




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

CHIEF FINANCIAL OFFICER

November 14, 2008

MEMORANDUM TO: Principal Staff

FROM: John W. Cox, Chief Financial Officer 

SUBJECT: Salaries and Expense Funding Limits during Continuing Resolution

As you all know, the new Salaries and Expenses account structure established in fiscal year 2008 greatly limits our flexibility in funding salaries and benefits across the Department. As we now have nine separate S&E accounts, our ability to make up for funding shortfalls in one area with excess funds in another has been severely limited. Exacerbating the situation, the current extended continuing resolution (CR) only provides salaries and benefits across the department for the first quarter of FY 2009 at 25 percent of the full-year 2008 appropriated level. We must plan to absorb the enacted 3.9 percent pay raise under the CR in the second quarter, in the event Congress does not enact our full 2009 appropriation before that time.

The Department as a whole is facing budget constraints as a result of the circumstances outlined above; however, certain program offices are under greater constraints than others. According to current projections, several program offices will have no excess personnel compensation and benefits funding throughout the first quarter.

Due to these constraints, until further notice, the following HUD offices facing salaries and expenses funding shortfalls will not be able to offer overtime or compensatory time for the remainder of the CR period – Office of Housing, Policy Development & Research, Ginnie Mae, Departmental Equal Employment Opportunity, Office of Administration, Center for Faith-Based and Community Initiatives, Office of Departmental Operations and Coordination, and the Office of the General Counsel. Because unused credit hours present a potential source of salaries and benefits costs to the Department at the time of an employee's separation, the use of credit hours is also prohibited in these organizations. The only exception to the prohibition on overtime and compensatory time are those employees working on FEMA mission assignments in the affected program areas.

Please note that OPM's Handbook on Alternative Work Schedules allows agencies to limit both the number of credit hours worked on a daily, weekly, or biweekly basis, as well as the number of credit hours carried forward from one pay period to the next. Additionally, the HUD Alternative Work Schedule Policy and Procedures Guide provide that "upon demonstrated need, management may override the work schedule choices of individual employees to maintain adequate office coverage *or to meet other operational needs of the Department.*" Further, Section 4.13 of HUD's Handbook on Alternative Work Schedule allows the supervisor to

“disapprove a request to maintain adequate office coverage or for other operational needs of the Department which must be met.” Article 17.07 (5) of the AFGE Collective Bargaining Agreement, Article 20.03 (C) of the NFEU 1450 Collective Bargaining Agreement, and Supplement 9 to the NFEU Local 1804 Collective Bargaining Agreement all state in part “upon demonstrated need, Management may override, either temporarily or permanently, the work schedule choices, including work to earn credit hours, of individual employees in order to maintain adequate office coverage, to meet other operational needs of the Department or because of lack of work.”

We anticipate additional challenges in the 2nd quarter with the January pay raise and continued CR, so OCFO will be monitoring this situation carefully on a bi-weekly basis. As the situation is highly fluid, we will keep you updated on any developments or changes in this area, recognizing that some offices that can currently offer overtime, comp time, and credit hours might not be able to afford to do so at a later date under the CR.

If you or your staff has any questions, please contact Tony Scardino on ext. 6801.