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June 5, 2012

Via Electronic Transmission

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
Robert C. Weaver Federal Building
451 Seventh Street
Washington, DC 20410

Dear Secretary Donovan:

Last night, my staff was briefed by Department of Housing and Urban Development (HUD/Department) officials regarding the release of compensation data for public housing authority (PHA) top wage earners. Over the past two years, my investigations have found exorbitant compensation along with waste, fraud, and abuse at PHAs large and small across the country. Many PHAs have operated with nearly zero oversight, allowing a culture of corruption to rule. A few of the problems include: outlandish bonuses, nepotism, and large law firm/consultant billings that have become the norm at far too many PHAs.

In August 2011, HUD requested compensation data for the top five highest compensated employees at PHAs across the country (HUD form 52725). While this action was encouraging, I also urge HUD to make this data public for greater transparency and accountability to the taxpayer. Specifically, HUD should post all salary and compensation data on their website. In a December 15, 2011, response from HUD, the Department stated that it “notified all PHAs in late August that they will be required to report, on an annual basis, the compensation paid to their top five paid employees. This information will be posted on a HUD website, consistent with applicable law. We are now in the process of collecting this information for the first time, and expect that it will be posted during the first quarter of the year.”¹ Unfortunately, the Obama administration has chosen to only make aggregate data public.

It is my understanding that HUD has some concerns regarding the release of the compensation data but making this data public would greatly increase transparency and might deter some bad actors. Meanwhile, more examples of waste, fraud and abuse at PHAs around the country continue to pop up. According to *The Associated Press*, at least two PHA executives

¹ Letter from the U.S. Department of Housing and Urban Development to Senator Charles E. Grassley. December 15, 2011.

made more than \$600,000 each in 2010.² It appears the outrage over certain salaries has finally moved HUD into taking action. In the beginning of 2012, Congress imposed a one-year cap of \$155,500 on the federal funding that a PHA could use towards executive salaries. This was a good start but I am concerned about a loophole that allows for large bonuses and other compensation that are not covered by the one-year cap.

To further learn how HUD plans to make all 2010 data, along with the upcoming year's data, available to the public, I request the following:

- 1) When will the executive compensation information of each PHA be posted on the HUD website?
- 2) How many PHAs have not yet submitted the required HUD form 52725? Please provide a complete list of non-compliant PHAs. What steps are being taken by HUD to enforce this regulation?
- 3) HUD Form 52725 does not require the PHA to differentiate forms of compensation including such compensation as vehicle and housing allowances, retention bonuses, and deferred compensation – provided to employees. Instead the PHAs are only required to report a lump sum. Explain how HUD will capture and make transparent all forms of compensation.
- 4) What, if any, review of the compensation reporting is being conducted by HUD to ensure that the PHAs have provided accurate information?
- 5) Congress recently included a provision in the FY2012 HUD appropriations bill which limits federal funds from being used to pay housing authority employee salaries that exceed specific limits. How is HUD enforcing this new provision of the law? Has any action taken place due to noncompliance? If yes, please explain the instances.
- 6) What action is HUD taking to ensure the bonus loophole will be addressed? Does HUD know the total amount of bonuses awarded by PHAs in fiscal year 2010?
- 7) Will HUD post PHA compensation data collected for upcoming years on its website?
- 8) Has HUD collected the yearly amount PHAs spend on outside law firms/consulting groups? If not, why not?

² Jim Kuhnenn. "Obama administration sets housing agency pay caps." *The Associated Press*. June 4, 2012. Found at: http://www.washingtonpost.com/politics/congress/obama-administration-sets-limits-on-housing-agency-pay-following-furor-over-high-compensation/2012/06/04/gJQAO17gEV_story.html

Thank you in advance for your prompt attention to these matters. I would appreciate receiving a response by no later than June 19, 2012. Should you have any questions, please contact Brian Downey or Janet Drew of my staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Ranking Member

cc: The Honorable David A. Montoya
Inspector General
Office of the Inspector General
U.S. Department of Housing and Urban Development