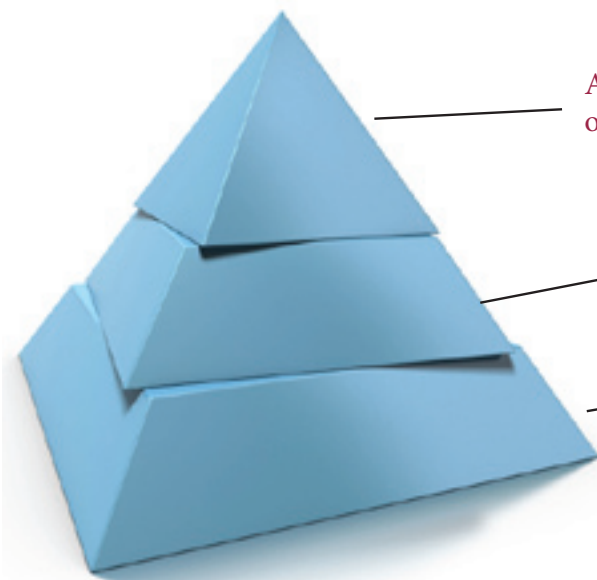


HUD's Salary Caps on Housing Authorities Risk Program Quality and Make Little Sense

HUD has once again proposed, and included in the President's FY 2016 budget, that Congress cap the use of federal funds for housing authority salaries. Based on size and location, three tiers would set caps for agencies with fewer than 250 combined public housing and voucher units at the rate of a federal government GS-11, Step 10; between 250 and 1249 units at the rate of a GS-13, step 10; and for agencies with 1250 units or more at the rate of a GS-15, step 10, which is \$157,100.



Agencies with 1250 units or more capped at the rate of a GS-15, step 10, which is \$157,100.

Agencies between 250 and 1249 units capped at the rate of a GS-13, step 10.

Agencies with fewer than 250 combined public housing and voucher units capped at the rate of a federal government GS-11, Step 10.

PHADA strongly opposes this flawed policy.

1) It is Unnecessary and Will Not Save the Federal Government a Single Penny.

- Housing authorities will still receive the same eligible funding amount, which is **BASED ON PRIVATE SECTOR MANAGEMENT COSTS**.
- Nor will it reduce administrative costs, as they are already capped by the congressionally mandated \$4 million Harvard Cost Study.
- There is already another objectionable, but more flexible, salary cap now in effect. HUD recently reported that 97 percent of all HAs are operating within that cap. This more onerous proposal, therefore, is unnecessary.



2) HUD's Tiered Structure Makes Little Sense.

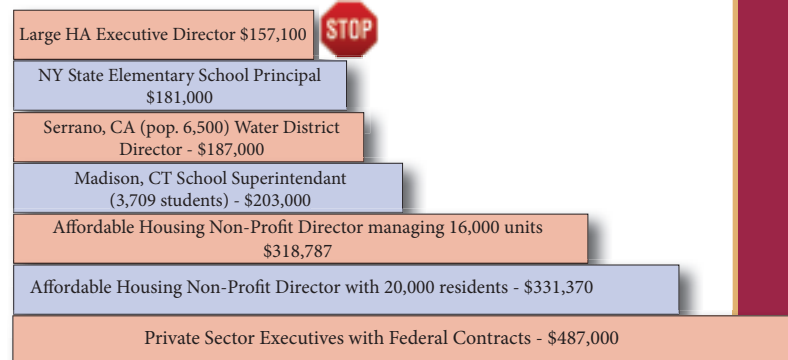
- The tiers are disproportionate to one another. An agency director with 249 units can make \$89,235 (or \$358/unit), while one with 270,000 units can only make \$157,100 (or \$0.58/unit).
- The third tier lacks coherence. A 1250 unit housing authority is not similar to a 270,000 unit one, yet they are covered by the same cap.
- Executive Directors have different education levels, experience and skills, all of which affect compensation.

3) Congress Should Not Base Housing Authority Salaries on the Pay of HUD Employees.

- The job of housing authority executive director has very different demands and faces far greater risks than that of a typical HUD employee.
 - Housing Authority executives run businesses--with responsibilities that include generating revenue, living within a budget, being accountable for performance, managing personnel, responding to the residents, interacting with political leaders and dealing with the media.
 - Housing authority directors must conduct their work in open meetings, have a high risk of losing their jobs and are a constant focus of media attention.
 - Housing Authority business requires Executive Directors to be on-call 24/7.

4) The Caps Are Too Low in Many Cases to Pay for the Quality of Personnel Needed.

- Private contracting companies performing federal work are authorized to pay salaries as high as \$487,000 to their top 5 executives.
- Comparable local officials in school systems, or parking, transportation or water and sewer authorities often make much higher salaries.



Comparable Public/Non-Profit/Federally Authorized Executive Salary Compensations

5) Local Boards Have the Responsibility to Carry Out HUD's Program Requirements, and They Need the Authority to Accomplish this Work.

- Boards are appointed by the democratically elected mayors and county executives of their communities.
- A skilled, experienced Executive Director is the most important factor in having a well-run housing authority.
- Boards understand their local needs better than HUD and must be able to hire the best candidate they can find. Flexibility in determining compensation is critical to this task.
- HUD has an extensive assessment system to determine whether or not agencies are meeting their federal obligations to provide decent, safe and sanitary housing to low-income families within budget.
- Capping salaries runs the risk of lowering housing quality and harming the residents by deterring the best and brightest young people from careers in public housing.

6) The Current Oversight System Is Working and Questions Exist About the Legality of Implementing this Policy in Regard to Due Process Concerns.

7) HUD's Policy Adds New Regulations at a Time of Historically Low Funding Levels.

- "Detailed performance measures" must be established for every housing authority employee, even the most clerical, in order to award salary increases, including across-the-board increases and those agreed to in union contracts.
- Executive Director contracts resulting from a procurement under the uniform administrative rules must go through the procurement process at least every 5 years.

PHADA urges HAs to contact their Senators and Representative to express their opposition to this unsound and unfair policy.



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