
CRS Report for Congress

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Appropriations for FY2001: VA, HUD, and Independent Agencies

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is governed by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Subcommittees on VA, HUD and Independent Agencies Appropriations. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House or Senate.

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Appropriations for FY2001: VA, HUD, and Independent Agencies

Summary

Congress nears final action on FY2001 VA-HUD Bill. The House has passed an FY2001 appropriations bill (H.R. 4635) for the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), and several independent agencies, including the Environmental Protection Agency (EPA), National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), Federal Emergency Management Agency (FEMA), and the Corporation for National and Community Service (CNS). The Senate Committee on Appropriations has reported its version of H.R. 4635, and a conference between appropriators in both Chambers has begun on the bill, in anticipation of a procedural strategy that minimizes future floor consideration of any further amendments beyond those endorsed by conferees. The House version of the bill would provide \$101.3 billion for FY2001 for affected departments and agencies; the Senate version would provide \$105.5 billion for those same programs.

The President's FY2001 Request. According to House Appropriations Committee estimates, the Administration's request for VA, HUD, and Independent Agencies FY2001 appropriations totals \$107.9 billion. The request assumes \$24.6 billion in mandatory spending for VA entitlements, and \$83 billion (including \$4.2 billion in advance FY2002 HUD funds) for discretionary programs funded through the VA-HUD bill. The request assumes major increases in VA medical care spending, adding \$1.3 billion in new funds to FY2000 levels. HUD spending would increase by \$6.6 billion over FY2000, including the Administration's proposed advance FY2002 appropriations of \$4.2 billion, a move also enacted for FY2001 in the FY2000 appropriations bill.

FY2001 Congressional Budget Resolution (H.Con.Res. 290). The budget resolution for FY2001 calls for an allocation for VA, HUD, and Independent Agencies of about \$400 million below the total provided for FY2000. VA would receive a \$1.5 billion increase in discretionary spending, most of which would increase VA health care funding. Discretionary appropriations targets for the VA, HUD, and Independent Agency appropriations subcommittees, known as "302(b) allocations," have been placed at \$76.2 billion for the House, and \$77.8 billion for the Senate.

P.L. 106-74 (H.R. 2684). The FY2000 bill provided \$99.5 billion in FY2000 appropriations (current estimates revise the effect of the bill to \$99.2 billion) for programs covered under the Act, compared to \$99.6 billion requested. As requested, the bill incorporated \$4.2 billion in advance FY2001 funding, and \$2.9 billion in rescissions of funds appropriated in previous years. P.L. 106-113 subsequently required 0.38% in across-the-board reductions, and these reductions lowered appropriations of P.L. 106-74 by \$285 million. Among agencies with funding increases under P.L. 106-74 were VA medical care, up by \$1.7 billion over FY1999 (the Administration requested a freeze), and HUD, up \$2 billion above FY1999, or about \$2 billion less than the Administration request.

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Division abbreviations: DSP=Domestic Social Policy; G&F=Government and Finance; RSI=Resources, Science and Industry.

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Appropriations for FY2001: VA, HUD, and Independent Agencies

Most Recent Developments

Senate Committee reports bill. On September 13, 2000, the Senate Committee on Appropriations reported its amended version of H.R. 4635, appropriations for VA, HUD, and Independent Agencies. The Senate version would provide \$105.5 billion in new spending, more than the House, and more than FY2000.

House Approves FY2001 VA-HUD appropriations bill. On June 21, 2000, the House passed H.R. 4635 by a vote of 256 to 169. The bill would provide \$101.3 billion in appropriations for FY2001, \$2.1 billion above the \$99.2 billion appropriated last year, but \$6.7 billion less than the Administration's \$107.9 billion request for FY2001.

Congress Adopts FY2001 Budget Resolution. On April 13, 2000, Congress finished action on H.Con.Res. 290, the Congressional Budget Resolution for FY2001. The resolution calls for discretionary spending to be provided by the VA, HUD, Independent Agencies bill of approximately \$400 million below FY2000 appropriations.

President Submits Budget Request for FY2001. On February 7, 2000, the Administration released its proposed budget for FY2001. Current estimates are that the President's request for VA, HUD, and Independent Agencies would entail \$109.8 billion in total appropriations, including \$4.2 billion in advance FY2002 appropriations for HUD rental assistance programs, and \$2.6 billion in FEMA emergency disaster assistance funds.

President Signs H.R. 2684. On October 20, 1999, H.R. 2684 became P.L. 106-74, with \$99.453 billion in FY2000 VA-HUD appropriations (currently estimated to entail \$99.2 billion in appropriations), including \$4.2 billion in advance FY2001 funding; \$2.08 billion in previous years' funding was rescinded. Subsequently, P.L. 106-113 rescinded \$285 million for programs covered by P.L. 106-74.

Status

**Table 1. Status of VA, HUD and Independent Agencies Appropriations,
FY2001**

Subcommittee markup		House report	Passed House	Senate report	Passed Senate	Conference report	Conference report approval		Public Law
							House	Senate	
5/23	9/13	6/12	6/21	9/13	–	–	–	–	–

Total Appropriations Enacted for FY2000 and Requested for FY2001 for VA, HUD, and Independent Agencies

Table 2. Summary of VA, HUD, and Independent Agencies Appropriations, FY2000-2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Veterans Affairs	44.255	46.948	46.910	46.966	—
Housing and Urban Development	25.924	32.459	29.980	30.634	—
Environmental Protection Agency	7.433	7.164	7.144	7.534	—
Federal Emergency Management Agency	3.838	3.578	.877	3.516	—
National Aeronautics and Space Administration	13.603	14.035	13.659	13.844	—
National Science Foundation	3.897	4.572	4.046	4.297	—
Other Independent Agencies	0.801	1.023	0.486	0.717	—
Preservation of Affordable Housing	-0.014	—	—	—	—
Shift of VA cash payment date ^a	—	-1.832	-1.832	-1.832	—
Grand Total: Appropriations	99.737	107.944	101.270	105.676	—
Score keeping adjustments ^b	-4.462	-0.384	-0.173	-0.203	—
<i>Adjustment; VA cash payments</i>	<i>1.832</i>	—	—	—	—
<i>Adjustments; misc.</i>	<i>0.281</i>	<i>-0.380</i>	<i>-0.169</i>	<i>-0.199</i>	—
<i>Advance approp. FY2002</i>	<i>-4.200</i>	<i>-4.200</i>	<i>-4.200</i>	<i>-4.200</i>	—
<i>Advance approp. FY2001</i>	—	<i>4.200</i>	<i>4.200</i>	<i>4.200</i>	—
<i>Adjust. (negative; mandatory)</i>	<i>-2.375</i>	<i>-0.004</i>	<i>-0.004</i>	<i>-0.004</i>	—
Total, after adjustments:	95.275	107.560	101.097	105.473	—
<i>(Mandatory)</i>	<i>21.307</i>	<i>24.582</i>	<i>24.612</i>	<i>24.582</i>	—
<i>(Discretionary)</i>	<i>73.868</i>	<i>82.978</i>	<i>76.485</i>	<i>80.891</i>	—

Source: S.Rept. 106-410.

^a The Balanced Budget Act of 1997 precludes VA from paying compensation and pension benefits on Friday when the scheduled day of payments falls on Sunday, as had been the custom. As the FY2001 Budget proposed, the bills would make the October 1, 2000 (a Sunday) payment the previous Friday, thereby moving those outlays to FY2000, and from FY2001.

^b Adjustments may include various supplementals, rescissions, advance appropriations, accounting changes, and reestimates of program experience. Totals may not add due to rounding. Italics indicates lines are subsumed within entry above.

Key Policy Issues

Department of Veterans Affairs

The President requested \$46.948 billion for Department of Veterans Affairs (VA) programs for FY2001. The Senate version of H.R. 4635 would provide a total of \$46.966 billion, and the House recommends \$46.910 billion for VA for FY2001. Both bills would provide \$2.7 billion more to VA than was appropriated for FY2000.

Mandatory spending for VA entitlement programs is expected to rise by \$1.2 billion for FY2001; the House version of H.R. 4635 would provide a \$1.4 billion increase in funds for discretionary programs, the Senate version a \$1.5 billion increase. Most of the proposed increase in funds for discretionary programs is intended for VA medical care. Under both versions of the bill, VA medical care would receive nearly \$1.3 billion more than approved for FY2000, which was \$1.7 billion above the freeze level Congress had previously approved for FY2000.

Congress provided \$44.3 billion for VA during FY2000, an increase of \$1.7 billion above FY1999, and \$1.8 billion above the Administration's request. Subsequently, the across-the-board cut of 0.38% mandated by P.L. 106-113 reduced the medical care appropriation by \$79.5 million.

For additional information on VA programs, see CRS Report RL30099, *Veterans Issues in the 106th Congress*, by Dennis Snook.

**Table 3. Department of Veterans Affairs Appropriations,
FY1996 to FY2000**
(budget authority in billions)

FY1996	FY1997	FY1998	FY1999	FY2000
\$38.11	\$40.33	\$42.41	\$44.25	\$44.25

Source: Budget levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been taken into consideration. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from preliminary estimates of the House Committee on Appropriations, and include the effects of the 0.38% reduction imposed by P.L. 106-113.

VA Cash Benefits. Spending for VA cash benefit programs is mandatory, and amounts requested by the budget are based on projected caseloads. Definitions of eligibility and benefit levels are in law. For FY2001, \$24.6 billion is estimated to be required for these entitlements, mostly service-connected compensation, means-tested pensions, and Montgomery GI-Bill education payments. The entitlement programs are estimated to require \$23.4 billion during FY2000.

The Balanced Budget Act of 1997 included language that ended the long-standing VA practice of paying compensation and pension benefits on Friday, when the 1st day of the month occurred on a weekend. This year, October 1, the start of FY2001, falls on a Sunday, and the Administration proposed that the payments be

made on Friday. Both the House and Senate versions of H.R. 4635 recommend approval of the shift, effectively shifting \$1.8 billion in mandatory spending from FY2001, back to FY2000.

Veterans Housing Benefits. Historically, the opportunity for veterans to have home loans guaranteed by the federal government was a significant contribution to the national goal of increasing the number of families who owned their own homes. Because of the guarantees, lenders are protected against losses up to the amount of the guarantee, thereby permitting veterans to obtain mortgages with little or no down payment, and with competitive interest rates. These guarantees, and certain direct loans to specific categories of veterans are obligations of the federal government that constitute mandatory spending; administrative expenses are discretionary appropriations transferred from the home loan programs to the General Operating Expenses account.

Guaranteed Transitional Housing Loans for Homeless Veterans Program Account. P.L. 105-368, the Veterans Programs Enhancement Act of 1998 established a pilot project to expand the supply of transitional housing for homeless veterans. The program was authorized to guarantee up to 15 loans with a maximum aggregate value of \$100 million, with no more than five loans guaranteed during the first 3 years. These housing plans must enforce sobriety standards, as well as provide various supportive services, such as substance abuse counseling and job readiness skills workshops. Residents would pay a reasonable fee to reside in the project homes. P.L. 106-74 includes an estimate that \$48.25 million for program costs for the program will be required during FY2000, based on the loan limitation of \$100 million. The program is not expected to require further funding during FY2001.

Medical Care. Both the House and Senate versions of H.R. 4635 endorse the President's request of \$20.3 billion for VA medical care for FY2001, an increase of nearly \$1.3 billion over FY2000. Congress approved \$19 billion for FY2000, after adding \$1.7 billion to the Administration's request of \$17.3 billion. (P.L. 106-113 reduced that level by \$79.5 million.) The Administration had initially requested the same amount as had been appropriated for FY1999, a freeze intended to force efficiencies within the VA medical system. Faced with mounting criticism in Congress of the freeze, the Administration added \$1 billion to its original request.

Increasing patient load and expanding access. For several years, VA has been expanding access to medical services by transferring medical personnel slots from inpatient settings to more efficient outpatient care venues. As a result, the unique patient count is projected to increase by 285,000 from FY1999-FY2001. VA estimates that it will eliminate 1,304 staff slots during the same period. Nevertheless, VA continues to accept all veterans who apply for enrollment in its health care plans.

Additional sources of medical care funding. In addition to funds directly appropriated to VA for medical care, the Administration estimates that \$639 million more in medical care funding will be provided in FY2001 from the Medical Care Cost Collections Fund (MCCF); the amount estimated for FY2000 is \$608 million. The MCCF collects payments from insurance companies with joint coverage of veterans receiving care in VA facilities, and from veterans obligated to share in the cost of their VA medical care.

The Millennium Health Care Act (P.L. 106-117) authorized VA to increase prescription drug copayments (\$2 monthly per prescription, for veterans ineligible for free prescriptions), while establishing a maximum annual and monthly copayment for veterans with multiple prescriptions. The new law also authorized VA to modify the outpatient copayment for “higher income” veterans. Funds collected through the new authorizations are to be deposited in the Health Services Improvement Fund (HSIF), which the Act authorized VA to establish to receive these additional copayments, as well as reimbursements from the Department of Defense (DoD) for certain military retirees served by VA, and funds collected under arrangements in which the leasing of VA facilities and services yields income to VA facilities.

As with the funds of the MCCF, the HSIF proceeds can be used to furnish additional medical services, thereby expanding the number of veterans served by the VA medical care system. In addition, P.L. 106-117 authorized the creation of a third fund, called the Extended Care Revolving Fund (ECRF), for the receipt of per diem and copayments from certain higher income veterans receiving extended care services from VA. One of the purposes of the Millennium Health Care Act is to expand the availability of extended care, and the Act expects to offset some of the additional costs of such expansion by increasing the charges for extended services for veterans who are assumed to have a greater ability to pay for their care.

The House did not adopt the President’s budget proposal for FY2001, that the HSIF and the ECRF be consolidated with the HCCF, which would have a combined collection estimated by the Administration to be \$958 million in FY2001. The Administration proposes that one-half of a base of \$700 million (\$350 million) of the consolidated fund’s proceeds be transferred to the General Fund of the Treasury, and the remainder be made available for VA medical care services. Thus, under the Administration’s budget proposal, the \$639 million estimated to be made available to medical care from the MCCF under current law would continue to be made available if VA collects the amount estimated, but the first \$350 million collected would be transferred to the Treasury.

Response to Hepatitis C (HCV). Evidence suggests that veterans have a substantially higher infection rate for this dangerous communicable disease. A VA survey in 1999 found that the veterans it surveyed had a prevalence rate of 6.6%, compared to an estimated 1.8% in the general population. Leading veterans groups and some health care professionals have advocated an aggressive response by VA to combat the threat, and the Administration’s budget estimates that funding for the diagnosis and treatment of infected veterans will rise to \$340 million in FY2001, up from \$195 million in FY2000, and \$46 million in FY1999. The two reports accompanying the bills (H.Rept. 106-674; S.Rept. 106-410) emphasize the need to focus necessary resources on research, diagnosis, and treatment of this disease.

Medical research. The House approved \$351 million for VA medical research during FY2001, \$30 million more than the Administration’s request for \$321 million; the Senate bill recommends \$331 million. Congress appropriated \$321 million for medical and prosthetic research in FY2000.

**Table 4. Appropriations: Department of Veterans Affairs,
FY2000-2001**

(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Comp., pension, burial	21.568	22.766	22.766	22.766	–
Insurance/indemnities	0.029	0.020	0.020	0.020	–
Housing programs	0.282	0.166	0.166	0.166	–
Readjustment benefits	1.469	1.634	1.664	1.634	–
Guar. Transitional Hsg. Loans, Homeless Vets.	0.048	–	–	–	–
<i>Subtotal: Mandatory (entitlement)</i>	<i>23.397</i>	<i>24.586</i>	<i>24.616</i>	<i>24.586</i>	<i>–</i>
Medical care ^a	18.926	20.282	20.282	20.282	–
P.L. 106-113 cut (0.38%)	-0.080	–	–	–	–
Medical and prosthetic research	0.321	0.321	0.351	0.331	–
Medical Administration	0.060	0.065	0.062	0.062	–
General operating exp.	0.913	1.062	1.006	1.050	–
Admin. expense (hsng.)	0.158	0.167	0.162	0.163	–
Nat'l Cemetery Admin.	0.097	0.110	0.107	0.110	–
Inspector General	0.043	0.046	0.046	0.046	–
Construction, major	0.065	0.062	0.062	0.049	–
Construction, minor	0.160	0.162	0.100	0.162	–
Grants; state facilities	0.090	0.060	0.090	0.100	–
State veteran cemeteries	0.025	0.025	0.025	0.025	–
<i>Subtotal: Discretionary</i>	<i>20.859</i>	<i>22.363</i>	<i>22.294</i>	<i>22.380</i>	<i>–</i>
Subtotal: (VA)	44.255	46.948	46.910	46.966	–

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a Medical Care Collections Fund (MCCF) receipts are restored to the Medical Care account but not included in appropriations totals; \$608 million are estimated to be returned in FY2000 and \$639 million in FY2001.

VA Construction. Congress appropriated \$65 million for major construction, and \$160 million for minor construction (projects with an estimated cost under \$4

million) for FY2000. The Administration requested \$62 million for major construction and \$162 million for minor construction for FY2001; the House accepts the President's recommendation for major construction, and approved \$100 million for minor construction. The Senate approved \$49 million for major construction, and \$162 million for minor construction. Major construction projects are those with an estimated cost over \$4 million. The largest project (\$26.6 million) proposed in the Administration's budget is for seismic corrections at the VA hospital in Palo Alto, California; both Houses approve that project at the requested level. Many of the minor construction projects will continue VA's overall strategy of expanding outpatient access.

Program Administration. The House recommends \$1.006 billion, after the Administration proposed \$1.062 billion, to fund the General Operating Expenses (GOE) account for administering VA benefit programs during FY2001. The Senate bill recommends \$1.05 billion for GOE. The Administration recommended \$65 million for administering the medical programs, and the House and Senate bills approved \$62 million for that purpose. For FY2000, Congress provided \$913 million for GOE, and \$60 million for medical care administration.

VA employment estimates. The Administration projects overall VA employment will average 203,352 in FY2001, down from an estimated average of 204,115 in FY2000, and 205,547 in FY1999. Much of the decline will be in medical staff: VA estimated 179,206 medical care slots for FY2001, down from an estimated 180,510 in FY2000, and 182,661 in FY1999. Medical care staff positions will have declined by 12% from a high of 204,527 at the end of FY1993, if these estimates are matched with experience.

Department of Housing and Urban Development

Introduction. Most of the appropriations for HUD address the housing problems faced by households with very-low incomes, or other special housing needs. Programs of rental assistance for the poor, elderly or handicapped, housing assistance for those with AIDS, varying types of shelter for those who are homeless – all deal with the issue of the availability of affordable rental housing. The two large HUD block grant programs also help communities finance various efforts to address these housing issues.

While funding for these programs has increased in recent years, evidence suggests that the problem of the availability of affordable housing is also increasing. In addition, recent evaluations of HUD's management and accounting systems have suggested that the Department could do a better job of administering housing programs, and congressional appropriators will continue to monitor the performance of HUD's major housing programs.

Summary: appropriations for HUD programs. The President requested \$32.46 billion for HUD for FY2001, \$6.54 billion or 25% more than the \$25.92 billion enacted last year, an amount sufficient to provide increases in all of HUD's core programs. According to the Administration, the \$14.13 billion requested for the Housing Certificate Fund would be sufficient to renew all Section 8 contracts, add 120,000 new Section 8 rental housing vouchers, establish a housing production

program, and provide relocation assistance vouchers. The CDBG program would increase from last year's \$4.8 billion year to \$4.9 billion. In one of the few areas of the budget request where there would be a sizable percentage increase in funding, homeless assistance grants would grow by nearly 18% or \$180 million to \$1.2 billion, up from \$1.02 billion for FY2000.

The House, in passing its version of H.R. 4635, approved \$29.98 billion for HUD programs, \$4.1 billion more than last year. The Housing Certificate Fund would have \$13.275 billion in new spending, about \$1.9 billion more than in FY2000, and \$853 million less than requested. The Senate version of the bill would provide \$30.63 billion for FY2001, up about \$4.7 billion from last year. There would be \$13.171 billion for the Fund, \$104 million less than the House. The House version provides \$4.504 billion for CDBG; the Senate version provides \$4.8 billion, the same as provided for FY2000. Both the House and the Senate versions provide \$1.02 billion for homeless programs, the same funding as last year.

FY2000 Appropriations (P.L. 106-74). Congress provided a net appropriation of \$25.924 billion for HUD for FY2000, an increase of \$1.8 billion above FY1999, but \$2.1 billion less than the \$28.0 billion the Administration had requested. The final bill included \$4.2 billion in advance FY2001 funding (that could not be spent until FY2001) and an offset of \$2.2 billion in rescissions from spending appropriated in previous fiscal years (a cancellation of funds previously approved but not yet spent). Subsequent legislation (P.L. 106-113) reduced HUD spending by \$91 million, through the application of an across-the-board cut of 0.38% to the Housing Certificate Fund (\$71 million) and the Community Development Block Grant (\$19 million).

**Table 5. Department of Housing and Urban Development
Appropriations, FY1996 to FY2000**
(budget authority in billions)

FY1996	FY1997	FY1998	FY1999	FY2000
\$19.13	\$16.30	\$21.44	\$24.08	\$25.86

Source: Budget levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been taken into consideration. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from preliminary estimates of the House Committee on Appropriations, and include the effects of the 0.38% reduction imposed by P.L. 106-113.

The major housing policy issue: Affordable rental housing in a robust economy. A strong economy continues to create jobs and increase incomes, but that same prosperity is also putting pressures on housing markets. Increased demands have lowered vacancy rates and pushed rents higher, as more people are entering the rental market with sufficient incomes to avoid sharing apartments and houses. While this increased demand encourages more units to be built, rents for these new dwellings are often out of range of lower income families. Restrictive zoning, building codes, and local opposition often make it difficult to construct basic no-frills rental housing affordable to lower-income families.

The tight rental market has not escaped the attention of landlords participating in federally-assisted rental programs for lower-income families. With more profitable alternatives available, some are deciding not to renew their federal contracts. Older apartment buildings with lower rent units are often either being torn down, or renovated for an upscale market, as the rental market pressures generate more profitable alternatives for investors in rental housing. Tenants with housing vouchers are finding fewer apartment owners in the suburbs of metropolitan areas willing to rent to subsidized tenants, either because the owners want to avoid program “red tape” or because the value of the voucher is not sufficient for subsidized tenants to afford the units.

A HUD study presented to the Congress on March 21, 2000, *Rental Housing Assistance – The Worsening Crisis*, reports that a record 5.4 million unassisted very-low-income families pay over half of their income for housing or live in substandard housing. In June, 2000, The Center for Housing Policy released a report, “*Housing America’s Working Families*.” It emphasized that having a job does not guarantee a family a decent place to live at an affordable cost. Among its findings: “More than 220,000 teachers, police, and public safety offices across the country spend more than half their income for housing, and the problem is growing worse.”

Congressional appropriators respond to the housing issues. After a long hiatus, Congress appropriated money for 50,000 additional housing vouchers in FY1999 and 60,000 in FY2000. However, at House VA-HUD Appropriation subcommittee hearings in March, HUD was asked why so few of the 110,000 incremental vouchers approved in the past 2 years had been put in use (estimated to be only about 10,000 at that time). HUD responded that the Department was developing proposals to help voucher holders pay security deposits, counsel housing authorities on how to be more aggressive in reaching out to landlords, and provide landlords more incentives to participate in the rental program.

The House version of H.R. 4635 provides \$13.275 billion to the Housing Certificate Fund, which the House Committee on Appropriation contends is sufficient to renew all Section 8 contracts. The House bill provides no funding designated specifically for the 120,000 incremental vouchers the Administration says are vital to deal with the rising housing costs related to the strong economy. (However, included in the Housing Certificate Fund is money approved for about 10,000 additional vouchers that would work in tandem with the Low-Income Housing Tax Credit program and funds for another 10,000 limited distribution vouchers - see discussion below.) The Senate version of the bill provides \$13.171 billion to the Fund. However, citing a study by the Council of Large Public Housing Agencies that finds one out of every five vouchers are now being returned unused, the Senate version of the bill also provides no funds for incremental vouchers.

Both the House and Senate Appropriations Committee reports on the FY2001 budget (H.Rept. 106-674 and S.Rept. 106-410) express concern with the increasing difficulty that low-income families are having in using housing vouchers. Neither version of H.R. 4635 includes funds for the Administration’s FY2001 request for 120,000 additional vouchers, and both reports contend that it would be inappropriate to put more vouchers into the pipeline until HUD resolves the delays in getting vouchers to qualified families, and until qualified families exhaust the current supply.

Referring to the limited value of vouchers in many tight rental markets, the Senate Appropriations Committee expressed its concerns that “families with vouchers often have little choice in their rental decisions, leaving them often in low-income and very low-income neighborhoods and living in substandard housing.” To increase the chances of families being able to use their vouchers, the Senate bill allows public housing authorities to increase their payment standard for assisted rents under Section 8 up to 150% of the existing fair market rent or payment standard.

The tight housing market situation described above has prompted more discussions about possible rental housing production programs (along with a renewed determination to preserve the existing stock of affordable rental housing). Although there has been a small amount of new apartments built for the elderly, HUD has largely been out of the business of subsidizing new construction since the 1970s. The Senate Committee report (S.Rept. 106-410) concludes that a balanced approach to rental housing assistance is needed – not just vouchers – and approves the use of \$1 billion of excess Section 8 funds for a production program for FY2001.

There are also two other areas outside of the appropriation process that suggests more attention is now being given to housing production. One is the congressional interest in increasing the Low Income Housing Tax Credit program, a financial incentive in the federal tax code that is now producing about 75,000 affordable rental units a year. There are 456 cosponsors of H.R. 175/S. 1017 that would increase the program by about 40%. In addition, there is active debate over the possible use of excess reserves in HUD’s FHA mortgage insurance program for a rental production program (see the discussion immediately below). And as noted above, the House version of the HUD FY2001 budget calls for 10,000 new vouchers to be used with the Low Income Housing Tax Credit so that these units can be made available to very low income households.

Using Federal Housing Administration mortgage insurance reserves for HUD programs. Another issue that has emerged as a result of the strong economy concerns the possible use of excess insurance premiums paid into the FHA Mutual Mortgage Insurance Fund. This is a HUD insurance program that protects private lenders who make mortgages to homebuyers with very small downpayments. It is particularly geared towards first-time buyers, including minorities, and to those with less than sterling credit records. Currently, the reserve funds of this account are assets of the federal Treasury, and are unavailable to HUD as resources to support other housing program objectives. After nearing bankruptcy in the recession of 1990, the reserve fund is now estimated by the accounting firm of Deloitte & Touche to be valued at an all-time high of \$16.6 billion. This is because, with strong job growth and rising house prices, fewer homeowners are defaulting on their mortgages and thus, there are fewer claims on the insurance program fund.

During this year, HUD Secretary Cuomo and others, including some in Congress, have spoken about the possible uses of \$5 billion of excess FHA reserves, including subsidizing the construction of affordable rental housing and funding additional vouchers. Thus, these “surplus” reserves are viewed by some as an unexpected windfall outside of the appropriations process. The potential use of these funds could have an indirect impact on FY2001 appropriations for HUD.

Some Members, while not necessarily disagreeing about the need to address the issue of affordable housing, do not agree that surplus reserves or “profits” from this insurance business (assuming they are as large as HUD claims) should be used to pay for other housing programs, and favor lowering the insurance premiums paid by homebuyers instead. On September 12, 2000, the Senate Banking Subcommittee on Housing and Transportation held hearings on proposals to use a part of the FHA surplus for various purposes. Some testified in support of S. 2997 (Senator John Kerry), that would use some of the surplus to establish a National Affordable Housing Trust Fund devoted to the construction and substantial rehabilitation of affordable rental housing. Others supported S. 2914 (Senator Allard) and H.R. 4795 (Representative Lazio), the Homeowners Rebate Act, that would give rebates to homeowners who paid the premiums. While housing advocacy groups made the case for more affordable housing, others pointed out that the FHA surplus came about from unnecessarily high insurance premiums, a large portion paid by households of moderate-income, including many minority families.

Modernizing HUD management information systems. A recurring theme before House and Senate Appropriations Committee hearings, and in their reports accompanying recommended HUD budgets, has been the inadequacy of HUD’s management information systems. These data systems are not only necessary for the Appropriations Committees to make informed judgments on needed funding, but necessary for HUD to manage programs effectively, and for Congress to provide adequate oversight of the Department. HUD’s accounting practices for identifying excess Section 8 contract reserves as well as excess project-based Section 8 assistance has come under particular criticism in the past few years. An estimated \$15 billion of Section 8 rental program reserves has been recovered from various local housing assistance accounts, since 1995. These amounts have alerted the Appropriations Committees to the need to upgrade information systems and improve financial management and budgeting. HUD claims that the problem of these excess balances has been resolved, but appropriators are likely to continue to examine the Section 8 program for additional recaptures.

S.Rept. 106-410 also expressed concern that HUD has not collected adequate data from PHAs on public housing operating costs to determine an appropriate level of funding, and to assess the financial and physical conditions of the public housing stock. From an even wider perspective, the on-going question is whether HUD, Public Housing Authorities, and perhaps State Housing Finance Agencies (which are responsible for managing various HUD monies at the local level) are adequately adopting readily available new technologies to improve management, reduce costs, provide better service to constituencies, and make available adequate data for oversight.

For additional information on housing issues, see CRS Report RS20045, *Housing Issues in the 106th Congress*, by Richard Bourdon. See also CRS Report RL30486, *Housing the Poor: Federal Programs for Low-Income Families*.

Housing Certificate Fund: A closer look. The Housing Certificate Fund (HCF) is the major disbursing mechanism through which HUD provides funding to local entities with the responsibility for administering project-based housing programs and direct low-income housing subsidies. If the Administration’s funding request of

\$14.12 billion (including \$4.2 billion deferred until after the beginning of FY2001) is granted, this would be an increase of \$2.8 billion in new authority for the HCF over the FY2000 funding level of \$11.4 billion.

The House version of H.R. 4635 provides \$13.275 billion for the HCF in FY2001. This is \$852 million less than the Administration's request, but \$1.9 billion more than enacted for FY2000. All expiring Section 8 contracts would be renewed, but no funds are designated specifically for the 120,000 incremental vouchers that the Administration requests. Included in the House bill is a \$4.2 billion "advance appropriation" (funds that cannot be spent until FY2002), effectively offsetting the \$4.2 billion in advance appropriations for FY2001, that was provided in the FY2000 appropriation for HUD (P.L. 106-74).

The Senate version of H.R. 4635 includes \$13.13 billion for the HCF for FY2001. This amount includes the \$4.2 billion in advance FY2002 appropriations. The Senate amount is \$957 million less than the Administration's request, but \$1.8 billion more than the FY2000 appropriation.

Section 8 Housing Assistance. Most of the operations of the Housing Certificate Fund are concerned with carrying out the provisions of Section 8 of the Housing Act of 1937 (as amended). Broadly referred to as Section 8 programs, these HUD programs subsidize rental housing for low-income families, using several avenues for administering such assistance.

Expiring Rental Contracts. The largest portion of the Administration's request for new funding is for subsidized rental contract renewals. The Administration requested \$13.2 billion in new budget authority for funds to renew expiring Section 8 rental contracts in FY2001. The House version of the bill includes within the rental contract renewal account, program funding that the Administration includes within its request for other entries, such as tenant protection and incremental vouchers. As passed by the House, H.R. 4635 provides \$13.275 billion for the renewal of Section 8 contracts.

The Senate version of H.R. 4635 includes \$13.131 for expiring Section 8 contracts for FY2001. The report accompanying the Senate bill (S.Rept. 106-410) notes that an additional \$1.3 billion in recaptured Section 8 funds appropriated for FY2000 is also expected to be available for Section 8 expiring contract renewals in FY2001.

Incremental Section 8 Vouchers. H.Rept. 106-674 shows the Administration's request to be \$527 million for Section 8 incremental housing vouchers – \$344 million in new "fair share" vouchers and \$183 million for welfare-to-work vouchers. The Administration also requested \$58 million for 10,000 new vouchers to help increase the supply of affordable housing in low-income neighborhoods. The House report shows this proposed Housing Production Program as a new line item with a requested appropriation of \$66 million, comprised of \$58 million for the housing vouchers and \$8 million for one-time incentive payments to developers to build units for underserved groups such as large families.

The following table shows HUD and congressional estimates of the Administration's request for FY2001 funding for the Housing Certificate Fund, and House and Senate Appropriations Committee recommendations for FY2001.

Table 6. Administration and Congressional Estimates, Congressional Recommendations for Housing Certificate Fund (HCF) Appropriations, FY2001
(\$ in billions)

HCF Programs	President's Request (HUD estimates)	President's Request Congressional estimates)	H.R. 4635 (House)	H.R. 4635 (Senate)
<i>Expiring Sec. 8 Contracts</i>	<i>13.010</i>	<i>13.221</i>	<i>13.275</i>	<i>13.131</i>
<i>Incremental Vouchers</i>	<i>0.585</i>	<i>0.527</i>	<i>0</i>	<i>0</i>
<i>Tenant Protection</i>	<i>0.266</i>	<i>0.079</i>	<i>0</i>	<i>0</i>
<i>Contract Administration</i>	<i>0.209</i>	<i>0.209</i>	<i>0</i>	<i>0</i>
<i>Housing Production Program</i>	<i>0.008^a</i>	<i>0.066^a</i>	<i>0</i>	<i>0</i>
<i>Voucher Success Fund</i>	<i>0.050^b</i>	<i>0^b</i>	<i>0</i>	<i>0</i>
<i>Vouchers for Disabled</i>	<i>0^c</i>	<i>0.025</i>	<i>0</i>	<i>0.040</i>
<i>Rescission (Sec. 8 recapture)</i>	<i>0</i>	<i>0</i>	<i>-0.275</i>	<i>-0.275</i>
Total: HCF	\$14.128	\$14.128	\$13.000	\$12.896

Source: HUD: Congressional Justifications for FY2001 Estimates; House Rept. 106-674; Senate Rept. 106-410. Italics indicates lines subsumed under major heading for HCF in Table 6.

^a HUD includes \$58 million for housing production vouchers under incremental vouchers and lists \$8 million premium payments to developers as a separate item. The House Committee on Appropriations lists the entire \$66 million under the heading "Housing production program."

^b HUD lists a \$50 million request for a voucher success program as a separate item; the House Committee on Appropriations lists this funding request under the heading "Expiring section 8 contract renewals."

^c HUD includes \$25 million for "vouchers for the disabled" within its request for funds for tenant protection and relocation; the House Committee on Appropriations lists this request separately.

Besides incremental or new vouchers, the Administration requested \$25 million for 5,000 vouchers to assist non-elderly disabled tenants living in public housing that is being converted to "elderly only" projects. The Administration also proposed \$50 million for a Voucher Success Fund, a flexible funding source intended to help public housing authorities (PHAs) assist families with counseling and security deposits, and provide technical assistance to landlords. H.Rept. 106-674 includes it within the HCF in the Committee's estimate of the Administration's requested amounts for expiring rental contract renewals.

As passed by the House, H.R. 4635 provides all funding for the HCF fund under the \$13.275 billion allotted for contract renewals, although this funding also includes new Section 8 incremental assistance and relocation assistance. Of the \$13.275 billion, \$60 million is provided for incremental vouchers, but these vouchers are very limited in distribution. They will only be distributed for 4 months on a fair-share basis to PHA's that have a 97% utilization rate. H.Rept. 106-674 notes that some PHA's have been slow to award Section 8 assistance, and as a result, appropriated funds have been recaptured in previous years.

The House bill also provides \$25 million to be made available for vouchers for non-elderly, disabled families, and \$66 million for vouchers that work in tandem with the Low Income Housing Tax Credit program. It provides no funding for welfare-to-work vouchers or the moving-to-work program, which were funded in FY2000.

The Senate version of H.R. 4635 provides \$40 million for vouchers for the non-elderly disabled and their families who would otherwise live in public or assisted housing, so that they might have a more diverse choice in housing.

The Senate bill specifies that funding for expiring contract renewals may also be used to fund "sticky" or "enhanced" vouchers for families who choose to remain in multifamily housing in which a mortgage is refinanced or in housing previously financed under the Preservation Program. In some circumstances, the provision can be used for tenants in Section 8 developments in which the owner has elected to no longer participate in the program.

S.Rept. 106-410 states that additional funding for incremental Section 8 assistance was not included in the bill because of reports that many vouchers are going unused, especially in tight and low-vacancy housing markets. Instead, the Senate bill requires HUD to fund a new housing production block grant program with \$1 billion of "excess" Section 8 funds. The program would be operational only in FY2001.

If excess funds are available for this program, they would be used primarily for the acquisition or new construction of affordable housing (up to 20% of the funding could be used for rehabilitation or preservation of existing housing). Funds could also be used for the conversion of existing housing into housing for the elderly and disabled. The Senate specifies that the block grant program would require a 75% matching requirement by those states selected to participate in the program, with the resulting housing developments to be occupied by mixed-income families, with at least 30% of the units targeted to very low-income families.

Section 8 Tenant-Protection Assistance. The Administration assumes that not all owners of Section 8 assisted housing are willing to renew expiring contracts, and the HCF includes funding for tenant protection and assistance for affected families when a contract renewal does not take place. According to the Administration, HUD requested \$266 million for tenant protection and assistance for FY2001, including \$199 million to cover the added costs to residents when opt-outs and portfolio re-engineering occurs, and \$67 million for vouchers for tenants displaced under the HOPE VI Revitalization Program.

Money for Section 8 tenant protection assistance is provided in H.R. 4635 under the funding for contract renewals. The Senate version of the bill also permits funding for contract renewals to be used for tenant protection. No specific dollar amount for this purpose is noted in either version of the bill.

Contract Administration. The Administration is requesting \$209 million to contract out duties currently performed by HUD staff, including annual physical inspections of properties, review of management, financial statements, and occupancy, and release of replacement reserves. In recent years, the number of HUD personnel has been declining, and the Administration would like to preserve remaining HUD staff for duties which it believes should only be performed by federal employees. H.R. 4635, as passed by the House, provides \$192 million for Section 8 contract administrators, \$17 million less than the Administration's request. The Senate version of the bill does not include funding for Section 8 contractors.

Rescission of Section 8 Funds. Both versions of H.R. 4635 would rescind funds from the Section 8 Fund, \$275 million in FY2001. As with previous rescissions of Section 8 funds, reports suggest that by rescinding these unutilized funds, PHA's will strive to utilize future funding more readily, rather than risk losing it.

Table 7. Appropriations: Housing and Urban Development, FY2000-FY2001
(budget authority in billions)

Program	FY2000 Enacted	FY2001 Request	FY2001 House	FY2001 Senate	FY2001 Confer.
Housing certificate fund	11.377	14.128	13.275	13.171	—
<i>Appropriation</i>	(7.177)	(9.928)	(9.075)	(8.971)	—
<i>Advance approp. FY2001/02</i>	(4.200)	(4.200)	(4.200)	(4.200)	—
<i>Subtotal: HCF set-asides</i>	11.377	14.128	13.275	13.171	—
<i>Expiring Section 8 contracts</i>	(10.834)	(13.222)	(13.275)	(13.131)	—
<i>Sect. 8 relocation assistance</i>	(0.156)	(0.079)	0	—	—
<i>Contract administration</i>	0	(0.209)	0	—	—
<i>Incremental vouchers</i>	(0.347)	(0.527)	0	—	—
<i>Housing production program</i>	0	(0.066)	0	—	—
<i>Voucher for disabled</i>	(0.040)	(0.025)	0	(0.040)	—
Across-the-board cut (0.38%)	-0.072	0	0	0	—
Rescission, unobligated balance	-2.243	0	-0.275	-0.275	—
<i>Section 8 recapture</i>	(-1.300)	0	(-0.275)	(-0.275)	—
<i>Section 8 carryover</i>	(-0.943)	0	0	0	—
Public housing capital fund	2.900	2.955	2.800	2.955	—
Pub. housing operating fund	3.138	3.192	3.139	3.192	—
Drug elimination grants	0.310	0.345	0.300	0.310	—
Distressed pub. hous. (HOPE)	0.575	0.625	0.565	0.575	—
Indian hsng. block grants	0.620	0.650	0.620	0.650	—

Program	FY2000 Enacted	FY2001 Request	FY2001 House	FY2001 Senate	FY2001 Confer.
Indian hsng. loan guar.	0.006	0.006	0.006	0.006	–
Housing, persons with AIDS	0.232	0.260	0.250	0.232	–
Rural Hsng.; Econ. Develop.	0.025	0.027	0.020	0.027	–
America priv. invest.; subsidy	0.020	0.037	0	0	–
Urban Empowerment Zones	0.055	0	0	0	–
Rural Empowerment Zones	0.015	0	0	0	–
Community Devel. Blk. Grant	4.800	4.900	4.505	4.800	–
Across-the-board cut (0.38%)	-0.019	0	0	0	–
Supplement (P.L. 106-246)	0.028	–	–	–	–
Sec.108 loan guar.; subsidy	0.030	0.030	0.029	0.030	–
Brownfields Initiative	0.025	0.050	0.020	0.025	–
HOME Invest. Partnerships	1.600	1.650	1.585	1.600	–
Supplement (P.L. 106-246)	0.036	–	–	–	–
Homeless Assistance Grants	1.020	1.200	1.020	1.020	–
Shelter Plus Care	0	0	0	0.105	–
Communities in schools	0.005	0.005	0	0	–
Housing for special populations	0.911	0.989	0.911	0.996	–
<i>Housing for the elderly</i>	<i>(0.710)</i>	<i>(0.779)</i>	<i>(0.710)</i>	<i>(0.783)</i>	–
<i>Housing for the disabled</i>	<i>(0.201)</i>	<i>(0.210)</i>	<i>(0.201)</i>	<i>(0.213)</i>	–
Federal Housing Admin. (net) ^a	0.635	0.858	0.858	0.834	–
GNMA (net) ^a	-0.413	-0.298	-0.338	-0.338	–
Research and technology	0.045	0.062	0.040	0.045	–
Fair housing activities	0.044	0.050	0.044	0.044	–
Office of lead hazard control	0.080	0.120	0.080	0.100	–
Salaries and expenses	0.477	0.565	0.475	0.474	–
Inspector General	0.051	0.052	0.051	0.056	–
Admin. provisions (net) ^c	-0.388	0	0	0	–
Subtotal (HUD) net	25.924	32.459	29.980	30.634	–

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a Net, interagency transfers and offsetting receipts against appropriations of the current year.

Public Housing Programs. There are more than 3,000 Public Housing Authorities (PHAs), encompassing more than 1.2 million housing units. The Quality Housing and Work Responsibility Act of 1998 consolidated all public housing capital programs (except HOPE VI) into one Public Housing Capital Fund. The Act also directed HUD to develop a new formula to allocate resources of the Public Housing

Operating Fund. To comply with this statute, in March 1999, HUD convened a rulemaking committee which reflected on a broad range of interests of organizations concerned with the provision of public housing.

In the report (S.Rept. 106-410) to accompany its version of H.R. 4635, the Senate Committee on Appropriations expressed concern that HUD has not collected adequate data from PHAs on operating costs to ensure that the new formula will provide an appropriate level of funding for PHAs. They cite both the GAO and the National Academy of Public Administration that recently found problems with HUD's new system for assessing the financial and physical conditions of the nation's public housing stock.

Public Housing Operating Fund. The Administration requested \$3.192 billion for the Public Housing Operating Fund, for FY2001. The Administration believes that amount will be sufficient to cover all of the operating expenses of the PHAs not covered by received rents. The request is a \$54 million increase over the enacted FY2000 level. The House recommends \$3.139 billion, \$1 million more than last year, but \$53 million less than the Administration's request for FY2001. The Senate approved \$3.192 billion, the same amount as requested by the Administration.

Public Housing Capital Fund. The Administration requested \$2.955 billion for the Public Housing Capital Fund in FY2001, a \$55 million increase over the enacted FY2000 level. Funds would be used to modernize, rehabilitate, and replace public housing units in need of significant repair and replacement. \$100 million of this funding would be available for technical assistance, contract expertise and physical inspections of units and management improvements. The House recommends \$2.8 billion for FY2001, \$100 million less than last year's funding, and \$155 million less than the Administration's request for the coming fiscal year. The Senate bill endorses the Administration's request.

HOPE VI Revitalization of Distressed Public Housing. Through the use of HOPE VI grants, HUD is pursuing a transformation of public housing. This is being done by rehabilitating or demolishing severely distressed public housing units and replacing them with low-density, garden-style apartments or townhouses to be occupied by mixed-income families. The Administration requested \$625 million for HOPE VI grants in FY2001, a \$50 million increase over FY2000. (Besides the funding for grants, the Administration is also seeking \$67 million, through its request for HCF, for Section 8 vouchers for families displaced while their units are being replaced or revitalized.) With \$67 million for tenant relocation vouchers (under HCF) and \$625 million for HOPE VI grants, the Administration estimates that approximately 15,5000 units of public housing could be replaced or rehabilitated.

The House recommends \$565 million for the HOPE VI program for FY2001, \$10 million less than last year's funding and \$60 million less than the Administration's \$625 million request for the coming fiscal year. The Senate bill provides \$575 million, the same amount enacted last year. S.Rept. 106-410 expresses the view that the HOPE VI program was one of the better managed and administered programs in the Agency although they would like more information on what form this program should take after 2003.

Drug Elimination Grants. The Administration requested \$345 million for Drug Elimination Grants in FY2001, a \$35 million increase over FY2000. These grants support efforts to reduce drug activity and other crimes in and around public housing developments. Under this program, funds are distributed by a formula allocation to housing entities with the worst crime and which have demonstrated strategies for reducing violent crimes. Grants can be used for crime prevention, security guards, law enforcement, drug treatment, youth prevention programs, physical security improvements, and other related activities.

The FY2001 budget request asks for three specific set-asides in the Drug Elimination Funding: \$30 million for the Community Gun Safety and Violence Reduction Initiative (purchasing guns from owners to lessen the number of guns in a community); \$20 million for Operation Safe Home (combats violent crime and gang-related activity in a community), and \$20 million for the New Approach Anti-Drug Program (supports housing entities in prosecuting drug-related criminal activity and security-related capital improvements).

The House recommends \$300 million for drug elimination grants for FY2001, \$10 million less than approved for last year and \$45 million below the Administration's request for \$345 million. The Senate bill recommends \$310 million for FY2001. The Senate Appropriation Committee remains concerned about HUD "interfering" with local decisionmaking on the use of drug elimination grants, and directs HUD to identify in the FY2002 budget justification the goals of the program and the actual performance of the grantees in meeting the goals.

Native American Block Grants. Under the Native American Block Grant, eligible Indian tribes or their Tribally Designated Housing Entities receive funds which can be used for a variety of activities that would increase their supply of affordable housing. The President requested \$650 million for the program, an increase of \$30 million over the level enacted for FY2000. The Administration also requested \$6 million in credit subsidies to support \$72 million in loan guarantees on an estimated 719 homes. The budget also proposed setting aside \$5 million of the block grant to create a national financial intermediary with special expertise in Indian Country. The intermediary would help members negotiate the issues surrounding lending for homeownership on trust land.

The House bill provides \$620 million for the Native American block grant program for FY2001, the same level as last year. This is \$30 million below the President's request. The bill includes \$6 million in credit subsidies, the same as the President requested, and the same as enacted in FY2000. The House also approved nearly \$72 million in guaranteed loans for Indian housing for FY2001, an amount equal to the Administration's request, and the same amount enacted for FY2000. The Senate version of the bill includes \$650 million for FY2001, the amount requested by the Administration.

Community Development Block Grants. The Clinton Administration's FY2001 budget proposal for the Community Development Block Grants (CDBG) totals \$4.9 billion, including \$414 million for program set-asides. This is \$119 million more than appropriated for FY2000, after subtracting the mandatory 0.38% cut in

discretionary spending as required by the Consolidated Appropriations Act of 2000 (P.L. 106-113).

The CDBG program is the largest source of federal financial assistance in support of housing, neighborhood revitalization, and community and economic development efforts of state and local governments. After funds are allocated for the various set asides under the program, 70% of the remaining appropriated funds are allocated by formula to entitlement communities. These include metropolitan cities with populations of 50,000 or more, central cities, and urban counties. The remaining 30% of appropriated funds are allocated by formula to states for distribution to nonentitlement communities. The Administration's CDBG budget request for FY2001 would provide \$250 million more to entitlement communities and states under the formula component of the program than the \$4.236 million allocated to entitlement communities and states for FY2000. This proposed increase would be achieved by increasing overall CDBG spending by \$119 million and reducing total CDBG set asides by \$131 million.

The Administration is proposing several new initiatives under the CDBG program, the two most notable being \$22 million for a community and economic development initiative in the Mississippi Delta, and \$20 million for a technical assistance and capacity building program for faith-based organizations involved in community and economic development efforts.

The Administration's budget also includes increased funding for the Youthbuild program and for capacity building grants intended to provide technical assistance to community development corporations and nonprofit housing organizations. The Administration requested \$24 million for capacity building, an increase of \$4 million above the program's FY2000 level; and \$75 million for Youthbuild activities, a \$32.5 million increase. The Youthbuild program, which funds training and apprenticeship programs in construction trades for young adults involved in low income housing construction and rehabilitation projects, is the second largest set-aside under the CDBG program.

These and other CDBG-based initiatives would be offset by ending or reducing funding for a number of current CDBG set asides, including Supportive Services Grants that finance the creation of employment opportunities for public housing residents (funded in FY2000 at \$55 million); the neighborhood initiative program (\$30 million in FY2000); and by a \$156 million reduction in funding for the Economic Development Initiative, a favorite vehicle used by Members of Congress to fund specific projects.

The largest set-asides in CDBG are Economic Development Initiative grants, that, in conjunction with Section 108 loan guarantees, fund economic development projects. Increasingly, Congress earmarks substantial portions of these grants for specific projects. The Administration and entitlement communities and states have objected to these earmarks on the grounds that they are non-competitive, and reduce the amount of funds available under the core CDBG program for distribution to entitlement communities and states. For FY2000, approximately \$232 million of the \$256 million in EDI assistance was earmarked for specific projects identified in the conference report accompanying the FY2000 appropriations bill (H.R. 2684).

The House bill includes \$4.505 billion for the CDBG program in FY2001, \$295 million less than approved last year (before the 0.38% rescission of \$18.765 million), but would maintain the \$4.2 billion allocated to entitlement communities and states last year. The \$4.505 billion is \$395 million below the Administration's request of \$4.9 billion for the FY2001, approximately 6.2% less than appropriated for FY2000.

The House recommends continuing the formula-based portion of the program – that portion of program funds awarded to entitlement communities and states – at approximately the same as FY2000 levels (entitlement communities, \$2.950 billion; states, \$1.264 billion). The \$295 million cut in funding will mean reduced or zero funding for existing CDBG set asides and a number of new initiatives proposed by the Administration. The bill would reduce funds for set asides by \$255 million below the FY2000 level, and does not include funding for the Administration's Mississippi Delta Initiative, Community Empowerment Fund, or faith-based community development efforts. It also recommends reduced funding for the Neighborhood Initiative and Self-Help Housing Opportunities.

The most significant reduction proposed by the bill is lower funding for the Economic Development Initiative (EDI). The bill proposes a \$10 million funding level for the EDI, a common source of funding for projects of special interest to specific congressional districts.¹ Last year Congress earmarked \$275 million for specific projects identified in the conference report. The reduction in the EDI earmarks is supported by the Administration. Critics of set asides argue that they:

- ! siphon funds from the core program – CDBG's formula-based block grants;
- ! are narrowly focused categorical programs hidden within a block grant; and
- ! are selected noncompetitively, particularly earmarks for specific projects and may be used to fund so-called "pork barrel" projects.

The Senate version of H.R. 4635 would appropriate \$4.8 billion for CDBG, the program's current funding level. The Senate version of the bill would allocate slightly more than was appropriated for entitlement communities and states for FY2000. The bill would allocate \$338 million in set-asides for specific programs, including \$130 million for EDI grants. Unlike the House bill, the Senate bill would earmark \$123 million for EDI grants for specific projects identified in the Senate report (S.Rept. 106-410) accompanying the bill. Other significant CDBG set-asides include \$55 million for supportive services, \$60 million for Youthbuild, and \$67 million for Indian tribes.

¹ The American Homeownership and Economic Opportunity Act of 2000 (H.R. 1776), would prohibit set-asides, except for Indian tribes and special purpose grants, as defined by 42 U.S.C. 5307. However, the bill includes language specifying conditions under which Section 108 financed projects, including EDI projects, can qualify for set-asides in appropriations legislation.

Table 8. Community Development Block Grants, FY2000-FY2001
(funding in millions)

Programs and set-asides	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Final
<i>Subtotals:</i>					
<i>set-asides</i>	546	414	291	389	—
<i>formula-based (entitlement)</i>	2,965	3,140	2,950	3,088	—
<i>remaining after set-asides</i>	1,271	1,346	1,264	1,323	—
<i>Set-asides:</i>					
<i>Indian Tribes</i>	67	69	67	67	—
<i>Housing Assistance Council</i>	0	0	3	3	—
<i>National American Indian Housing Council</i>	0	0	3	2	—
<i>Section 107</i>	42	69	40	41	—
<i>Self-Help Housing Opportunity</i>	24	25	20	0	—
<i>Mississippi Delta Initiative</i>	—	22	0	0	—
<i>Capacity Building for Comm. Dev. and Affordable Housing</i>	20	24 ^a	23 ^c	25 ^a	—
<i>Supportive Services</i>	55	—	55	55	—
<i>Neighborhood Initiative</i>	30	—	10	0	—
<i>Youthbuild</i>	43	75	45 ^d	60	—
<i>Economic Develop. Initiative:</i>	256	100	10	130	—
<i>Special Purpose Grants</i>	(232)	0	0	(123)	—
<i>Comm. Empowerment Fund</i>	(24)	(100)	0	0	—
<i>Faith and community-based nonprofit; capacity building and technical assistance^b</i>	—	20	0	0	—
<i>Other</i>	9	10	15	5	—
Total: CDBG	\$4,781	\$4,900	\$4,505	\$4,800	—

Source: HUD, Congressional Justifications for FY2001 Estimates.

Note: Totals may not add due to rounding. Italics indicates entries subsumed under CDBG line in **Table 6**; parenthesis indicates entry subsumed in this table under line immediately above.

^a Includes funding for LISC and Enterprise Foundation activities authorized under Section 4 of the Housing Demonstration Act of 1993 (P.L. 103-120), which supports capacity building and technical assistance to qualified entities at the local level.

^b Grants to be administered by the Center for Community and Interfaith Partnerships at HUD.

^c Includes \$20 million for LISC and Enterprise Foundation for capacity building assistance to community development corporations and community housing development organizations with at least \$4 million for rural areas, and \$ 3.450 million for capacity building activities administered by Habitat for Humanity International.

^d Includes \$3.750 million for capacity building activities of Youthbuild USA.

Housing for Persons with AIDS (HOPWA). The President requested \$260 million for HOPWA in FY2001, up \$28 million from the \$232 million enacted last year. HOPWA provides grants to states, localities and nonprofit organizations to meet the housing need of individuals with HIV/AIDS and their families. The Administration says that with recent medical advances, individuals with AIDS are living longer, which puts additional economic stress on families and supportive institutions. The requested additional funds for FY2001 would provide 5,100 more units with short-term rental assistance, bringing the total to about 50,000 units nationally. The Center for Disease Control estimates that there are between 650,000 and 900,000 Americans living with the HIV infection.

The House recommends \$250 million for HOPWA in FY2001, \$18 million more than the \$232 million appropriated in FY2000, but \$10 million below the Administration's request. The Senate version of the bill would provide \$232 million for FY2001.

Rural Housing and Economic Development. The FY1999 HUD Appropriations Act (P.L. 105-276) established within HUD an Office of Rural Housing and Economic Development to support housing and economic development in rural areas. For FY2001, the Administration requested \$27 million for HUD's rural housing and economic development program, an increase of \$2 million over the FY2000 level. The House approved \$20 million for FY2001, \$7 million below the Administration's request and \$5 million less than the \$25 million enacted for FY2000. The Senate bill endorses the Administration request of \$27 million.

America's Private Investment Companies (APICs). The program would be administered by the HUD and SBA. Modeled after SBA's Small Business Investment Companies (SBIC) program, the program is intended to encourage equity investment in large scale development projects in economically distressed urban and rural communities. For FY2000, the Congress appropriated \$20 million in credit subsidies to support \$556 million in loan guarantees. The program is expected to leverage \$278 million in private equity investments. The Administration's FY2001 budget request included \$37 million in credit subsidies, enabling \$1 billion in private investment leverage. In contrast, neither version of the FY2001 appropriations bill includes funds for credit subsidies.

Brownfield Redevelopment. The Administration requested \$50 million in funding for brownfield redevelopment projects. This is \$25 million more than appropriated in FY2000. Brownfield redevelopment funds are used to reclaim abandoned and contaminated commercial and industrial sites. Funds are used to finance job creation activities that benefit low and moderate income persons. Administration estimates place the number of eligible brownfield sites at 450,000 nationwide. Funds are used in conjunction with Section 108 loan guarantees and are expected to leverage \$200 million in Section 108 commitments, which could support the creation of 20,000 to 25,000 jobs, according to Administration estimates.

The House agreed to \$20 million for brownfields redevelopment for FY2001, \$5 million less than last year's funding, but only 40% of the \$50 million requested by the Administration; the Senate version would provide \$25 million.

The HOME Investment Partnership Program. The HOME program makes funds available to participating jurisdictions to increase the supply of housing and homeownership for low-income families. The President requested \$1.65 billion for the program for FY2001, an increase of \$50 million over the FY2000 level. The House recommends \$1.585 billion for the HOME block grant program for FY2001, \$65 million less than the President's request for \$1.65 billion and \$15 million below the \$1.6 billion enacted for FY2000. The Senate bill includes \$1.6 billion for FY2001, specifying that \$20 million will be used for housing counseling.

Homeless Assistance Grants. The President's FY2001 budget requested \$1.2 billion for homeless assistance programs, an 18% increase over last year's appropriations. The \$1.2 billion included \$1.095 billion for Homeless Assistance Grants, approximately 90% of which would be awarded competitively to states, local governments, nonprofit organizations, and public housing authorities. This is an increase of \$75 million over the FY2000 appropriation and would provide a projected additional 14,500 transitional beds and 11,000 permanent beds, all linked to supportive services. The other major component of the \$1.2 billion request was \$105 million for an estimated 18,000 incremental Section 8 vouchers for permanent housing for families and individuals, a program area that was not funded for FY2000. These vouchers are intended to assist graduates of the "continuum of care" approach – comprehensive homeless programs and services linked together – in finding permanent affordable housing. After FY2001, HUD proposes to renew these homeless vouchers as part of the baseline Section 8 program to free up these funds for other homeless grant activities.

Congress appropriated \$1.02 billion for homeless assistance grants for FY2000, virtually the same as the Administration's request, and \$45 million more than the previous year's funding. Congress has endorsed the continuum of care concept, and the view that it encourages permanent and stable housing for the homeless. Appropriation Committee reports have given special notice of the assistance the concept gives to persons with mental disabilities, by helping them avoid the "revolving door syndrome" that many homeless exhibit by moving in and out of temporary facilities. The FY2000 bill required that at least 30% of the appropriations be used for permanent housing. In addition, grantees were required by the bill to match 25% of the funded amount, to maintain a balance between homeless services and the development of transitional and permanent housing.

However, S.Rept. 106-410 expresses displeasure with the formula that HUD now uses to allocate funding to local continuum of care (recipients of funds). They are concerned that funds are distributed using a modified allocation formula based on the Community Development Block Grant program that the Committee says "has no real nexus to homeless needs and because the use of the CDBG formula also means that local recipients are assured of receiving a minimum amount of funds where a grant application meets certain minimum requirements regardless of the actual homeless assistance needs of the jurisdiction. The Committee supports the efforts of the Senate and House Banking Committees to develop a block grant program to address homeless needs.

For more information on federal programs for the homeless, see CRS Report RL30442, *Homelessness: Recent Statistics and Targeted Federal Programs*.

Housing for the Elderly and Disabled. This program provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. The President proposed \$779 million for housing assistance for the elderly in FY2001, a \$69 million increase over FY2000. The Administration also proposes combining new and existing HUD programs to help subsidize a full range of housing options for the elderly. Of the \$779 million requested for FY2001, \$629 million would be used for the Section 202 Supportive Housing program; \$50 million to provide capital grants to convert projects to assisted living facilities; \$50 million to fund 5-year operating subsidies in newly constructed assisted living facilities developed through the FHA Section 232 mortgage insurance program; and \$50 million to pay service coordinators in existing projects for elderly or disabled persons.

The Administration also requested \$210 million for housing for the disabled (Section 811) for FY2001, an increase of \$9 million over FY2000. To assure flexibility and choice in housing for the disabled, no less than 25% (but no more than 50%) of the funding may be used to provide the disabled with tenant-based vouchers, in order to provide them with greater flexibility and more housing choice. The Administration also requested \$25 million for Section 8 vouchers (funded under the HCF) to provide housing for disabled tenants who must move from developments that are now being converted to “elderly only” projects.

The House approved \$710 million for the elderly program for FY2001, the level provided in FY2000, but \$69 million below the requested amount. The Senate version of the bill agreed to \$783 million for capital advances, slightly more than the Administration’s request. Up to \$200 million of the amount called for in the Senate bill is for the conversion of Section 202 housing to assisted living facilities; up to \$50 million is for grants for the new construction or substantial rehabilitation of assisted living facilities; and up to \$50 million is for service coordinators.

The House approved \$201 million for the disabled program for FY2001, the same level as enacted for FY2000, but \$9 million less than the \$210 million that the President requested. The Senate bill recommends \$213 million for FY2001, a bit more than the Administration’s request.

For more information on housing for the elderly, see CRS Report RL30247, *Housing for the Elderly: Legislation in the 106th Congress*.

The Federal Housing Administration (FHA). The Administration requests an FY2001 insurance limitation of \$160 billion for the FHA Mutual Mortgage Insurance (MMI) fund, a \$20 billion increase over the FY2000 level. Both the House and Senate versions of H.R. 4635 approve the Administration’s request. A higher level of FHA loan activity is expected because of the increase in the FHA loan limit enacted in the FY1999 HUD Appropriations Act. The increased limit on loan commitments was to avoid the need for supplemental appropriations if the demand for FHA insurance exceeds the projected level. The Administration reported that it would propose legislation to give FHA the same loan limits as the Federal Home Loan Mortgage Corporation (Freddie Mac). The Administration also proposes a hybrid Adjustable Rate Mortgage whereby the interest rate would be fixed between years 3 and 10.

The House recommends up to \$100 million and the Senate recommends up to \$250 million in direct loan obligations to nonprofit and governmental entities in connection with sales of HUD-owned single family properties formerly insured under the MMI fund. Both versions of the bill would appropriate \$160 million for administrative contract expenses of the MMI fund, but the House would transfer \$95.5 million of this to the Working Capital Fund for the development and maintenance of information technology systems.

As requested by the Administration, both the House and Senate would appropriate \$101 million to the General and Special Risk Program Account for the subsidy cost of the housing programs insured under these accounts. These subsidies would provide up to \$21 billion in loans. Both bills would appropriate up to \$50 million for direct loans involving the sale of HUD-owned multifamily properties which were formerly insured under the General Insurance or Special Risk Insurance funds. Both bills would appropriate \$144 million for the administrative contract expenses of the General and Special Risk Insurance funds, but the House would transfer \$33.5 million to the Working Capital Fund for the development and maintenance of information technology systems.

An administrative provision in the Senate bill would amend the National Housing Act to provide reduced downpayment requirements for school teachers or administrators and for police officers who are purchasing homes with FHA-insured loans. Eligible teachers and administrators would include full-time elementary (including pre-Kindergarten) and secondary school teachers and administrators. Secondary education would not include any education beyond grade 12.

Another administrative provision in the Senate bill would establish an FHA risk-sharing program with state housing finance agencies. At least 25% of the housing units in multifamily housing financed under this program would be targeted to very low-income families.

For more information on the FHA mortgage program, see CRS Report RS20530, *FHA Loan Insurance Program: An Overview*, and CRS Report RS20670, *Temporary Suspension of New Mortgages under the FHA General and Special Risk Insurance Funds*.

Fair Housing. The Fair Housing Act makes it illegal to discriminate in the sale, rental, or financing of housing based on race, color, religion, sex, national origin, disability, or family status. Two programs comprise HUD's fair housing efforts: the Fair Housing Initiatives Program (FHIP), and the Fair Housing Assistance Program (FHAP). The Administration requested \$50 million for the two programs, up \$6 million (or 12%) over FY2000. FHIP provides funds for private, nonprofit fair housing groups that monitor the activities of developers and real estate companies for compliance with the law and carry out enforcement (including private litigation). FHIP would be increased from \$24 million in FY2000 to \$29 million in FY2001, where the focus in FY2001 will be on requirements for accessibility for people with disabilities.

The Administration stated an intent to emphasize education and outreach programs to housing providers. In testimony before the House VA, HUD, and

Independent Agencies Subcommittee on March 8, 2000, Secretary Cuomo said that homebuilders want certainty in the code so they won't get sued, a certainty that they do not now have. "We're working on a 'model code' with the Department of Justice that will mean that if you follow this code, you won't get sued."

FHAP provides funds to support a network of state and local civil rights agencies (currently 90), that enforce laws that are equivalent to the Federal Fair Housing Act. Under the request, FHAP would increase by \$1 million to \$21 million in FY2001.

Both versions of H.R. 4635 would provide level funding for FY2001, \$44 million as was appropriated for FY2000. This is \$6 million less than requested by the Administration for the coming fiscal year.

For background information, see CRS Report 95-710, *The Fair Housing Act: A Legal Overview*.

Lead-Based Paint Reduction. The Administration requested \$120 million for the Lead-based Paint Reduction program for FY2001, an increase of \$40 million over the \$80 million appropriated in FY2000. Over the past decade, HUD has worked with local governments and agencies to increase the capacity to run lead hazard control programs, and has been successful in reducing lead levels in children. But millions of housing units remain with lead-based paint. A multi-agency task force (including HUD, the Centers for Disease Control, EPA, and the Department of Justice) has developed a plan to make homes lead-safe over the next 10 years, focusing on the 2.3 million units built before 1960, and most likely to be occupied by low-income households.

The House approved \$80 million for FY2001, the same amount as enacted for FY2000, but \$40 million less than the Administration requested; the Senate version of the bill recommends \$100 million.

For background information, see CRS Report 97-22, *Lead-Based Paint Prevention: Federal Mandates for Local Government*.

Regional Connections. The Administration's FY2001 budget proposed authorization of a regional initiative, funded by \$25 million. The initiative would support smart growth initiatives intended to mitigate suburban sprawl and promote regional strategies for land use development. The grant program, which is a part of the Administration's "livability agenda", would be administered by states or regional organizations such as Council of Governments (COGs) or Metropolitan Planning Organizations (MPOs). According to the Administration, promoting and coordinating regional solutions to infrastructure development, transportation planning, and workforce development would be integral parts of the program. The Administration's FY2000 budget proposal included \$50 million for a Regional Connections Program. The Administration's FY2000 proposal failed to win congressional support, and neither version of the appropriations bill lists this unauthorized program separately.

Environmental Protection Agency

The President's FY2001 request for the Environmental Protection Agency (EPA) is \$7.164 billion in spending authority or 4% less than the \$7.433 billion appropriated for FY2000. In reporting H.R. 4635 (H. Rept. 106-674), the House Appropriations Committee approved \$7.149 billion, roughly the same as requested.² The House approved \$7.144 billion, adopting amendments that decreased funding from the Committee-approved level by \$5 million, clarified bill language relating to prohibitions on the floor on spending in regard to the Kyoto Protocol on greenhouse gases, and restricted funds for designating ozone nonattainment areas.

The Senate version of the bill also restricts spending on Kyoto Protocol initiatives, unless EPA can show that the program would have arisen independent of the Kyoto process. EPA has objected to these funding levels and bill language restricting its activities. Three prime issues are the adequacy of funds to capitalize wastewater needs; increased funding and EPA's authority to conduct climate change activities; and the Agency's progress in cleaning up toxic waste sites under the Superfund program.

**Table 10. Environmental Protection Agency Appropriations,
FY1996 to FY2000**

(budget authority in billions)

FY1996	FY1997	FY1998	FY1999	FY2000
\$6.5	\$6.8	\$7.4	\$7.6	\$7.4

Source: Budget levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been taken into consideration. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from preliminary estimates of the House Committee on Appropriations, and include the effects of the 0.38% reduction imposed by P.L. 106-113.

The Administration's proposed FY2001 level of \$2.9 billion for the State and Tribal Assistance Grants Account (STAG) is \$539 million, or 16%, less than the \$3.5 billion allocated in FY2000. The major reason for this decrease is the Administration's decision not to seek continued funding for roughly \$400 million earmarked for wastewater grants in FY2000. The House approved \$3.2 billion for the STAG account adding-on about \$400 million for wastewater revolving funds. EPA estimates these remaining needs to be in the \$100 billion to \$200 billion range; lobbying organizations estimate the need to be roughly \$300 billion. The Senate version of the bill recommends \$3.32 billion for STAG, and restored \$550 million to the Clean Water Revolving Fund, offsetting the Administration's proposed reduction.

² In reporting FY2001 appropriations, the House Committee has separately funded about \$130 million in funding for the National Institutes of Environmental Health Sciences and the Agency for Toxic Substances and Disease Registry, both in the Department of Health and Human Services. For comparability, CRS has adjusted FY2000 and FY2001 figures to exclude funding for these two agencies from EPA's.

**Table 11. Appropriations: Environmental Protection Agency,
FY2000-2001**
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Science and Technology (incl. transfers from Superfund)	0.680	0.710	0.685	0.708	
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.003)</i>	<i>0</i>	<i>0</i>	<i>0</i>	
Environmental programs, compliance (management)	1.895	2.099	1.895	2.000	
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.005)</i>	<i>0</i>	<i>0</i>	<i>0</i>	
Office of Inspector General ^a	0.043 ^b	0.046	0.046	0.045	
Buildings and facilities	0.062 ^b	0.024	0.024	0.023	
Superfund (net, after transfers) ^c	1.221	1.290	1.224	1.351	
Leaking Underground Storage Tank Trust Fund	0.070 ^b	0.072	0.079	0.072	
Oil spill response	0.015 ^b	0.016	0.015	0.015	
State and tribal assistance	3.446	2.907	3.177	3.320	
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.021)</i>	<i>0</i>	<i>0</i>	<i>0</i>	
P.L. 106-113 cuts: total	-0.029	0	0	0	
Subtotal (EPA)	7.433	7.164	7.144	7.534	

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals. Italics indicates subsumed under above line; parenthesis indicates amount shown is not included in the line above.

^a Includes assumed transfers from Superfund (\$11 million in FY2000; \$11.7 million for FY2001).

^b P.L. 106-113 mandated cuts of 0.38% in FY2000 appropriations for many federal programs. In addition to cuts shown in the table, other cuts to EPA include \$29,000 from the Office of Inspector General; \$238,000 from buildings and facilities; \$240,000 from the Leaking Underground Storage Tank Trust Fund; and \$26,000 from the oil spill response.

^c Two agencies, the Agency for Toxic Substances and Disease Registry, and the National Institute of Environmental Public Health, were previously shown as funded through the Hazardous Substance Superfund account. The House Committee on Appropriations now shows these as Independent Agencies administered by the Department of Health and Human Services (DHHS), but funded through the VA, HUD, and Independent Agencies appropriations bill. Relevant appropriations entries for those independent accounts are now shown in **Table 17** of this report.

The differences do not extend to the other major activity, drinking water state revolving funds, as the \$825 million requested, and approved by the House, is \$5 million greater than current year funding; the Senate recommends \$820 million. The Administration proposed \$85 million for a new Clean Air Partnership program;

neither version of the bill adopted it. The request anticipates \$100 million for Mexican border projects, and \$15 million for state of Alaska projects. The House approved \$75 million for border projects, and the requested \$15 million for Alaska projects. The Senate bill recommends \$50 million for border projects and \$35 million for Alaska projects.

For state and tribal administrative grants, the budget seeks \$1.1 billion, \$184 million or 20% more than current funding; the House approved this amount but remixed the allocations among the various grant programs. The Senate version of the bill approves \$955 million. The Administration proposed \$50 million for a new Great Lakes grants program. Neither version of the bill includes funds for the Great Lakes grant proposal.

EPA's climate change activities, funded through the Science and Technology, and the Environmental Compliance accounts, continue to be controversial. These activities include research, science and a variety of technical assistance and information programs to help the private sector reduce greenhouse gases. Some Members assert that EPA does not have legal authority to act to reduce carbon emissions, a primary cause of such gases. They maintain that EPA's involvement in some carbon reduction activities can be viewed as implementing the Kyoto Protocol to reduce greenhouse gases, an agreement supported by the Administration but not yet forwarded to the Senate.

Conferees on the FY2000 bill did not include much of the requested increase for that year and prohibited EPA from using FY2000 funds for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol. At appropriations hearings last year and this year, the Administrator staunchly defended the Administration's position and the requested FY2001 funding levels. Emphasizing that industry involvement in EPA's greenhouse reduction programs is voluntary, the Administrator denied that the Agency is engaging in any activities which implement the Kyoto Protocol or that regulate carbon emissions. CRS' *Climate Change Briefing Book* [<http://www.congress.gov/brbk/html/ebgcc1.html>] discusses many aspects of the climate change issue.

For FY2001, EPA requests \$227 million, a 121% increase, for all of its climate change activities, roughly 70% of which would be allocated for activities under the Environmental Programs and Management account and 30% under the Science and Technology account. These Environmental Programs and Management activities are linked to reducing greenhouse gas emissions, which is the most controversial portion of the request. The House Appropriations Committee did not approve most of the requested climate change increases, and included bill language restricting the agency from spending funds on certain climate change activities. On the House floor, Members adopted an amendment clarifying that this restriction did not apply to activities authorized in law.

Another amendment adopted on the House floor would prohibit EPA spending on designating any area as an ozone nonattainment area under the Clean Air Act until the Supreme Court renders a decision on EPA's 1997 change in that standard. That decision is expected later this year.

The Superfund for cleaning up toxic waste sites remains an issue. The FY2001 budget request of \$1.29 billion represents a \$69 million increase over FY2000. Within this account, \$92 million is requested for the Brownfields program to remedy low level contaminated sites which have economic development potential. Appropriations for this account are primarily derived from the Superfund Trust fund, maintained on chemical fees and other taxes. The authority to assess these expired December 31, 1996 and Congress has not reauthorized it. With a declining trust fund balance, there is concern over the ability of the trust fund to finance the program beyond FY2001. The House approved \$1.223 billion for the Superfund; the Senate approved \$1.351 billion, both amounts net after transfers.

Committee oversight of the Superfund focuses on the efficiency of the program's administration and on progress EPA is making in cleaning up all major hazardous waste sites. The General Accounting Office (GAO) continues to place this program on its list of troubled federal programs and there are ongoing efforts in both the House and Senate to legislatively reform this program.

In approving funds, the House Appropriations Committee split off \$130 million of the Superfund for two HHS agencies, funding them independently in the bill and approved \$1.24 billion for the Superfund program. It approved the \$92 million requested for the Brownfields program. The House approved these amounts. For more detailed information on the Superfund, see: CRS Issue Brief IB10011, *Superfund Reauthorization Issues in the 106th Congress*. For information on wastewater treatment issues, see CRS Report 98-323, *Wastewater Treatment: Overview and Background*. For a more indepth discussion of the EPA budget, see CRS Issue Brief IB10058: *Environmental Protection Agency: FY2001 Budget Issues*.

Federal Emergency Management Agency

The Federal Emergency Management Agency (FEMA) helps states and localities prepare for and cope with catastrophic disasters. FEMA administers policies related to emergency management and planning, disaster relief, fire prevention, earthquake hazard reduction, emergency broadcasting services, flood insurance, mitigation programs, and dam safety.

Disaster relief is authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The Act authorizes the President to declare major disasters or emergencies (the latter provide considerably less federal assistance than the former), sets out eligibility criteria, and specifies types of assistance that may be authorized. Funding varies from year-to-year by the severity and frequency of declared catastrophes. In recent years, billions have been appropriated to help communities recover from tornados, hurricanes, floods, earthquakes, and other incidents.

As has been the case in previous years, the Administration requests funds in the expectation that emergencies will occur, and the House Appropriations Committee indicates its preference for appropriating emergency funds as the need for them arises in the course of events. The ongoing commitment to provide standby funds in the Disaster Relief Fund provides spending authority as immediate needs arise, and before

emergency funds can be provided. The Administration requested \$300 million for the Relief Fund account for FY2001, as had been appropriated for FY2000. Both versions of the bill approve \$300 million in disaster relief for FY2001; the Senate bill contains \$2.6 billion in requested emergency funding, the House bill does not include emergency funding in its bill amounts.

Table 12. Appropriations: Federal Emergency Management Agency, FY2000-2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Disaster Relief Fund	0.300 ^a	0.300	0.300	0.300	—
Emergency funding	2.480	2.609	0	2.609	—
Cerro Grande fire assistance (P.L. 106-246)	0.500	—	—	—	—
Pre-disaster mitigation	0	0.030	0	0	—
Disaster loan subsidy	0.001	0.002	0.002	0.002	—
Salaries and expenses	0.180 ^a	0.221	0.190	0.215	—
Inspector General	0.008 ^a	0.008	0.008	0.010	—
Emergency management, planning assistance	0.267 ^a	0.270	0.267	0.270	—
Emergency food, shelter	0.110	0.140	0.110	0.110	—
Flood map modernize.	0.005	0 ^b	0	0	—
Flood mitigation fund	0	0 ^c	0	0	—
Radiological emergency preparedness (net)	-0.001	0	0	0	—
P.L. 106-113 cut (0.38%)	-0.013	0	0	0	—
Subtotal (FEMA)	3.838	3.578	0.877	3.516	—

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a P.L. 106-113 mandated a cut of 0.38% in FY2000 appropriations for many federal programs. For FEMA, the cuts included \$12.4 million to the Disaster Relief Fund (DRF); \$50,000 in the Salaries and Expenses and Inspector General accounts; and \$218,000 in the Emergency Management Planning and Assistance account.

^b The Administration's budget requests a \$30 million transfer from the DRF for map modernization.

^c The Administration requests a transfer of up to \$50 million from the DRF to reduce losses from repetitive flooding.

For further budgetary information on FEMA, see: CRS Report RL30460, *FEMA Funding: Budget Information for the Federal Emergency Management Agency*. Citations to and summary information on basic authorities from FEMA can be found in: CRS Report RS20272, *FEMA's Mission: Policy Directives for the Federal Emergency Management Agency*.

To reduce future losses from disasters, FEMA has sought increased funding for mitigation activities. Members of Congress have voiced general support for the Administration's emphasis on disaster mitigation, but disagree on specifics. Legislation to establish a new hazard mitigation program may be acted upon during the 2nd Session of the 106th Congress. For information on the legislation, see: CRS Report RS20100, CRS Report RL30543, *Disaster Mitigation Assistance Bills in the 106th Congress: Comparison of Provisions*.

National Aeronautics and Space Administration

The National Aeronautics and Space Administration (NASA) receives appropriations within four accounts: human space flight; science, aeronautics and technology; mission support; and inspector general. Human space flight includes the international space station (ISS), including construction of the station and cooperative activities with Russian space programs, and the space shuttle program, including shuttle operations, maintenance, performance, and safety upgrades. Science, aeronautics and technology programs contain the bulk of NASA's research and development activities. The programs within this account include space science; life and microgravity science; earth sciences; aero-space technologies; space operations; and academic programs. Mission support includes employee salaries and costs; safety, mission assurance, engineering, and advanced concepts; and construction of facilities. The last account includes funds for the Office of Inspector General.

**Table 13. National Aeronautics and Space Administration
Appropriations, FY1996 - FY2000**
(budget authority in billions)

FY1996	FY1997	FY1998	FY1999	FY2000
\$13.88	\$13.71	\$13.65	\$13.67	\$13.60

Source: Budget levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been taken into consideration; thus, FY1996-99 figures are from budget submissions of subsequent years. Estimates for final FY2000 appropriations are from preliminary estimates of the House Committee on Appropriations, and include the effects of the 0.38% reduction imposed by P.L. 106-113.

For FY2001, the Administration requested \$14.035 billion for NASA, an increase of 3.2% over the amount appropriated for FY2000. The House approved \$13.659 billion, 2.7% below the amount requested; the Senate version of the bill recommends \$13.844 billion, 1.4% below the amount requested..

NASA requested \$2.114 billion for the International Space Station (ISS) for FY2001, 9.0% below FY2000. The decrease is due to a sharp falloff in future

construction fund requirements as the station's components near completion. Substantial activity is expected in FY2001, including the first extended crew occupation (30 days) and installation of the first research facilities.

The successful launch of the Russian Service Module in July 2000 has ensured that first habitation of the station will occur next year. The House approved the full request for the ISS, while the Senate Appropriations Committee did not provide a specific amount. The amount recommended for Human Space Flight was lower than the request, however, so it is likely that the amount available for the ISS will be less than the request.

Table 14. Appropriations: National Aeronautics and Space Administration, FY2000-2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Human space flight	5.511	5.500	5.472	5.400	—
Science, aeronaut., tech.	5.607	5.929	5.580	5.837	—
Mission support	2.515	2.584	2.584	2.584	—
Inspector General	0.020	0.022	0.023	0.023	—
P.L. 106-113 cut (0.38%) ^a	-0.052	0	0	0	—
Subtotal (NASA)	13.601	14.035	13.659	13.844	—

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a P.L. 106-113 required a cut of 0.38% to many federal programs. For NASA, the cuts were \$23 million in the Human Space Flight account; \$25.8 million in the Science, Aeronautics, and Technology account; and \$3.1 million in the Mission Support account.

NASA requested \$3.166 billion for space shuttle operations for FY2001, an increase of 6.2% over the FY2000 appropriations. Nine flights are now planned for FY2001. In addition, upgrades to combat obsolescence — supportability upgrades — are to be funded in FY2001. NASA is also embarking on a major safety upgrade activity designed to improve reliability and ensure safe operations for the next decade. An independent review panel has been established by NASA to determine the priorities for these upgrades, which are now planned to be completed by 2005.

Safety continues to be a major concern about the shuttle. Because the shuttle is likely to be the primary means of human access to space for several more years, continued efforts to maintain safe shuttle operations are essential. The aging of the shuttle systems and workforce are likely to make this task increasingly difficult. The House approved the full request for the shuttle for FY2001. The Senate bill does not provide a specific recommendation for the shuttle, but the accompanying report (S.Rept. 106-410) did note support of NASA's efforts to upgrade and improve safety.

For Space Science, the largest of NASA's science activities, NASA requested an increase of 9.4% above FY2000. The agency proposed an initiative, called Living With a Star, to enhance its solar research program. The purpose of the initiative is to learn more about the behavior of solar disturbances that affect the earth's satellite, telecommunication, and electric transmission systems.

As a result of the recent failure of two Mars missions, an important issue for Space Sciences is whether its reliance on a "faster, better, cheaper" (FBC) approach to scientific space craft development might be resulting in an excessive risk that projects will fail, thereby compromising the program's ability to carry out quality science. Studies recently released indicate that NASA may have gone too far in trying to cut costs in carrying out the FBC approach and that greater care and more contractor oversight are needed.

The House approved the full request for Space Science, with the exception of the \$20 million requested for the Living With a Star initiative for FY2001. The Senate version of the bill does not provide a specific recommendation for all of Space Science, but did recommend full funding for the Living With a Star initiative.

For Aero-Space Technology, NASA requested an increase of 6% above FY2000. The major new initiative in this activity is the second generation reusable launch vehicle (RLV) program. NASA intends to spend about \$4.4 billion over the next 5 years with the objective that the private sector will provide the remaining funds to develop a finished RLV by about 2010-12 when NASA believes the Shuttle must be replaced. The program is complicated and there is no assurance that upon its completion, the private sector would be willing to continue development without significant additional support.

The House did not provide the \$290 million for the program for FY2001. In the accompanying report, the House Appropriations Committee stated its desire to revisit the request for the second generation RLV program should more funds become available before the bill is enacted. The Senate version of the bill does not provide a specific recommendation for Aero-Space Technology but does recommend full funding for the 2nd generation RLV initiative, and S.Rept. 106-410 expresses strong support for the effort.

For more discussion on the NASA FY2001 budget request, see CRS Report RL30493, *The National Aeronautics and Space Administration's FY2001 Budget Request: Description and Analysis*.

National Science Foundation

The Administration requested \$4.572 billion for the National Science Foundation (NSF) for FY2001, a 17% (\$675.2 million) increase over the FY2000 level of \$3.897 billion. The FY2001 request is part of the Administration's commitment to basic research, as outlined in the "21st Century Research Fund." The request provides support for several initiatives, including nanoscale science and engineering (\$217 million), biocomplexity in the environment (\$136 million), and in education and workforce development (\$157 million). The House approved a total of \$4.046 billion for NSF for FY2001, \$526 million (11.5%) below the Administration's request. The

Senate version of the bill recommends \$4.297 for NSF for FY2001, \$275 million (6%) below the request.

At the suggestion of the President's Information Technology Advisory Committee, the NSF has been designated as the lead agency for an initiative on information technology involving seven federal agencies. NSF's FY2001 request provides \$327 million for the information technology research (ITR) initiative. The investment in ITR will support research in areas such as computer system architecture, information storage and retrieval, scalable networks, connectivity, and research on the impact of information technology on society. The ITR initiative builds on NSF's current investments, and increases the total support for ITR by approximately 160% over the FY2000 estimate. The NSF continues its involvement in the National Science and Technology Council interagency programs in FY2001, providing \$187 million for the U.S. Global Change Research Program, \$47 million for a New Generation of Vehicles, and \$125 million for Integrated Science for Ecosystems Challenges.

**Table 15. National Science Foundation Appropriations,
FY1996 to FY2000**
(budget authority in billions)

FY1996	FY1997	FY1998	FY1999	FY2000
\$3.22	\$3.27	\$3.43	\$3.67	\$3.90

Source: Budget levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been taken into consideration; thus, FY1996-99 figures are from budget submissions of subsequent years. Estimates for final FY2000 appropriations are from preliminary estimates of the House Committee on Appropriations, and include the effects of the 0.38% reduction imposed by P.L. 106-113.

The FY2001 request includes \$3.541 billion for Research and Related Activities (R&RA), a 19.7% (\$582 million) increase over the FY2000 post-rescission estimate of \$2.96 billion. R&RA funds research projects, research facilities, and education and training activities. In the FY2001 request, the NSF has placed an emphasis on funding rates for new investigators and on increasing grant size and duration. The R&RA includes an activity created in FY1999 — Integrative Activities (IA). IA provides support for cross-disciplinary research, major research instrumentation, intellectual infrastructure, and the Science and Technology Policy Institute (STPI). (The STPI includes what previously was named the Critical Technologies Institute.) The FY2001 request for IA is \$119 million.

The House approved \$3.118 billion for R&RA for FY2001, \$152 million more than last year, but \$423 million below the Administration's request. The R&RA was proposed at \$3.118 billion, 11.9% below the budget request. The House agreed to \$694 million for the EHR in FY2001, 8.6% less than that proposed by the Administration.

Under the Administration's request, the Major Research Equipment (MRE) account would be funded at \$138.5 million in FY2001, a 48% increase (\$45 million)

over the post-rescission FY2000 level. The MRE, established in FY1995, supports the construction of major research facilities that are at the “cutting edge of science and engineering.” Seven projects are supported in this account; two are new for FY2001. The projects include terascale computing systems (\$45 million), construction funds for the Large Hadron Collider (\$16 million), completion of the design and development phase of the Millimeter Array (\$6 million), investments in the Network for Earthquake Engineering Simulation (\$28 million), the modernization of the South Pole Station (\$13.5 million), construction of the Earthscope: USArray and San Andreas Fault Observatory at Depth (\$17 million), and startup funds for the National Ecological Observatory Network (\$12 million). The House approved \$77 million for the MRE account, \$18.4 million less than less year and \$62 million below the Administration’s request.

**Table 16. Appropriations: National Science Foundation,
FY2000-2001**
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
Research, related activities	2.966	3.541	3.118	3.246	—
Major research equipment	0.095	0.139	0.077	0.109	—
Education, human resources	0.697	0.729	0.694	0.765	—
Salaries and expenses	0.149	0.158	0.152	0.171	—
Office of Inspector General	0.005	0.006	0.006	0.006	—
P.L. 106-113 cut (0.38%)	-0.015 ^a	0	0	0	—
Subtotal (NSF)	3.897	4.572	4.046	4.297	—

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a P.L. 106-113 required a cut of 0.38% to many federal programs. For NSF, the cuts were \$7.5 million for the Research and Related Activities account; \$1.5 million in the Major Research Equipment account; \$5.7 million in the Education and Human Resources account; and \$100,000 in the Salaries and Expenses account.

The FY2001 request for the Education and Human Resources Directorate (EHR) is \$729 million, a 5.5% increase (\$38 million) above the post-rescission FY2000 estimate. Support at the precollege level (\$267.5 million) includes a new activity, Centers for Learning and Teaching (CLT), which would assist the effort to improve the quality of instruction. Major undergraduate programs (totaling \$144 million) are Advanced Technological Education, Louis Stokes Alliances for Minority Participation, Scholarships for Services, Minority-Servicing Institutions, and Distinguished Teaching Scholars. Graduate level (\$97 million) support would increase slightly in the FY2001 request, with the additional funding directed at the Graduate Teaching Fellows program. Continued support would be given to the

Graduate Research Fellowship, Integrative Graduate Education and Research Training, Minority Graduate Education, and Postdoctoral Fellowships in Science, Mathematics, Engineering, and Technology Education. Funding for the Experimental Program to Stimulate Competitive Research would be \$48 million. (An additional \$25 million from R&RA will support EPSCoR activities.) H-1B nonimmigrant petitioner fees, funded in the EHR, are proposed at \$31 million in FY2001. The House approved \$694 million for the EHR, \$35 million below the Administration's request. The Senate version includes \$765 million for EHR.

For additional information on NSF, see: CRS Report 95-307, *U.S. National Science Foundation: An Overview*.

Other Independent Agencies

In addition to funding for VA, HUD, EPA, FEMA, NASA and NSF, several other smaller "sundry independent agencies, boards, commissions, corporations, and offices" will receive their funding through the bill providing appropriations for VA, HUD, and Independent Agencies for the fiscal year beginning October 1, 2000.

Agency for Toxic Substances and Disease Registry. This agency, which manages the Toxic Substances and Environmental Public Health program, was funded (an earmarked \$70 million) from EPA's Hazardous Substance Superfund during FY2000, and the President's request for EPA included an earmarked \$64 million for FY2001. The House is now showing the agency as an Independent Agency within the Public Health Service, and has recommended \$70 million for the agency's functions for FY2001; the Senate does not show a comparable account.

American Battle Monuments Commission. The Administration requested \$26.196 million for FY2001, \$2.3 million less than was originally appropriated for FY2000. The House approved \$28 million, and the Senate approved the request for the Commission, which is responsible for the construction and maintenance of memorials honoring Armed Forces battle achievements since 1917. Included among the Commission's functions are the maintenance of 24 American military cemeteries and 31 memorializations in 15 foreign countries. The across-the-board cut mandated by P.L. 106-113 reduced FY2000 funds for the Commission by \$108,000.

Cemeterial Expenses, Army. Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery are under the administration of the U.S. Army. At the close of FY1998, 272,195 persons were interred/inurned in these cemeteries. In addition to almost 6,000 interments and inurnments each year, Arlington is the site of approximately 2,700 other ceremonies, and 4 million visitors, annually.

For FY2000, Congress appropriated \$12.473 million, which was reduced by \$47,000 by the 0.38% across-the-board cut mandated by P.L. 106-113. The Administration has requested \$15.949 million for FY2001, and the Senate approved the request. The House recommends \$17.949 million.

Table 17. Appropriations: Other Independent Agencies, FY2000-2001
(budget authority in billions)

Program	FY2000 enacted^a	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
American Battle Monuments Commission	0.028	0.026	0.028	0.026	—
Chem. Safety and Hazard Investigations Board	0.008	0.008	0.008	0.007	—
Cemetery Exp., Army	0.012	0.016	0.018	0.016	—
Community Development Financial Institutions	0.095	0.125	0.105	0.095	—
Consumer Inform. Center	0.003	0.007	0.007	0.007	—
Consumer Product Safety Commission	0.049	0.053	0.051	0.053	—
Corporation for National and Community Service	0.357	0.534	0.005	0.389 ^b	—
Council, Environ. Quality; Office, Environ. Quality	0.003	0.003	0.003	0.003	—
Court of Veterans Appeals	0.011	0.013	0.013	0.012	—
<i>Federal Deposit Insurance Corporation (transfer)</i>	<i>(0.034)</i>	<i>(0.034)</i>	<i>(0.034)</i>	<i>(0.034)</i>	—
Neighborhood Reinvestment Corporation	0.075	0.090	0.090	0.080	—
National Credit Union Administration	0.001	0.001	0.001	0	—
National Institute, Environmental Health Sci.	0.060	0.049	0.060	0	—
Office, Science &Tech.	0.005	0.005	0.005	0.005	—
Selective Service System	0.024	0.024	0.023	0.024	—
Toxic Substance and Environ. Public Health	0.070	0.064	0.070	0	—
Subtotal:	0.801^a	1.023	0.486	0.717	—

Source: S.Rept. 106-410.

Note: Rounding may cause discrepancies in subtotals.

^a Includes the effects of reductions of 0.38%, mandated for some federal programs by P.L. 106-113. Specifics of those cuts are discussed in the text for each of the affected Independent Agencies shown in this table.

^b Includes a rescission of \$50 million from the Corporation operating account.

Chemical Safety and Hazard Investigation Board. The House recommends \$8 million for the Board for FY2001, the same as the Administration requested, and the same as the amount originally appropriated for FY2000 (which was reduced by \$30,000 by the 0.38% across-the-board cut). The Senate version approved \$7 million. The Board, which was authorized by the Clean Air Act Amendments of 1990, investigates hazardous substance spills or releases.

Community Development Financial Institution Fund. The Community Development Financial Institutions Fund (CDFI) was created by P.L. 103-325. The CDFI is an Administration initiative to provide credit and investment capital to distressed urban and rural areas. The program also provides training and technical assistance to qualifying financial institutions. P.L. 104-19 modified the original Act by giving the Department of the Treasury the authority to manage the CDFI program, although the CDFI continues to be funded through the VA/HUD bill. The program has survived despite attempts to eliminate it.

The Administration's FY2001 budget requests \$125 million for CDFI, the same amount requested by the Administration's last two budgets. Congress appropriated \$95 million for FY2000. The House bill included \$105 million for FY2001. The Senate version of the bill recommends \$95 million, and its report expresses concern that CDFI activities overlap those of other federal programs.

For further information on CDFI, see: CRS Report 97-819, *Community Development Financial Institutions (CDFI) Fund*; also, CRS Report RS20286, *Reauthorization of the Community Financial Institutions Fund*.

Consumer Information Center (CIC). Congress provided the CIC \$2.622 million for FY2000. Both versions of the appropriations bill for FY2001 recommend \$7.122 million for FY2001; the Administration had requested \$6.822. The Center, administered through the General Services Administration (GSA), helps federal agencies distribute consumer information and promotes public awareness of existing federal publications.

Consumer Product Safety Commission (CPSC). This Commission is an independent regulatory agency charged with protecting the public from unreasonable product risk and to research and develop uniform safety standards for consumer products. The Administration requested \$52.5 million for FY2001; the House recommends \$51 million, the Senate endorses the requested amount. Congress appropriated \$49 million for FY2000, which was reduced by \$186,000 by the across-the-board cut of 0.38% mandated by P.L. 106-113.

Corporation for National and Community Service (CNS). The Corporation administers programs authorized under the National and Community Service Act of 1990 (NCSA) and the Domestic Volunteer Service Act of 1973 (DVSA). Appropriations for the NCSA programs, the largest of which is AmeriCorps, are included in the VA-HUD bill.

The key issue concerning the Corporation and the NCSA programs, which are strongly supported by President Clinton, has been budgetary survival. Some Members have expressed concerns about partisan activities, program costs, financial management, and federally funding a "paid volunteer" program. (The DVSA programs, — e.g., Foster Grandparents Program and Senior Companion Program — are funded under the Labor/HHS Appropriation bill and have been non-controversial.) Authorization for CNS, and programs and activities authorized by NCSA, expired at the end of FY1996. Since then, continued program authority has occurred through the appropriations process.

The Administration's FY2001 budget requests \$533.7 million for the NCSA programs, including a \$5 million request for the CNS Office of the Inspector General (OIG). For FY2000, Congress provided \$438.5 million (including funding for the OIG), which was reduced by an across-the-board cut of 0.38% mandated by P.L. 106-113, for an appropriation of \$437.138 million. In addition, \$80 million (appropriated in previous years) was rescinded from the National Service Trust, which is the fund from which educational awards are made. The net FY2000 appropriation was \$357.138 million.

The House recommends no funding for programs of the Corporation during FY2001, but does recommend \$5 million for the Office of Inspector General.

The Senate version of the bill recommends funding of \$438.5 million (including funding for the OIG), and rescinding \$50 million (appropriated in previous years) from the National Service Trust. The net appropriation would be \$388.5 million, an increase of 9% over the net FY2000 appropriation.

For further information on the Corporation and its programs see: CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*.

Council on Environmental Quality; Office of Environmental Quality.

These two entities are within the Executive Office of the President. The Council oversees and coordinates interagency decisions in matters affecting the environment; the Office provides the professional and administrative staff for the Council. Congress appropriated \$2.827 million for these functions in FY2000 (reduced \$11,000 by P.L. 106-113). The Administration requested \$3.02 million for FY2001; both versions of the bill provide \$2.9 million.

Court of Veterans Appeals. The Court of Veterans Appeals has exclusive jurisdiction to review decisions of the Board of Veterans' Appeals, and has the authority to decide relevant conflicts in the interpretation of law by VA and the Board of Veterans' Appeals. The Court's decisions constitute precedent to guide subsequent decisions by that Board. Congress provided \$11.45 million for operations for the Court in FY2000 (reduced \$42,000 by P.L. 106-113). The President requested \$12.5 million for FY2001; the House recommends that amount; the Senate version is \$5,000 less.

Federal Deposit Insurance Corporation. The FDIC's Office of the Inspector General is funded from deposit insurance funds, and has no direct support from federal taxpayers. Before FY1998, the amount was approved by the FDIC Board of Directors; the amount is now directly appropriated to ensure the independence of the IG office. For FY2000, the amount approved was \$33.666 million; the Administration requests approval of \$33.660 for FY2001; the Senate version approves the request; the House recommends \$33.661.

National Credit Union Administration. The purpose of this administrative office, created under the National Credit Union Central Liquidity Facility Act (P.L. 95-630), is to improve the general financial stability of credit unions. Subscribing credit unions may borrow from the agency to meet short-term requirements.

Congress approved a limitation on administrative expenses, which are financed from the revolving fund, of \$257,000 for FY2000. For FY2001, the Administration proposes a limitation of \$296,000 for the agency's functions. Congress also approved a revolving loan program for credit union risk pooling for FY2000, with a subsidy of \$1 million (reduced by \$4,000 by the across-the-board cut of 0.38%). The Administration requests appropriations for a similar pooling fund for FY2001, with a subsidy of \$1 million; the House also recommends \$1 million, under a slightly different pooling structure. The Senate does not include funding for the pool.

National Institute of Environmental Public Health. This Institute is within the National Institutes of Health, administered by the Department of Health and Human Services (DHHS). For FY2000, \$60 million was earmarked for this Institute from EPA's Hazardous Substance Superfund account, and the Administration requested \$48.5 million for FY2001. The House now shows this program as an Independent Agency account, and has recommended that \$60 million be appropriated to it for FY2001; the Senate does not have comparable provisions.

Neighborhood Reinvestment Corporation (NRC). The NRC leverages funds for reinvestment in older neighborhoods through community-based organizations called NeighborWorks. Among projects supported by the financing activities of the NRC are lending activities for home ownership of low-income families. Nationwide, there are 184 of these organizations, serving 825 communities in 45 states, with 70% of the people served living in very low and low-income brackets. Congress provided NRC with an appropriation of \$75 million for FY2000, reduced by \$285,000 by the across-the-board cut of 0.38% mandated by P.L. 106-113. The President requested \$90 million for FY2001; the House recommends that amount be appropriated; the Senate version recommends \$80 million.

Office of Science and Technology Policy. The Office of Science and Technology Policy coordinates science and technology policy for the White House. The Office provides scientific and technological information, analysis and advice to the President and executive branch, and reviews and participates in formulation of national policies affecting those areas. The President requests \$5.201 million for FY2001; the Senate version endorses that request; the House recommends \$5.150 million. Congress appropriated \$5.108 million for FY2000 (reduced \$19,000 by P.L. 106-113).

Selective Service System (SSS). The SSS was created to supply manpower to the U.S. Armed Forces during time of national emergency. Although since 1973, the Armed Forces have been on voluntary recruitment and incentives, the SSS remains the primary vehicle for conscription should it become necessary. In 1987, the SSS was given the task of developing a postmobilization health care system that would assist with providing the Armed Forces with health care personnel in time of emergency. Congress appropriated \$24 million for this office for FY2000, subsequently reduced by \$91,000 by the across-the-board cut of 0.38%. The President requests \$24.48 million for FY2001; the Senate version of the FY2001 appropriations bill accepts the request; the House recommends \$23 million.

Selected World Wide Web Sites

Environmental Protection Agency (EPA), Summary and Justification of Budget.
[<http://www.epa.gov/ocfopage>]

Corporation for National and Community Service
[<http://www.cns.gov/>]

Department of Housing and Urban Development (HUD).
[<http://www.hud.gov>]

Federal Emergency Management Agency (FEMA)
[<http://www.fema.gov>]

National Aeronautics and Space Administration (NASA).
[<http://www.hq.nasa.gov>]

National Science Foundation (NSF).
[<http://www.nsf.gov>]

Office of Management and Budget (OMB).
[<http://www.whitehouse.gov/WH/EOP/OMB/html/ombhome.html>]

Department of Veterans Affairs (VA).
<http://www.va.gov>]