and regulatory programs, 11.7 percent. Since total FY04 FTEs for regulatory programs is only 60, the relatively small FTE shortfall (7) appears larger as a percentage of demand. However, real estate owned properties is much larger. The 17.3 percent shortfall translates into 48 FTEs, or about one-third the total shortfall for Housing.

For the analysis appearing in the remainder of this report, we assume that the current supply and demand of FTEs is in balance. Therefore, the FY04 baseline used to project future workforce gaps does not reflect the current shortfall. If we included the shortfall, the gaps would be somewhat larger.

## CHANGES IN WORKFORCE DEMAND

Knowing the relative size of the workforce supporting each product and service puts projected changes in demand in perspective. Figure 3-1 shows the percentage of the total Housing workload accounted for by each product or service.

Figure 3-1. FY04 Housing Workload by Product and Service

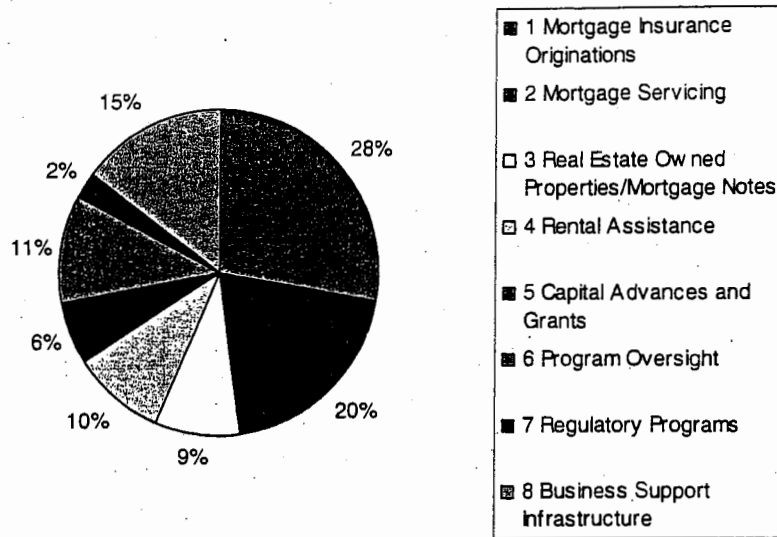


Table 3-3 shows the source data for Figure 3-1.

Table 3-3. FY04 Housing Workload in FTEs by Product and Service

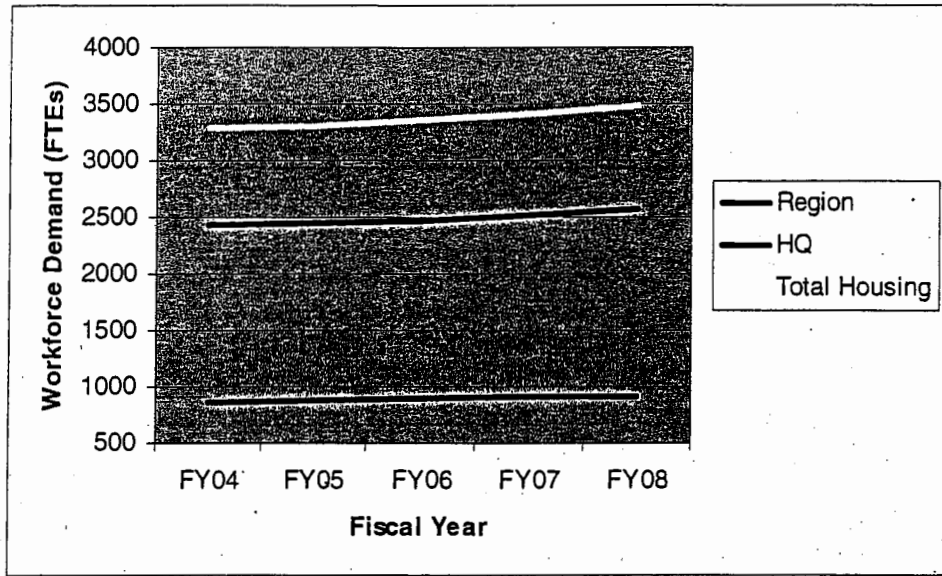
Product and service	FTE	%
Mortgage insurance originations	910	28
Mortgage servicing	662	20
Real estate owned properties/mortgage notes	277	9
Rental assistance	322	10
Capital advances and grants	203	6
Program oversight	357	11
Regulatory programs	60	2
Business support infrastructure	494	15
Total	3,285	100

The total Housing workforce demand will increase by 6.1 percent, or 201 FTEs, by FY08. Headquarters has a slightly higher rate of growth than does the field (Table 3-4 and Figure 3-2).

Table 3-4. Projected Housing Workforce Demand

Organization	FY04	FY05	FY06	FY07	FY08	Total Change FY04-08	% Change FY04-08
Housing	3,285	3,308	3,359	3,419	3,486	201	6.1
Headquarters	856	869	887	902	918	62	7.2
Field	2,429	2,439	2,472	2,517	2,568	139	5.7

Figure 3-2. Projected Housing Workforce Demand



As Table 3-5 shows, the annual change in demand is generally small, but it increases gradually over 5 years.

Table 3-5. Projected Annual Change in Demand for Headquarters and Field (%)

Organization	FY05	FY06	FY07	FY08	Total FY05-08
Housing	0.7	1.5	1.8	2.0	6.1
Headquarters	1.6	2.0	1.7	1.8	7.2
Field	0.4	1.4	1.8	2.0	5.7

The changes in demand for FTEs shown above result from projected changes in demand for products and services. Table 3-6 shows the annual and cumulative percentage change for each Housing product and service. We calculated the annual percentage change for each year over the prior year's demand, and the cumulative shows the total change over the base demand of FY04. Only two products and services will experience significant changes in demand: real estate owned properties, increasing by 22 percent, and regulatory programs, increasing by 55 percent. Rental assistance is the only product or service projected to experience a decrease in demand: 4 percent through FY08.

Table 3-6. Projected Annual Change in Demand by Product and Service (%)

Product and service	Period	FY05	FY06	FY07	FY08
Mortgage insurance originations	Annual	0.8	1.4	1.8	1.9
	Cumulative	0.8	2.2	4.0	5.9
Mortgage servicing	Annual	1.3	0.7	0.1	0.7
	Cumulative	1.3	2.0	2.1	2.8
Real estate owned properties	Annual	-4.6	5.5	11.0	10.4
	Cumulative	-4.6	0.4	11.4	21.8
Rental assistance	Annual	0.3	-1.2	-1.1	-2.0
	Cumulative	0.3	-0.9	-2.0	-4.0
Capital advances and grants	Annual	0.1	0.1	0.1	0.1
	Cumulative	0.1	0.2	0.3	0.4
Program oversight	Annual	1.3	2.1	1.8	3.1
	Cumulative	1.3	3.4	5.2	8.3
Regulatory programs	Annual	19.0	18.0	10.9	7.3
	Cumulative	19.0	37.0	47.9	55.2
Business support infrastructure	Annual	0.5	0.3	-0.1	0.0
	Cumulative	0.5	0.8	0.7	0.7
Total	Annual	0.7	1.5	1.8	2.0
	Cumulative	0.7	2.2	4.0	6.0

## DEMAND DRIVERS

Housing managers provided projections of the changes in demand and productivity for products and services. As illustrated, in most cases products and services will grow moderately over 4 years, resulting in increased demand. We do not anticipate significant changes in productivity for most products and services, although there are some exceptions. The business trends driving the changes in demand for Housing's products and services vary by product and service, but some common themes affect multiple product areas:

- ◆ A change in the administration, even without a change in party, will generate work relating to new policies and increased casework.
- ◆ The push to liberalize underwriting rules for refinancing under Section 202 and Section 8 could increase fieldwork. If these changes occur, workload will steadily increase for several years.

By far, the greatest projected growth is in regulatory programs. We project that the demand for regulatory programs will grow for a number of reasons:

- ◆ When the new rule for implementing RESPA is re-proposed and subsequently made effective, we expect the workload for enforcement and education activities to jump by 30 percent.
- ◆ We expect the number of complaints and cases related to ILS to increase. As enforcement becomes more vigorous, the information generated may cause an increase in the number of registrations.
- ◆ In FY06, significant increases in workload for the Minimum Property Standards (MPS) and Technical Suitability of Products (TSP) programs are expected. These will result from initiatives to revamp these programs to rely more heavily on model codes, eliminating the majority of provisions in the current MPS.
- ◆ For manufactured housing, a series of rules for implementing model installation standards and regulations and the dispute resolution program will be completed in FY05. At the same time, we will be expected to process standards changes and revisions to Subpart I of the regulations as well as the on-site rule. During FY06–08, workload will increase as we implement the new programs and handle the higher number of consumer complaints that will be generated by higher production.

## WORKFORCE SUPPLY AND GAPS

Table 3-7 shows supply FTEs, demand FTEs, and the resulting gaps over the next 4 years. The top portion of the table shows projected supply with accessions. We estimate future accessions by using the average number of accessions per year for Housing from FY01 to FY03, which is 181 FTEs. The lower portion shows supply without accessions. This assumption results in a steadily declining supply as the workforce ages, with corresponding increases in the overall gap. If accessions continue at the rate of the past 3 years, the projected workforce gaps will nearly disappear. To maintain the workforce at the FY04 level, we would have to bring onboard an average of 200 employees each year.