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Appropriations for FY2002: 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 bounded 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 passes each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittee on VA, HUD, and Independent Agencies. 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.

NOTE: A Web version of this document with active links is available to congressional staff at: [http://www.crs.gov/products/appropriations/apppage.shtml].

Appropriations for FY2002: VA, HUD, and Independent Agencies

Summary

Following the September 11 terrorist attack, Congress enacted P.L. 107-38 to provide \$40 billion in emergency supplemental appropriations (H.R. 2888/S. 1426) to aid victims, bolster counter-terrorism, and pursue the investigation and prosecution of those responsible.

Each Chamber of the 107th Congress has approved a version of the FY2002 appropriations bill for the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), and several independent agencies. The House bill (H.R. 2620; H.Rept. 107-159), would provide \$112.6 billion in total funds for FY2002, including \$85.4 billion in discretionary funds (\$1.3 billion in emergency funding). The Senate amended H.R. 2620 by substituting an amended version of its reported appropriations bill (S. 1216; S.Rept. 107-43), thereby approving a total of \$113.4 billion, including \$86.1 billion in discretionary funds (\$2 billion in emergency funding).

The two versions of H.R. 2620 are relatively close in the total amount approved for programs funded through the bill, although there are serious differences in some areas, and both versions differ from the Administration's request. For instance:

- Both Houses added to the request for VA medical programs, with the Senate adding \$400 million, and the House, \$303 million. The House also added \$300 million in funds to rehabilitate VA facilities to improve patient safety.
- The Senate would provide \$1.1 billion more than the House in housing and urban assistance money; the House bill approved about \$600 million less than the Administration requested.
- The House added about \$229 million, and the Senate \$435 million to the request for EPA.
- The House did not fund programs of the Corporation for National and Community Service (which supports AmeriCorp), while the Administration proposed to maintain almost the same funding as in FY2001, and the Senate approved that amount and added \$4 million.
- The Administration did not request emergency funding for FEMA's disaster relief efforts; the House bill provides \$1.3 billion in emergency relief funds, the Senate provides \$2 billion in funds for those emergency relief programs.
- The House added \$367 million to the NSF request; the Senate added \$200 million.
- The Senate added \$50 million to the NASA request, while the House increased it by \$440 million.

The President requested \$83.4 billion in discretionary funds for programs covered by VA-HUD appropriations. H.Con.Res. 83, the Concurrent Resolution on the FY2002 Budget adopted by Congress, has been interpreted by the House and Senate Committees on Appropriations to permit \$84.1 billion (known as the VA, HUD, Independent Agencies subcommittee's "302 (b)" allocation) in discretionary funds, and both H.R. 2620 and S. 1216 are deemed to be in compliance with the prescribed levels.

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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 FY2002: VA, HUD, and Independent Agencies

Most Recent Developments

Congress approves, President signs P.L. 107-38, an emergency supplemental in response to terrorist acts. On September 18, 2001, the President signed H.R. 2888, a bill Congress unanimously approved (September 14) that provides \$40 billion "...for additional disaster assistance, for anti-terrorism initiatives, and for assistance in the recovery from the tragedy that occurred on September 11, 2001, and for other purposes."

House and Senate approve versions of VA, HUD, and Independent Agencies, FY2002 appropriations bills. The Senate passed H.R. 2620, FY2002 funding for VA, HUD and Independent Agencies, on August 2, after amending it to substitute the text of the bill (S. 1216) reported by the Senate Appropriations Committee on July 19 (S.Rept. 107-43). The House passed its version of H.R. 2620 (H.Rept. 107-159) on July 30. The House version provides a grand total of \$112.618 billion, including total discretionary funding of \$85.434 billion (\$1.3 billion emergency disaster relief). The Senate version provides \$113.357 billion, including \$86.053 billion in discretionary funds (\$2 billion in emergency disaster relief).

President signs H.R. 2216 as P.L. 107-20, the FY2001 Supplemental Appropriations Act. On July 24, the President signed H.R. 2216, supplementary appropriations for FY2001. The VA receives \$936 million for additional mandatory spending projected in veterans entitlements. The bill also rescinds \$114 million from the Housing Certificate Fund at HUD, and \$389 million in unspent disaster relief funds from FEMA. Finally, the bill permits NASA to reprogram \$40 million saved from a delayed space shuttle mission. (For more information, see CRS Report RL30995, *Supplemental Appropriations for FY2001: Defense Readiness and Other Programs.*)

Status

**Table 1. Status of VA, HUD and Independent Agencies
Appropriations, FY2002**

Subcommittee markup		House Report (H.Rept. 107-159)	Passed House	Senate Report (S.Rept. 107-43)	Passed Senate (as H.R. 2620, amend.)	Conference Report	Conference Report approval		Final
House (H.R. 2620)	Senate (S. 1216)						House	Senate	
7/10	7/19	7/17	7/30	7/19	8/2	--	--	--	--

Total Appropriations Enacted for FY2001 and Requested for FY2002 for VA, HUD, and Independent Agencies

**Table 2. Summary of VA, HUD, and
Independent Agencies Appropriations, FY2001-FY2002**
(budget authority in billions)

Department or Agency	FY2001 enacted	FY2002 request	FY2002 House	FY2002 Senate	FY2002 Confer.
Department of Veterans Affairs	47.948	50.686	51.355	51.139	--
Department of Housing and Urban Development	28.476	30.581	29.980	31.024	--
Environmental Protection Agency	7.829	7.317	7.545	7.752	--
Federal Emergency Management Agency	2.440	2.213	3.557	3.278	--
National Aeronautics and Space Administration	14.285	14.511	14.951	14.561	--
National Science Foundation	4.426	4.473	4.840	4.673	--
Other Independent Agencies	.939	.889	0.512	0.932	--
Filipino veterans provision ^a	.003	--	--	--	--
Grand Total: Appropriations (net, after adjustments)	106.346	110.672	112.743	113.361	--
Score keeping adjustments ^b	-0.370	4.196	-0.125	-0.004	--
<i>Receipts; misc. adjustments</i>	<i>-0.182</i>	<i>-0.004</i>	<i>-0.125</i>	<i>-0.004</i>	--
<i>Advance approp. FY2002</i>	<i>-4.200</i>	<i>4.200</i>	--	--	--
<i>Advance approp. FY2001</i>	<i>4.200</i>	--	--	--	--
<i>Across the board cut (0.22%)</i>	<i>-0.188</i>	--	--	--	--
Total: Fiscal Year mandatory and discretionary authority	105.976	114.868	112.618	113.357	--
<i>Mandatory</i>	<i>25.518</i>	<i>31.505</i>	<i>27.184</i>	<i>27.305</i>	--
<i>Discretionary</i>	<i>80.458</i>	<i>83.363</i>	<i>85.434</i>	<i>86.053</i>	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Totals will not add due to rounding at agency level. Italics indicates lines are subsumed within entry above.

^a P.L. 106-377 raised VA service-connected disability compensation for certain resident Filipino veterans with World War II service under U.S. Armed Forces command, from its current 50% level to full parity with amounts paid to U.S. Armed Forces veterans.

^b Adjustments may include various legislative changes, rescissions, cancellations, receipts, supplementals, advance appropriations, accounting changes, and reestimates of program experience.

Key Policy Issues

Terrorism: Federal Emergency Responses

P.L. 107-38, Special Emergency Supplemental Legislation (H.R. 2888/S. 1426). On September 18, 2001, the President signed P.L. 107-38, a bill Congress unanimously approved to provide \$40 billion in supplemental funds in response to the terrorist attacks on September 11. The bill makes \$10 billion immediately available to the President's Emergency Response Fund, for disaster relief and recovery. Another \$10 billion will become available after the Office of Management and Budget (OMB) submits its plan to Congress for the allocation of those funds. The remaining funds will be added to the appropriations bills currently working their way through the appropriations process.

An August 2001 OMB report, Annual Report to Congress on Combating Terrorism, provides guidance as to the likely affect on the programs funded through the VA, HUD, Independent Agencies bill (H.R.2620). Although all federal agencies have responsibilities to protect citizens, employees, and physical assets of the federal government, FEMA and EPA have direct responsibilities for responding to such acts, usually through assisting with recovery and environmental aftermath of terrorist activities. According to the report, for FY2002, the Administration requested \$34.4 million for FEMA, and \$3.2 million for EPA to prepare for such needs.

Specific responses by FEMA. P.L. 107-38 provides broad authority for the President to transfer portions of the \$40 billion "to any authorized federal government activity" to assist victims of the September 11 attacks and to manage consequences of the attacks. Of the five purposes set out in the legislation, three appear to be related to the mission of FEMA—"providing federal, state, and local preparedness for mitigation and responding to the attacks," "repairing public facilities and transportation systems damaged by the attacks," and "supporting national security."

The amount of funding to be made available to FEMA cannot be determined, but the act specifies that at least \$20 billion is reserved for the costs associated with the disasters associated with the three terrorist acts in New York, Virginia, and Pennsylvania. As the lead agency for coordinating federal disaster response activities, FEMA directs mission assignments to federal agencies, including the removal of debris and activities that minimize future property losses from the catastrophes.

Specific responses by HUD. In addition to these previously elaborated responsibilities, HUD has taken steps to alleviate some of the adverse affects of this incident. HUD Secretary Martinez has encouraged all home mortgage lenders, including those with loans not insured by the FHA, and Freddie Mac and Fannie Mae, to give relief to families affected by terrorist attacks. In past natural disasters, lenders have been asked not to start or threaten foreclosures for at least 90 days, while families are recovering from the financial problems caused by the loss of a family member or by the loss of employment. HUD's Government National Mortgage Association, Ginnie Mae, will also encourage lenders to follow HUD's homeowner

relief guidance by advancing payments to Ginnie Mae securities investors that a lender might otherwise make from homeowners mortgage payments.

HUD's assistance to the victims of the terrorism will also include:

- A hotline number for HUD's Housing Counseling clearinghouse (1-800-217-6970), a nationwide referral center that provides information on housing counseling services available in areas across the country.
- Providing temporary housing and shelter for disaster victims. HUD will work with FEMA to identify vacant HUD-owned homes and multifamily units that can be used as temporary housing for those forced from their homes.
- Requesting that all HUD-approved agencies reach out to affected families and provide services to all those in need of shelter and/or financial assistance; and
- Providing counseling grants, should counseling agencies need additional resources to provide services.

HUD's Mortgagee Letter 01-21, *Relief Options for Borrowers Affected by the Events of September 11, 2001*, details options available for affected families with FHA-insured mortgages who cannot make their loan payments. The letter can be found at: [<http://www.hud.gov/fha/mletters/mltrmenu.html>].

Department of Veterans Affairs

According to congressional estimates, the Administration requested \$50.7 billion for Department of Veterans Affairs (VA) programs for FY2002. The Concurrent Resolution on the Budget for FY2002 (H. Con. Res. 83) assumed that the ultimate amount appropriated will be \$51.5 billion, after improvements to the Montgomery GI Bill and veterans burial benefits are adopted. Conferees on the Resolution rejected recommendations approved by each House that would have provided for additional VA spending. The House had approved \$52.3 billion and the Senate \$53.8 billion, in their respective versions of the Resolution.

In passing H.R. 2620, the House has approved \$51.4 billion for VA programs for FY2002; the Senate version of the bill contains \$51.1 billion. The difference is primarily in a fund the House bill creates to provide \$300 million to upgrade VA medical facilities for safety, and for corrections of earthquake damages.

Congress appropriated \$47.9 billion for programs for FY2001, \$25.5 billion of which was for mandatory spending for VA cash benefit programs. Mandatory spending for VA entitlements is projected to rise by \$1.8 billion during FY2002, to a total of \$27.3 billion. Congress provided \$22.4 billion for discretionary programs for FY2001, \$20.3 billion of which is for medical care. The Administration requested \$23.4 billion for discretionary programs for FY2002; House bill approved \$24.05 billion, the Senate approved \$23.83 billion. The Administration requested \$21 billion for medical care for FY2002; the House approved \$21.3 billion, the Senate provided \$21.4 billion.

For additional information on VA programs, see CRS Report RL30803, *Veterans Issues in the 107th Congress*, by Dennis Snook.

**Table 3. Department of Veterans Affairs Appropriations,
FY1997-FY2001**

(budget authority in billions)

FY1997	FY1998	FY1999	FY2000	FY2001
\$40.33	\$42.41	\$44.25	\$46.04	\$47.95

Source: Figures for FY1997-FY2000 are from administration budget submissions of subsequent years; figures for FY2001 are from House Committee on Appropriations, and are the latest available estimates for the current fiscal year. Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included.

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, \$25.5 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 cost \$27.3 billion during FY2002.

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.

Medical Care. The Administration requested \$21 billion for VA medical care for FY2002, an increase of \$698 million over the \$20.3 billion appropriated for FY2001, which was 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. The House approved \$21.3 billion for VA medical care programs for FY2002; the Senate version of the bill provides \$21.4 billion. Thus, amounts approved by both versions of H.R. 2620 make certain that, in nominal dollars, VA medical care will have increased by 24% over the amount requested 2 fiscal years earlier, an indication of the blooming demand by veterans for VA medical care.

The following table shows appropriations to VA for FY2001, and the Administration's request for FY2002, according to reestimates of those requested amounts by the Congressional Budget Office (CBO) for the House Committee on Appropriations.

**Table 4. Appropriations: Department of Veterans Affairs,
FY2001-FY2002**
(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
Comp., pension, burial	23.356	24.944	24.944	24.944	--
Insurance/indemnities	.020	.026	.026	.026	--
Housing programs	.166	.204	.204	.204	--
Readjustment benefits	1.981	2.135	2.135	2.135	--
<i>Subtotal: Mandatory</i>	<i>25.522</i>	<i>27.309</i>	<i>27.309</i>	<i>27.309</i>	--
Medical care ^a	20.282	20.980	21.282	21.380	--
Med., prosthetic research	.351	.360	.371	.390	--
Medical Administration	.062	.068	.067	.068	--
General operating exp.	1.050	1.195	1.196	1.195	--
Admin. expense (hsng.)	.163	.165	.165	.165	--
Nat'l Cemetery Admin.	.110	.121	.121	.121	--
Inspector General	.046	.048	.052	.048	--
Construction, major	.066	.183	.183	.155	--
Facility rehab. fund	--	--	.300	--	--
Construction, minor	.171	.179	.179	.179	--
Grants; state facilities	.100	.050	.100	.100	--
Parking, revolving fund	—	.004	.004	.004	--
State veteran cemeteries	.025	.025	.025	.025	--
<i>Subtotal: Discretionary</i>	<i>22.426</i>	<i>23.377</i>	<i>24.046</i>	<i>23.830</i>	--
Subtotal: (VA)	47.948	50.686	51.355	51.139	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

^a Medical Care Collections Fund (MCCF) receipts are restored to the Medical Care account, as an offset equal to the amount of recovered spending authority; \$639 million are estimated to be restored in FY2001. H.Rept. 107-159 estimates \$691 million in MCCF receipts will be restored in FY2002, plus \$121 million in receipts to the Health Services Improvement Fund (HSIF), which receives funds from various consolidations and liquidations of VA capital assets, for a total of \$812 million in recovered spending authority. H.Rept. 107-159 treats HSIF receipts as an offset against mandatory spending in H.R. 2620, but not specifically as an offset to mandatory spending totals by VA. S.Rept. 107-43 estimates \$691 million in MCCF receipts for FY2002, and is silent on the HSIF.

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 continue increasing, rising above 4 million annually by the end of FY2001. The trend to fewer inpatients reversed its long-term decline and shows an increase from 78,345 average daily inpatients in FY2000 to the current estimate for FY2001 of 80,540. Outpatient care is climbing at a faster rate, and the increase in total patients, combined with additional resources for VA medical care, probably accounts for the increase in inpatient care, as more patients examined means more cases identified that might benefit from the intensive services provided on an inpatient basis.

In spite of the growing caseload, VA estimates that it will reduce the number of personnel engaged in direct patient care by 1,290 staff slots during FY2002, and total employment in VA health care will decline by 2,200 slots, according to VA estimates. 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 Congressional Budget Office estimates that \$639 million more in medical care funding will be provided in FY2001 from the Medical Care Cost Collections Fund (MCCF). 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, and proceeds of the fund are returned to VA medical care programs, primarily to the facilities responsible for their collection.

The Millennium Health Care Act (P.L. 106-117) also made available to the medical care program, proceeds from improved use of VA capital assets, including rental of space, contracting for services, and sale of surplus facilities. H.Rept. 107-159 estimates that the combined amount of the MCCF, and the Health Services Improvement Fund (HSIF) will total \$812 million for FY2002. S.Rept. 107-43 does not estimate funds for the HSIF, and accepts the Administration's estimate of recoveries of \$691 million to the MCCF.

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.

Response to Hepatitis C (HCV). Some 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 (within the VA medical care budget) for the diagnosis and treatment of infected veterans will rise to \$172 million in FY2002, up from \$152 million in FY2001, and \$100 million in FY2000. (In documents published in previous years, VA estimated expenditures on HCV using different accounting methods, and the amounts spent on HCV appear to be larger than shown here for FY2000-FY2002. The apparent differences do not indicate policy changes.)

Medical research. The House bill approved \$371 million for VA medical research projects for FY2002, the Senate bill contains \$390 million. The Administration requested \$360 million, up from the \$351 million Congress appropriated for VA medical research in FY2001. Congress appropriated \$321 million for medical and prosthetic research in FY2000.

VA Construction. The House approved the Administration's request for \$183 million for major construction projects for FY2002; the Senate version of the bill provides \$155 million. The Administration requested \$179 million for minor construction (projects with an estimated cost under \$4 million), and both versions of the bill approved that amount. FY2001 appropriations were \$66 million for major construction and \$171 million for minor construction. Congress appropriated \$65 million for major construction, and \$160 million for minor construction for FY2000.

Capital asset realignment. VA has developed a comprehensive planning approach to constructing, altering, extending, or otherwise improving facilities. In part, this new planning approach, called Capital Asset Realignment for Enhanced Services (CARES), is the Department's reaction to the criticism it has received from areas of the country in which hospital resources have been cut back, in order to redirect those resources to outpatient care, usually in other geographical areas. While VA has been successful in expanding the number of patients it serves, conflict continues between advocates of a more efficient use of resources (who advocate reducing hospital space and closing or selling superfluous inpatient facilities), and veterans groups (who see any reduction in inpatient care as a threat to the medical care needs of the veteran population).

The CARES effort is an attempt to make the planning process by which the capital assets are developed, used, modified, or relinquished, open to veterans groups. Often, the fears about reductions in health care to veterans is based on an inadequate understanding of the improvements in care for more veterans that such realignment

of resources makes possible, and the CARES approach may lessen those misunderstandings.

Some veterans have expressed the belief that, over time, moving resources from an inpatient facility in one area to outpatient access in another yields an unacceptable rate of deterioration in the former facility, as the commitment to maintain the building is diminished as the Department moves toward its eventual abandonment. The House bill establishes a fund for the rehabilitation of existing facilities for which safety or seismic concerns exist, and appropriates \$300 million to be used in conjunction with the CARES process. The purpose of the rehabilitation fund is to assure that patient safety is not compromised in unsafe facilities, while the realignment of resources is underway.

Program Administration. The House approved \$1.196 billion for General Operating Expenses (GOE) for FY2002, and the Senate approved \$1.195. The Administration requested \$1.195 billion, up from \$1.087 billion in FY2001. The request for FY2002 medical administration funds was \$68 million, up from \$62 million appropriated for FY2001. The House bill provides \$67 million, and the Senate \$68 million. The differences between the two versions of the bill in the administrative cost area is traceable to accounting differences. 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 204,670 in FY2002, down from an estimated average of 205,896 in FY2001, and 202,621 in FY2000. Much of the decline will be in medical staff.

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 persons 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.

Summary of Proposed Appropriations for HUD Programs. The Congressional Budget Office (CBO) estimates that final FY2001 appropriations for HUD are \$28.5 billion. CBO also estimates the Administration's request for HUD to require \$30.6 billion for FY2002, a \$2 billion increase or about 7%. The request calls for renewing all Section 8 expiring contracts covering 2.7 million families at a cost of \$15.1 billion, \$2.2 billion more for renewals than for FY2001. An additional 34,000 vouchers would be funded at \$197 million.

A potentially controversial part of the HUD request is a proposed cut of \$1 billion from public housing programs. The Public Housing Capital Fund would receive \$707 million less than provided for FY2001, and the Public Housing Drug Elimination program, which was funded at \$310 million in FY2001, would be

terminated under the Administration's budget. The proposed budget also would not renew the \$411 million appropriated in FY2001 for earmarks or "special projects" within the Community Development Block Grant program, which would be funded at \$4.8 billion in FY2002. Most other HUD programs would be provided with near level funding. The HOME program would receive near level funding at \$1.8 billion and programs for the elderly and disabled would be funded at a combined \$1 billion, about \$5 million more than in FY2001. Funds for the Housing Opportunities for Persons with AIDS program would receive \$277 million, a \$19 million increase over FY2001. The FY2002 budget requests \$1.02 billion for Homeless Assistance Grants and \$100 million for the Shelter Plus Care program, near level with the FY2001 appropriation.

The House passed its VA/HUD spending bill (H.R. 2620, H.Rept. 107-159) on July 30, 2001, that provides \$30.0 billion for HUD for FY2002. This is \$1.5 billion more than in FY2001, but \$600 million less than the Administration's request. The Senate approved its bill (S. 1216, S.Rept. 107-43) on August 2, which funds HUD at \$31.0 billion, \$2.5 billion more than in FY2001, \$1.0 billion more than agreed to by the House, and about \$400 million above the President's request. There are some significant differences between House and Senate Committee bills. Both bills would renew all expiring Section 8 contracts, but the House would provide funds for an additional 34,000 housing vouchers, and the Senate, 17,000. (The enacted FY2001 VA/HUD appropriations bill added 79,000 new vouchers.) The House recommended \$2.56 billion for the Public Housing Capital Fund, and the Senate, \$2.94 billion, a difference of \$388 million. The House would provide nearly \$3.5 billion for the Public Housing Operating Fund, \$253 million more than in FY2001, while the Senate agreed to \$3.38 billion. The House provides no funding for Drug Elimination Grants; the Senate reported \$300 million, \$10 million less than the program received in FY2001. Both the House and Senate agreed to \$574 million for the HOPE VI program to revitalize severely distressed public housing, the same as in FY2001.

The House reported nearly \$2 billion for the HOME block grant program, \$200 million more than the \$1.8 billion agreed to by the Senate. On the other hand, for the Community Development Block Grant program, the House would provide about \$200 million less (\$4.8 billion) than the Senate (\$5.0 billion). While both the House and Senate agreed to about \$1.02 billion for Homeless Assistance grants, the House does not fund the Shelter Plus Care program, while the Senate reported nearly \$100 million. Both the House and Senate recommend \$783 million for housing for the elderly, \$4 million more than in FY2001. Housing for the disabled would be increased by \$24 million, to \$241 million, by the House; the Senate agreed to \$218 million, \$1 million more than in FY2001. The House does not fund HUD's rural housing and economic development program, following the Administration's request; the Senate reported \$25 million, level with last year's funding. Both Houses agreed to increase funding for housing for people with AIDS by almost \$19 million, to \$277 million. The House and Senate also agreed to increase the lead hazard reduction program by \$10 million to a total of \$110 million. There was a difference in funding for Empowerment Zones and Enterprise Communities. While the Administration requested \$150 million, the House would provide no funding; the Senate, \$75 million.

Improving HUD management. The new HUD Secretary, Mel Martinez, has said he wants to focus on internal HUD management issues, and to wait for the recommendations of the Millennial Housing Commission (due early in 2002) before starting new initiatives or programs. Despite similar efforts of past administrations to improve the management of HUD programs and to modernize financial and information systems, about 70% of the agency's programs are still classified by the General Accounting Office (GAO) as at high-risk for waste, fraud, and abuse. Secretary Martinez has said he will consider consolidating some of the more than 300 HUD programs, as well as speeding up the decision-making process by giving HUD field offices more authority to act without having to get approval from headquarters. The Secretary also intends to evaluate the adequacy and effectiveness of HUD staff (now at about 10,000, down from a high of 17,000), and whether the work performed by them is appropriate to HUD's mission.

Management of unspent funds. In recent years, problems in obtaining accurate and timely information about the nature, amount, and availability of unspent balances has made it difficult for Congress to determine the policy effect of any specific funding level for several HUD programs. The problem has been particularly concentrated in the two main rental housing assistance programs, the Housing Certificate Fund, and the public housing programs, which together account for nearly 75% of the Administration's \$30.6 billion HUD request for FY2002.

Much of the problem arises from the need for HUD to disburse its funding assistance to semi-autonomous local entities, known as Public Housing Authorities (PHAs). Housing assistance generally involves evaluating a specific eligible family's housing needs, and addressing those needs with housing assistance vouchers, used to secure housing from the supply of suitable units available in the community specific to the PHA. While PHAs are usually in the best position to manage the problems arising from particular cases and localized housing issues, the downward flow of HUD funds reflects national priorities determined by Congress and administered by HUD. Inevitably, incomplete and delayed accounting procedures make tracking the funds somewhat difficult and often imprecise, as the flexibility necessary to achieve policy purposes can conflict with accounting cycles.

On April 25, 2001, in testimony before the Senate's Banking Subcommittee on Housing and Transportation, the General Accounting Office (GAO) noted that HUD had recaptured (or taken back from PHAs) about \$3 billion each year between fiscal year 1998 and 2000, and that Congress has rescinded (cancelled) almost \$2 billion of balances in each of the past 2 years, using the funds for other purposes. In its FY2001 appropriation, Congress provided the Housing Certificate Fund with \$4.2 billion in advanced appropriations that will be available for spending in FY2002, and GAO asked how much additional funding is actually needed for the Housing Certificate Fund for FY2002. The \$4.2 billion is not designated for any program activity in FY2002, and the GAO concluded that "[w]hile HUD may need to carry over some unobligated funds from one fiscal year to the next, HUD has not provided rationale supporting \$4.2 billion as the amount of unobligated balances it needs..."

Thus, the amounts appropriated in recent years for particular programs have become less of an indicator of what will get spent for that year, or the immediate years ahead, or at all. Secretary Martinez testified on May 23, 2001, before the VA/HUD

House Committee on Appropriations, that there was over \$36 billion of unexpended balances in various HUD program accounts.

The matter of unspent funds has prompted debate over HUD's proposal to cut \$707 million from the public housing capital fund for FY2001. HUD estimates that PHAs have over \$6 billion in unspent funds for public housing, more than adequate for 2 years at the current spend-down rate, and that therefore putting more funds into the pipeline is not necessary. PHAs counter that HUD has been slow in getting the funds out to them, a claim acknowledged by HUD. HUD regulations, by allowing PHAs up to 36 months to spend disbursed funds, recognize the special nature of local housing assistance, sometimes including the need for local government approval. Such approval often entails a formal planning process, including hearings, reviews, and a complex method for letting contracts. PHAs worry that when the pipeline of funds begins to empty, there may not be enough funds made available in a timely manner.

Using "excess" mortgage insurance premiums to fund HUD programs. Some analysts have identified what they believe is a surplus of reserves in the basic FHA mortgage insurance program. In their view, funds collected as mortgage insurance premiums that exceed the rate at which payments must be made to cover insured events (plus a reasonable contingency reserve), should be put to a public policy purpose, rather than allowed to languish in a federal account with no particular advantage accruing to anyone as a result of the growing balance. Several bills in the 107th Congress, for example, H.R. 2349 and S. 1248, reflect this view. Another view suggests that instead of using, for an unrelated purpose, a growing balance in the funds collected for the specific risks involved with mortgage insurance, the premiums should be lowered to more closely approximate the actual experience of mortgage insurance liabilities (for example, S. 607).

During the past decade, mortgage insurance premiums, the main income of the program, have greatly exceeded the losses from mortgage foreclosures. The \$5 billion of reserves frequently cited last year as a potential source of income for a rental housing production program, was the excess of premiums over expenditures and reserves during FY1998-FY1999. The Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) recently reclassified these excess reserves, no longer treating the entire amount of the growing fund balance as unobligated "mandatory" spending authority, but treating the amount determined as excess, as unobligated "discretionary" spending authority.

The effect of this "scoring" change, means that, at least in part, the FY2001 estimate of VA/HUD appropriations was revised downward from \$30.7 billion to \$28.5 billion, as approximately \$2.25 billion of FHA "negative subsidies" were moved from an accounting category that added them to a growing account balance of unobligated mandatory spending, to the discretionary side of the ledger, which shows them as unspent discretionary funds. As a result of this accounting change, these negative subsidies reduce the apparent total of appropriations to HUD for discretionary programs – the amount reclassified, and therefore subject to obligation as discretionary spending in the year in which the reclassification occurs, is subtracted from that fiscal year's discretionary appropriation.

Because these excess reserves were already within the federal budget (contributing to the current budget surplus), they are not excess funds from the perspective of the federal budget or to federal taxpayers. Premiums paid to the insurance account are federal revenues; payments from the account are federal expenditures. Any excess of revenues over expenditures contributes to the federal surplus (or would offset a federal deficit, if one existed). The excess in the insurance account can be drawn down for other HUD programs, but doing so has the same effect on federal taxpayers as an appropriation: it would be spending authority that is ultimately drawn from federal revenues, and counted within the federal budget accordingly. Thus, any projected fund excess that is reclassified as discretionary cannot be treated as new money that previously had not been counted within federal budget totals.

An undated written CBO response to the House Financial Services Housing Subcommittee explains that, after extensive discussion, CBO/OMB agreed to reclassify the FHA's Mutual Mortgage Insurance and Cooperative Housing Mortgage Insurance (MMI/CHMI) fund excess as "discretionary" rather than "mandatory," clearing the way for the excess to be offset against other discretionary spending in the upcoming VA-HUD appropriations bill, as well as in the totals for HUD appropriations over the last several years. The CBO memorandum says that the change in the scoring method should have no effect on the amount of budgetary resources available to HUD or any congressional committee.

A recent GAO report (*Mortgage Financing: FHA's Fund Has Grown, but Options for Drawing on the Fund Have Uncertain Outcomes*; GAO-01-460, February, 2001) concluded that the FHA may actually have taken on more high-risk borrowers in recent years and as a result, may need more reserves than otherwise thought to weather a serious economic downturn.

Table 5. Department of Housing and Urban Development Appropriations, FY1997 to FY2001
(budget authority in billions)

FY1997	FY1998	FY1999	FY2000	FY2001
\$16.30	\$21.44	\$24.08	\$25.92	\$28.48^a

Source: Figures for FY1997-FY2000 are from administration budget submissions of subsequent years; figures for FY2001 are from House Committee on Appropriations, and are the latest available estimates for the current fiscal year. Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included.

^a Reflects \$1.83 billion in rescissions required by **P.L. 106-377**; also includes \$-2.246 billion in excess mortgage insurance premiums (scored as an offset against discretionary spending within the Federal Housing Administration). Because of the scoring change, the estimate for FY2001 is not comparable to figures shown for previous fiscal years.

The Major Housing Policy Issue: Affordable Rental Housing. The slower economy of the last several quarters is not likely to bring relief to lower-

income households looking for affordable rental housing. The strong economy of the previous half dozen years created a large number of new jobs and increased incomes that put substantial pressures on housing markets. Increased demands lowered vacancy rates and pushed rents higher, as more people entered the rental market with sufficient incomes to avoid sharing apartments and houses. While this increased demand encouraged more units to be built, rents for these new dwellings are almost always out of the range of lower income families. Restrictive zoning, building codes, and local opposition can 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, thereby contributing to the difficulty tenants have in finding affordable apartments. With more profitable alternatives available, some rental property owners have decided not to renew their federal contracts. Older apartment buildings with lower rent units continue to be torn down or renovated for an upscale market, as the tight rental market pressures generate more profitable alternatives for investors in rental housing. Fewer apartment owners in the suburbs of metropolitan areas are willing to rent to subsidized tenants, either because the owners want to avoid bureaucratic program “red tape” or because the value of the voucher is not sufficient for subsidized tenants to afford the units.

In statistics that surprised some, HUD reported several months ago that American Housing Survey data from the U.S. Census Bureau showed a drop from 1997 to 1999 in the number of “worst case” renters – those who pay more than half their income for housing or live in substandard housing, and have incomes below 50% of the local median, but who receive no assistance.¹ Their numbers fell for the first time in 10 years, from 5.4 million households in 1997 to 4.9 million in 1999. This was largely from increases in income among very-low income renters, rather than an expansion in the number of rental housing units affordable to them. The median incomes of this group rose 14%, while rents rose 6%.

The National Housing Conference (NHC) has also examined 1997 and 1999 American Housing Survey data, looking at households with critical housing needs – those paying more than 50% of their income for housing – but focused on those with moderate to lower middle-incomes. These are households with incomes from 80% to 120% of the local median income. At their annual budget forum in Washington, D.C., on February 21, 2001, the NHC reported that the number of these households with critical housing needs had increased 74%. These households are much less likely to receive rental assistance than those with incomes below 50% of the local median.

Thus, the NHC concluded that affordable housing problems had moved up the income ladder. Police, teachers, fire fighters, and other public municipal employees, who have been cited in the media as having problems affording housing, generally fall into this 80% to 120% median income category. A June 2000 NHC report stated that having a job does not guarantee a family a decent place to live at an affordable cost.

¹ *A Report On Worst Case Housing Needs In 1999: New Opportunity Amid Continuing Challenges. Executive Summary.* January 2001. U.S. Department of Housing and Urban Development. Office of Policy Development and Research.

Among its findings: “More than 220,000 teachers, police, and public safety officers across the country spend more than half their income for housing, and the problem is growing worse.”²

After a long hiatus, Congress appropriated money for 50,000 additional housing vouchers in FY1999, 60,000 in FY2000, and 79,000 in FY2001 (bringing the estimated total number of vouchers to about 1.4 million in FY2001). HUD is proposing an additional 34,000 for FY2002. However, the VA-HUD appropriation committees and others have become concerned about the difficulty that some PHAs have in putting these vouchers to use. H.Rept. 107-159 reports that the average utilization of vouchers has fallen from 96.7% in FY1999, to an estimated 92.4% in FY2001. As noted, the FY2002 VA/HUD appropriations bill, H.R. 2620, recommends an additional 34,000 vouchers, and in the Senate, S. 1216 calls for 17,000 new vouchers.

In past years, the “payment standard,” which is the basis by which PHAs set the subsidy value of a voucher, was generally limited to 110% of the Fair Market Rent (FMR), a figure linking vouchers, housing units, and average rental prices at various market levels. In 39 tight rental markets, HUD now permits the FMR for rental units eligible for subsidization to be based on the 50th percentile for the local rental housing market, rather than the previous 40th percentile. To increase the chances of families being able to use their vouchers, last year’s appropriation bill allowed public housing authorities to increase, under certain circumstances, their payments for assisted rents under Section 8, to a maximum of 150% of the FMR. Other expected improvements to make vouchers more effective include help in paying security deposits, giving counseling to PHAs on how to be more aggressive in reaching out to landlords, and giving landlords more incentives to participate in the rental program. Finally, HUD has promised to improve its acknowledged tardiness in getting funds to PHAs in a timely manner.

The voucher utilization issue has led to discussions about the need for a HUD rental housing production program (along with a renewed determination to preserve the existing affordable rental housing stock). Referring to the limited value of vouchers in many tight rental markets, the Senate Appropriations Committee expressed its concerns both this year and last year 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.” While a small number of new apartments have been built for the elderly in recent years, HUD has largely been out of the business of subsidizing new construction since the 1970s. However, the recently enacted 40% increase in the Low Income Housing Tax Credit that subsidizes rental housing production (P.L. 106-554) will add to the availability of affordable housing for lower income families.

² The Center for Housing Policy (a research affiliate of the National Housing Conference), *Housing America’s Working Families*, New Century Housing (Washington, D.C.), June 2000, p. 2.

**Table 6. Appropriations: Housing and Urban Development,
FY2001-FY2002**
(budget authority in billions)

Program	FY2001 Enacted	FY2002 Request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
Housing certificate fund	13.941	15.717	15.694	15.659	-
<i>Appropriation</i>	9.741	15.717	11.494	11.459	-
<i>Advance appropriation (P.L. 106-377)</i>	4.200	--	4.200	4.200	-
Public housing capital fund	3.000	2.293	2.555	2.943	-
Pub. housing operating fund	3.242	3.385	3.495	3.385	-
Drug elimination grants	.310	--	--	.300	-
Revitalization of distressed public housing (HOPE VI)	.575	.574	.574	.574	-
Indian housing block grants	.650	.649	.649	.649	-
Indian housing loan guar.	.006	.006	.006	.006	-
Native Hawaiian loan guar.	--	--	--	.001	-
Housing, persons with AIDS	.258	.277	.277	.277	-
Rural Hsng.; Econ. Develop.	.025	--	--	.025	-
Empowerment zones; enterprise communities	.200	.150	--	.075	-
Community Devel. Blk. Grant ^a	5.124	4.802	4.812	5.013	-
Sec.108 loan guar.; subsidy	.030	.015	.015	.015	-
Brownfields redevelopment	.025	.025	.025	.025	-
HOME Invest. Partnerships	1.800	1.796	1.996	1.796	-
Homeless Assistance Grants	1.025	1.023	1.028	1.023	-
Shelter Plus Care	.100	.100	--	.100	-
Housing for special populations	.996	1.001	1.024	1.001	-
<i>Housing for the elderly</i>	.779	.783	.783	.783	-
<i>Housing for the disabled</i>	.217	.218	.241	.218	-

Program	FY2001 Enacted	FY2002 Request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
Federal Housing Admin. (net) ^b	-1.341	-1.671	-1.707	-1.671	-
GNMA (net) ^c	-.338	-.373	-.373	-.373	-
Research and technology	.054	.043	.047	.053	-
Fair housing activities	.046	.046	.046	.046	-
Office of lead hazard control	.100	.110	.110	.110	-
Millennial Housing Commission	--	.002	--	--	-
Salaries and expenses	.543	.556	.546	.556	-
Inspector General	.053	.062	.062	.067	-
Recaptures; rescissions; legislative savings	-1.947	-.007	-.901	-.630	-
Subtotal (HUD) net	28.476	30.581	29.980	31.024	-

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

^a P.L. 106-554, FY2001 appropriations for the Departments of Labor and Health and Human Services (Labor-HHS), included \$110 million for HUD's empowerment zones program, and \$66 million for CDBG, and those amounts are incorporated into the program baseline for FY2001.

^b Net, interagency transfers and offsetting receipts against appropriations of the current year; included in the totals are excess premiums to the mortgage insurance fund, which are now treated as offsetting receipts against discretionary funds. The effect is estimated to be \$-2.246 billion for FY2001, and \$-2.323 billion for FY2002.

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

For additional information on housing issues, see CRS Report RL30916, *Housing Issues in the 107th Congress*, by Richard Bourdon. See also CRS Report RL30486, *Housing the Poor: Federal Programs for Low-Income Families*.

Lower income and minority homeownership initiatives. Secretary Martinez has said he would limit new initiatives to those presented by the President in his election campaign, namely to expand homeownership opportunities for lower income and minority families. The current homeowner rate for minorities, and for many central cities, is below 50%, while the rate for whites reached a record 73.4% in 2000. Three of the Administration's proposed homeownership initiatives are within HUD; a fourth proposes changes to the tax code.

One initiative would set aside \$200 million within the HOME program for an American Dream Down Payment Fund, which would provide a 3-for-1 match of third-party contributions, up to a maximum of \$1,500. The House agreed to \$200 million for this initiative in approving H.R. 2620 on July 30, 2001. Another

Administration homeownership initiative would allow up to a year's worth of Section 8 housing vouchers to be used for a downpayment on the purchase of a home, or make mortgage payments on a new home. Under a third initiative, HUD will seek authority to allow the FHA to offer low-income families hybrid adjustable rate mortgages that would have lower rates for an initial number of years (for example, the first 3, 5, or 7 years), with annual adjustments thereafter, indexed to Treasury securities. A fourth initiative would create a \$1.7 billion tax credit over 5 years to support the rehabilitation or new construction of an estimated 100,000 homes for purchase by low-income households.

Housing Certificate Fund: A Closer Look. The Housing Certificate Fund (HCF) is the major disbursing mechanism through which HUD provides funding to local entities responsible for administering project-based housing programs and direct low-income rental housing subsidies (vouchers). The Administration is requesting \$15.7 billion for the Housing Certificate Fund in FY2002, for an increase of \$1.8 billion over the FY2001 funding level of \$13.9 billion. Of this amount, the Administration is requesting \$197 million for 34,000 incremental vouchers to add new families to the assisted housing roles. These vouchers would be distributed to public housing agencies that have demonstrated their ability to effectively use the vouchers they have been given in the past.

Section 8 Housing Assistance. The HCF finances 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. Almost 3 million families are assisted under Section 8. The largest portion of the Administration's request for new funding is for subsidized rental contracts, including \$15.1 billion in new budget authority for funds to renew expiring Section 8 rental contracts in FY2002.

The House agreed to a total of \$16.3 billion for the Housing Certificate Fund that includes \$15.7 billion for the Housing Certificate Fund in direct appropriations (plus \$640 million carryover from reserve funds of previous years – see below). The House agreed to \$197.2 million for 34,000 incremental vouchers while specifying that \$157 million of this amount should be made available on a fair share basis to those public housing agencies that have a 97% voucher utilization rate. Of the \$197.2 million, \$39.9 million is set-aside for 7,914 new vouchers for disabled residents affected by public housing units designated as “elderly only.” The House also requires that \$886 million be rescinded from unobligated balances remaining from funds appropriated for FY2001 and prior years.

Following the Administration's request, H.Rept. 107-159 says the committee assumes that \$640 million in FY2001 carryover funds will be made available for program use by reducing the amount of reserve funding available to PHAs from 2 months to 1 month, noting that PHAs used only \$46.2 million of these reserves in FY2000. Thus, the committee does not believe this will have a negative impact on efforts to increase the rate of voucher utilization. (In contrast, the Senate committee is “very concerned” about HUD's policy of reducing the reserves by one-half, and believes this may limit the ability of some PHAs to assist families with severe housing needs and the efforts of some PHAs to increase voucher utilization.)

The Senate passed bill recommends \$15.7 billion in direct appropriations for the Housing Certificate Fund, the same as the House. An additional 17,000 vouchers would be funded at \$98.6 million, compared to the 34,000 requested by the Administration and agreed to by the House. These vouchers would be made available on a fair share basis only to those public housing agencies that have a 97% voucher utilization rate. Senate Report 107-43 explains that this reduction (below the Administration's request) reflects the concerns of the Committee that vouchers are not always the best mechanism to help low-income families obtain affordable housing.

The following table shows HUD and congressional estimates of the Administration's request for FY2002 funding for the Housing Certificate Fund compared with House and Senate recommendations.

Table 7. Spending Authority: Housing Certificate Fund (HCF), FY2002
(\$ in billions)

HCF Programs	President's request (HUD estimates)	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	Confer.
Housing Certificate Fund	15.717	16.334	15.659	--
<i>FY2002 Appropriations (Table 6)</i>	<i>15.717</i>	<i>15.694</i>	<i>15.659</i>	
<i>Carry-over of reserve funds from previous fiscal years</i>	--	.640	--	--
<i>Housing Certificate Fund:</i>				
<i>Expiring Sec. 8 Contracts</i>	<i>15.108</i>	<i>15.725</i>	<i>15.507</i>	--
<i>FSS coordinators</i>	<i>(.046)</i>	<i>(.046)</i>	--	
<i>Incremental Vouchers</i>	<i>.197</i>	<i>.197</i>	<i>.099</i>	--
<i>Fair-share</i>	--	<i>(.157)</i>	<i>(.099)</i>	
<i>Non-elderly disabled</i>	--	<i>(.040)</i>	--	
<i>Non-elderly disabled vouchers</i>	--	--	<i>.040</i>	
<i>Tenant Protection</i>	<i>.203</i>	<i>.203</i>	--	--
<i>Contract Administration</i>	<i>.196</i>	<i>.196</i>	--	--
<i>Working capital fund</i>	<i>.013</i>	<i>.013</i>	<i>.013</i>	--

Source: HUD: Congressional Justifications for FY2002; H.Rept. 107-159; S.Rept. 107-43.

Note: Italics indicate lines subsumed under major heading for HCF in **Table 6** and **Table 7**.

The Committee also expressed concern that HUD has not addressed the many inefficiencies that interfere with the ability of families to use vouchers. In addition to the \$98.6 million appropriated for incremental vouchers, there would be \$40 million made available for tenant-based assistance for disabled families who are impacted by public housing units designed as "elderly only." This amount should support approximately 7,900 tenant-based vouchers. As noted, Senate Report 107-43 expresses the view that vouchers are not always the best way to assist needy families

with their housing needs, and urges the Administration to consider additional funding for housing construction, tax incentives for housing production and preservation, and new multifamily housing insurance programs. The Senate version of the bill also calls for a rescission of \$615 million of unobligated Section 8 balances. This rescission is \$271 million less than approved by the House.

In its budget request, the Administration assumes that not all owners of Section 8 assisted housing would be 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. For this reason the Administration is requesting \$203 million for tenant protection and assistance for FY2002, and encourages public housing authorities to use \$40 million of these funds to assist non-elderly disabled tenants living in public housing that is being converted to “elderly only” projects.

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. However, the Administration is requesting \$196 million to contract out other duties currently performed by HUD staff, that can be more efficiently done elsewhere, including annual physical inspections of properties, review of management, financial statements, and occupancy, and release of replacement reserves.

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. The proposed budget for FY2002 says that HUD is committed to sustaining and improving the Nation’s public housing.

Public Housing Operating Fund. Many PHAs are facing a shortage of funds to meet utility rate increases. HUD has moved to address this problem by providing \$105 million of FY2001 funds to affected agencies. Through a formula distribution, \$55 million of these funds are being made available to PHAs nationwide and \$50 million are being used to compensate specific PHAs with extraordinary utility cost increases. HUD explains that in light of increased utility cost increases, the FY2002 budget provides \$3.39 billion for the Operating Fund, an increase of \$143 million over the FY2001 enacted level of \$3.24 billion. The House agreed to nearly \$3.5 billion for the operating fund in FY2002. H.Rept 107-159 explains that this increase is in lieu of funding for Drug Elimination grants, noting that operating funds can and are now being used for anti-drug and anti-crime efforts by PHAs. The report points out that only 1,000 of the 3,400 PHAs receive funding under the Drug Elimination formula grants program, with four PHAs receiving 25% of the total funding available. The House recommended that \$20 million of the \$3.5 billion be made available for programs, determined by the Attorney General, which assist in the prosecution and prevention of violent crimes and drug offenses in public and federally-assisted low-income housing. The \$20 million would be administered by the Department of Justice.

The Senate would provide \$3.39 billion in FY2002 to run public housing, following the Administration's request. The VA/HUD committee report explains that the \$150 million increase over FY2001 is, in part, to address higher operating costs due to higher gas and electricity prices.

Public Housing Capital Fund. This fund provides formula grants to PHAs to meet modernization requirements, including the backlog of rehabilitation and modernization needs. The rehabilitation of existing public housing developments is important to help ensure that they do not become so obsolete that they must be demolished. The proposed FY2002 budget provides \$2.293 billion for the Public Housing Capital Fund, a reduction of \$707 million compared to FY2001. Because HUD estimates that additional capital needs are accruing at an annual rate of \$2.1 billion, and that PHAs have more than \$6 billion of unspent capital funds from prior years, HUD believes this amount will be sufficient to meet all new modernization requirements.

Reducing new appropriations for capital funds results in a draw down of already appropriated funds that have not been expended by PHAs. While HUD recognizes that these funds are primarily for capital improvement projects, it nevertheless expects PHAs to obligate these funds within 24 months and expend them in 48 months. HUD has concluded that, while not all PHAs are falling behind in scheduled modernization, the buildup of unobligated and unexpended funds by some PHAs suggests that modernization funds may not be reaching the PHAs in greatest need or capacity.

HUD reports that as of June 1, 2001, nearly \$4.7 billion of funds provided in FY1998, 1999 and 2000 had not been spent, and \$2.7 billion of this amount had not been obligated (put under contract). HUD plans to review, and where necessary, modify the Capital Fund program to ensure a timely and effective reduction of the nearly \$20 billion backlog of modernization and rehabilitation needs. The HUD Secretary has reassured PHAs that are utilizing their allocations that they will not be penalized by efforts to reduce unspent funds in the pipeline, and that instead, funds will be reallocated to PHAs with demonstrable success in meeting their program objectives.

The House agreed to \$2.56 billion for the capital fund, \$262 million more than the Administration request, but \$445 million below the FY2001 level. The Committee noted in its report that as of June 1, 2001, \$733 million in FY1998 and FY1999 funds remained unobligated by PHAs, with 25 PHAs accounting for 73% of these funds. Thus, the House bill specifies that \$262 million is to be allocated only among public housing agencies that have obligated all of their assistance within the 24-month statutory requirement. The HUD Secretary would be required to recapture FY1999 and prior year funds that have not been obligated within the required period under the law and redistribute those funds to PHAs that are in compliance.

The Senate approved \$2.94 billion for the capital fund, \$650 million above the President'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 is requesting \$574 million for HOPE VI grants in FY2002, a \$1 million decrease from the \$575 million enacted for FY2001. Unless it is reauthorized, the HOPE VI program is scheduled to end on September 30, 2002. HUD is evaluating the program and plans to ask for an extension of the program. Both the House and Senate agreed to provide nearly level funding for the HOPE VI program for FY2002 at \$574 million. The Senate committee report expresses concern that HUD may not meet its goal of demolishing 100,000 public housing units by the end of FY2002 when the program's authorization ends. The Committee directs HUD to advise it on what form this program should take after authorization ends.

For more information on HOPE VI, see CRS Report RL30589, *HOPE VI: The Revitalization of Severely Distressed Public Housing*, by Susan M. Vanhorenbeck.

Drug Elimination Grants. The Drug Elimination Grants program received an appropriation of \$310 million for FY2001. These grants support efforts to reduce drug activity and other crimes in and around public housing developments. 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.

In recent years there has been some controversy over how grant money has been spent, such as using money for gun buy-back programs to lessen the number of guns in a community. Last year's Senate Report, S.Rept. 106-410, expressed concern about HUD "interfering" with local decision making on the use of drug elimination grants, and directed HUD to identify in the FY2002 budget justification the goals of the program and the actual performance of the grantees in meeting the goals.

In one of the more controversial parts of HUD's proposed FY2002 budget, the Administration would eliminate the program, contending that there have been abuses and that the program is outside of HUD's core mission. In testimony before the House Committee on Appropriations Subcommittee on VA, HUD, and Independent Agencies (May 23, 2001), Secretary Martinez reported \$660 million of unspent funds in the drug elimination program.

The HUD budget for FY2002 proposes to consolidate and streamline the Department's anti-drug use activities. The Administration explains that public housing authorities can currently use funds from the Public Housing Operating Fund program, the Capital Fund program, and unspent amounts in the Drug Elimination Grant program. While ending the Drug Elimination Grants, they propose to increase the Operating Fund by \$150 million for anti-drug activities and other purposes as decided by local priorities. Housing authorities will be encouraged to continue major partnerships with local police departments. In addition, the Department will continue to work closely with other federal agencies such as Justice, Health and Human Services and the Office of National Drug Control Policy to administer proven prevention and intervention programs, and with faith-based organizations that also provide treatment and counseling.

The House follows the Administration's request and would provide no funding for the Drug Elimination Program for FY2002. As described earlier, the House committee provides additional funding for anti-drug and anti-crime efforts through an increase in the public housing operating fund in lieu of funding Drug Elimination Grants as a separate program. The Senate approved \$300 million for Drug Elimination Grants in FY2002.

Native American Block Grants. This block grant provides tribes or tribally designed housing entities with a flexible source of funding for affordable housing and related activities. As provided in the Native American Housing Assistance and Self-Determination Act, block grant funds may be used for a wide range of homeownership and rental activities. The Administration's FY2002 budget provides \$649 million, slightly below the \$650 million enacted in FY2001. Both the House and Senate agreed to \$649 million, the same as the President's request, and approximately level with that approved in FY2001.

Community Development Fund (Community Development Block Grants). The VA, HUD, Independent Agencies Appropriations Act for FY2001 (P.L. 106-377), established the Community Development Fund (CDF) to support federal financial administrative responsibilities which had been previously managed as an administrative function of the Community Development Block Grants (CDBG) program. The Bush Administration's FY2002 budget proposes \$4.8 billion for the CDF to provide grants under the CDBG, and \$4.399 billion in formula-based grants to entitlement communities and states. The Administration's budget request would freeze the formula-based portion of the program at the FY2001 funding level, but would reduce the amount of funding for set asides by 43%, from \$713 million to \$403 million. Much of the proposed \$310 million reduction would be achieved by eliminating funding for the Economic Development Initiative.

The House recommended an appropriation of \$4.812 billion for the Community Development Fund. This is \$10 million more than requested by the Administration, but \$312 million less than appropriated for FY2001. The House bill includes \$413 million in set-asides. The Senate passed bill would appropriate \$5.013 billion for the CDBG program and related set-asides. The bill would appropriate \$4.524 billion for the formula-based component of the CDBG program. This is \$125 million more than the \$4.399 billion provided for FY2001. The bill also includes \$489 million in CDBG-related set-asides. This exceeds the amount requested by the Administration (\$403 million) and approved by the House (\$413 million).

The CDBG (and now the CDF) 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 CDBG, 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. Currently, 991 communities (838 cities and 153 urban counties) meet the definition of entitlement community. The remaining 30% of appropriated funds were allocated by formula to states for distribution to nonentitlement communities.

The Administration proposed two new initiatives under the CDF program, \$80 million for the Community Technology Centers Initiative (CTC), and \$20 million for the Administration's Improving Access Initiative. HUD's proposed CTC Initiative would complement an existing program administered by the Department of Education and HUD's Neighborhood Network Initiative. The CTC Initiative is intended to expand access to computers and to promote the use of technology in education through the development of model programs in HUD insured and assisted housing. Funds are targeted to economically distressed communities in urban and rural areas and may be used to fund personnel salaries and equipment.

The Administration's budget also includes \$20 million for its Improving Access Initiative, a grant program that would provide financial assistance to Americans with Disabilities Act-exempt civic and religiously-affiliated institutions with limited resources. The grants would help fund projects intended to make the facilities of eligible organizations disabled-accessible. Neither House or Senate-passed versions of the VA-HUD-Independent Agencies Appropriations bill for FY2002 include funding for the Administration's Improving Access Initiative. The Senate bill includes the \$80 million requested by the Administration for its CTC initiative while the House bill would not fund the proposal.

In the Administration's budget, these and other CDF-based initiatives were to be offset by eliminating funding for two CDF set asides, the Neighborhood Initiative, which received \$44 million for FY2001, and the Economic Development Initiative, which received \$357 million in FY2001. The Neighborhood Initiative supports projects intended to stimulate economic diversification and investment in areas experiencing population out-migration, improve conditions in blighted and distressed neighborhoods, or facilitate the integration of housing assistance with welfare reform initiatives. For FY2001, Congress appropriated \$44 million for the program with all of the funds directed to specific projects identified in the conference report (H. Rpt. 106-988) accompanying the VA-HUD-Independent Agencies Appropriations Act, P.L. 106-377.

In past years the Economic Development Initiative (EDI) has routinely been used to fund specific projects of interest to individual Members. Entitlement communities, states, and previous administrations have objected to this type of congressionally-directed funding on the grounds that it is noncompetitive, and reduces the amount of funds available under the core CDBG program for distribution to entitlement communities and states. For FY2001, \$357 million in EDI assistance was directed to more than 300 specific projects identified in the conference report accompanying the FY2001 appropriations act for VA-HUD, and Independent Agencies. This represented approximately 50% of the \$713 million in total CDBG set-asides for FY2001. For FY2002, the Senate bill would allocate approximately 30% (\$140 million) of the \$489 million in proposed CDF set-asides for specific EDI projects. The House bill would earmark \$77 million for EDI projects.

**Table 8. Community Development Block Grants,
FY2001-FY2002**
(funding in millions)

Programs and set-asides	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
<i>Subtotals:</i>					
<i>set-asides (see below for details)</i>	713	403	413	489	--
<i>formula-based (entitlement communities)</i>	3,087	3,079	3,079	3,167	--
<i>formula-based state allocation</i>	1,324	1,320	1,320	1,357	--
<i>Set-asides:--</i>					
<i>Indian Tribes</i>	70.8	69.0	69.0	71.0	--
<i>Native American Economic Development Access Center</i>	--	(1.2)	--	--	--
<i>Housing Assistance Council</i>	3.0	3.0	3.3	3.0	--
<i>National American Indian Housing Council</i>	2.6	2.2	2.8	2.6	--
<i>Section 107</i>	45.4	38.4	34.4	45.5	--
<i>Insular areas</i>	(7.0)	(7.0)	(7.0)	(8.0)	--
<i>Hawaiian Homelands Homeownership</i>	0.0	0.0	0.0	(10.0)	--
<i>Historically Black Colleges and Universities</i>	(10.0)	(10.0)	(10.0)	(11.0)	--
<i>Hispanic Serving Institutions</i>	(6.5)	(6.5)	(6.5)	(7.5)	--
<i>Community Dev. Work Study</i>	(3.0)	(3.0)	(3.0)	(3.0)	--
<i>Alaskan Native and Native Hawaiian Serving Instit.</i>	(3.0)	3.0 ^a	0.0	4.0	--
<i>Tribal Colleges and Universities</i>	(3.0)	3.0 ^a	0.0	3.0	--
<i>Comm. Outreach Partnership</i>	(7.9)	(7.9)	(7.9)	0.0	--
<i>Management Info. Systems</i>	(5.0)	(4.0)	0.0	0.0	--
<i>Community Technology Center</i>	0.0	80.0	0.0	80.0	--
<i>Improving Access Initiative</i>	0.0	20.0	0.0	0.0	--
<i>Self-Help Housing Opportunity</i>	20.0	22.0	22.0	0.0	--
<i>National Housing Dev. Corp.</i>	10.0	0.0	5.0	0.0	--
<i>Nat. Council of La Raza Hope</i>	0.0	0.0	5.0	0.0	--
<i>Capacity Building for Comm. Develop.& Affordable Housing</i>	28.4 ^b	29.4 ^b	0.0	0.0	--
<i>National Com. Dev. Initiative</i>	(25.0) ^c	(25.0) ^c	29.4 ^d	25.0	--
<i>Habitat for Humanity</i>	(3.4)	(4.4)	(4.4)	0.0	--

Programs and set-asides	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
<i>Resident Opportunities and Self Sufficiency (Supportive Services)</i>	54.9	54.9	54.9	55.0	--
<i>Neighborhood Initiative</i>	43.9	0.0	25.0	0.0	--
<i>Salt Lake City Olympic Games Temporary Housing</i>	2.0	0.0	0.0	0.0	--
<i>Working Capital Fund for the development of info. tech. systems</i>	14.9	18.0	15.0	0.0	--
<i>Youthbuild</i>	59.9	59.9	69.9	59.9 ^e	--
<i>Economic Develop. Initiative:</i>	357.3	0.0	77.0	140.0	--
Total: CDF, CDBG	\$5,124	\$4,802	\$4,812	\$5,013	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

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

^a Program would be funded as a stand-alone program and would not be included as a set aside under Section 107 (Special Purpose Grants).

^b FY2001 appropriations included \$5 million for rural and tribal areas. The Administration's FY2002 budget recommends \$4.9 million for rural and tribal areas.

^c Includes funding for the Enterprise Foundation and the Local Initiative Support Corporation (LISC) in support of local community development corporations.

^d Includes \$24.9 for the Enterprise Foundation and LISC, including \$4.9 million for rural areas.

^e Includes \$2 million for capacity building by Youthbuild USA and \$10 million for underserved and rural areas.

Housing for Persons with AIDS (HOPWA.) The President requested \$277 million for HOPWA for FY2002, up \$19 million from the \$258 million enacted in FY2001 (including the 0.22% reduction which was mandated last year). Both the Senate and House recommend \$277 million for FY2002, following the Administration's request. HOPWA provides grants to states, localities and nonprofit organizations to meet the housing need of individuals with HIV/AIDS and their families.

In an evaluation released by HUD in December 2000, it was reported that the HOPWA program predominately serves extremely low-income (54%) and very low-income (27%) persons living with HIV/AIDS and that in 1999 the HOPWA program was providing housing assistance to approximately 49,000 low-income persons living with HIV or AIDS. This is approximately one-sixth of the estimated 311,701 persons living with AIDS in the United States as of June, 2000 as reported by the Centers for Disease Control and Prevention (CDC). The CDC reported that through June 2000, the number of HIV infections reported in states with confidential HIV reporting (34 states and two territories) was 120,223 for a cumulative total of 431,924 persons identified as being HIV positive or of having AIDS. The total of HIV positive persons is believed to be considerably higher.

For more information on HOPWA, see CRS Report RS20704, *Housing Opportunities for Persons with AIDS(HOPWA)* by M. Ann Wolfe.

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, \$25 million was appropriated. The proposed FY2002 HUD budget did not include a request for funds for this program because the Administration claims that it duplicates several programs including CDBG and those of the U.S. Department of Agriculture. The House passed bill does not fund this program, agreeing with the Administration that the program is redundant. The Senate agreed to \$25 million for this program.

Brownfields Redevelopment. The Administration requested \$25 million in funding for brownfields redevelopment projects for FY2002. This is the same amount appropriated in FY2001. Brownfields 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 with EPA brownfield cleanup efforts. The Bush Administration estimates that FY2002 funds could support the cleanup of 25 brownfield sites and create approximately 5,400 jobs. The House and Senate bills would appropriate \$25 million for brownfield redevelopment grants.

Empowerment Zones and Enterprise Communities. This initiative is an interagency effort to promote economic development and community revitalization in distressed areas by directing tax relief and federal funds to designated Empowerment Zones (EZs) and Enterprise Communities (ECs). EZs and ECs are eligible for a variety of different tax credits and other incentives designed to stimulate investment and economic growth. EZs and ECs also receive some amount of federal funding for revitalization activities. Grants are used for a wide variety of activities that assist residents and businesses, including workforce preparation and job creation efforts linked to welfare reform; neighborhood development; support for financing capital projects; financing of projects in conjunction with Section 108 loans or other economic development projects. Funds are also used for rental assistance and other housing assistance, policing and healthcare.

To date, there have been two rounds of EZ/EC designations. In the first round, nine communities (six urban and three rural) were designated as Empowerment Zones and 95 communities were named as Enterprise Communities. Twenty new Empowerment Zones – 15 urban and five rural – were designated in the Round II competition, along with 20 new Enterprise Communities, all rural. HUD is responsible for providing each of the 15 Round II urban Empowerment Zones with \$10 million in annual funding. As funding to date has lagged behind this committed level, HUD is seeking full funding of \$150 million for FY2002, \$50 million less than the \$200 million appropriated in FY2001.

The House would provide no funding for empowerment zones and enterprise communities in FY2002. The House Committee says financial constraints prevent providing funds for Round II Empowerment Zones at this time. The Senate agreed to \$75.0 million, \$75.0 million less than the President's request for \$150 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 program mandates that all households assisted have incomes below 80% of the area median and 90% of those assisted with rental housing have incomes below 60% of median. The Administration has requested \$1.796 billion for the program for FY2002, \$4 million less than the \$1.8 billion enacted in FY2001. Of the total proposed for FY2002, \$1.54 billion is for HOME formula grants, consisting of \$923 million for local participating jurisdictions and \$615 million for states. Funds may be used to help new homebuyers (including downpayment assistance), and renters or existing homeowners through rehabilitation of substandard housing, new construction or tenant-based rental assistance. Some HOME funds are used with the HOPE VI program and with the Low Income Housing Tax Credit. There is also a \$20 million set-aside for Housing Counseling for renters and those interested in home purchase and other housing matters.

The FY2002 proposal for HOME includes a \$200 million set-aside for a “Downpayment Assistance for Homebuyers” program which will assist first-time low-income homebuyers. Funds will be provided on a competitive basis and will be administered by state housing finance agencies, and are expected to assist over 130,000 first-time buyers each year. Funds will be matched on a 3 to 1 basis up to \$1,500 per family. Some organizations, including those representing the National Association of Counties and the U.S. Conference of Mayors, testified before the House Subcommittee on Housing and Community Opportunity (May 22, 2001), in opposition to the \$200 million set-aside, arguing that HOME funds may already be used for downpayment and/or closing cost assistance. Further, they contend that an unnecessary mandate could result in a \$200 million cut in formula grants. They also oppose it because “it chooses one delivery system – state housing finance agencies – for no proven programmatic purpose.” They argue that some communities already have a high homeownership rate and that affordable rental housing is the critical need.

The House agreed to \$1.996 billion for FY2002, \$196 million more than the Administration’s request. This includes \$200 million for the Downpayment Assistance Initiative, subject to enactment of authorization legislation by June 30, 2002. Otherwise, the \$200 million would be available for any purpose authorized. The Senate recommends \$1.796 million, the same amount asked for by the President. However, the Senate passed bill does not include \$200 million for the Administration’s downpayment assistance fund. S.Rept. 107-43 notes that “downpayment assistance is already permissible under the HOME program and therefore does not require new or additional authorization.”

Homeless Assistance Grants. President Bush’s FY2002 budget requested \$1.12 billion for homeless assistance, including \$1.023 billion for Homeless Assistance Grants, \$100 million for Shelter Plus Care Renewals (funds utilized for the renewal on an annual basis of contracts expiring or projected to run out of funds during FY2003) and \$500,000 for the Interagency Council on the Homeless. The House reported out \$1.028 billion for the Homeless Assistance Grants and no funding for the Shelter Plus Care Renewals (the committee stated that the FY2001 appropriation included sufficient funding to fully support all renewal costs for Shelter Plus Care contracts for FY2002). The Senate approved \$1.023 billion and \$100 million in a separate account for Shelter Plus Care Renewals. Grant funds will provide support

for an estimated 40,000 transitional beds and permanent beds in new and renewal projects. The requested overall grant funding of \$1.023 billion includes up to \$15 million for technical assistance, Working Capital Fund and Management Information Systems and is the same level as the FY2001 budget. This year's Shelter Plus Care Renewals request is the same as funded in FY2001.

HUD's homeless assistance programs are intended to help homeless persons and families break the cycle of homelessness and to move to permanent housing and self-sufficiency. The Continuum of Care (CoC) process encourages the creation of linkages to other housing and community development programs including public housing, Section 8, Community Development Block Grants, HOME, Housing Opportunities for Persons with AIDS and state and local programs. In addition, the strategy promotes direct links to mainstream social service programs critical to the success of homeless assistance efforts, such as Medicaid, State Children's Health Insurance Program, Food Stamps, Temporary Assistance for Needy Families (TANF) and services funded through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program.

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

Housing for the Elderly and Disabled. This program provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. The President is proposing \$783.3 million for housing assistance for the elderly in FY2002, a \$4.3 million increase over FY2001. Of the \$783.3 million requested for FY2002, \$683 million would be used for the Section 202 Supportive Housing program; \$50 million to provide capital grants to convert projects to assisted living facilities; and \$50 million to pay service coordinators who help the elderly maintain their independence.

Both the House and the Senate are recommending \$783.3 million for the elderly program for FY2002, an increase of \$4.3 million over the amount provided in FY2001, and the same as the Administration's request.

The Administration is also requesting \$217.7 million for housing for the disabled (Section 811) for FY2002, an increase of about \$700,000 over the \$217 million enacted in FY2001. 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 \$40 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 agreed to \$241.0 million for housing for the disabled, an increase of \$24.0 million over the FY2001 appropriation. The increase is to fund the renewal costs of Section 811 tenant-based rental assistance. The Senate would fund this program at \$217.7 million, the same as requested by the President.

For more information on housing for the elderly, see CRS Report RL30442, *Homelessness: Recent Statistics and Targeted Federal Programs*, by M. Ann Wolfe.

The Federal Housing Administration (FHA). As requested by the Administration, for FY2002 the House and Senate bills would authorize an insurance commitment limitation of \$160 billion for the FHA Mutual Mortgage Insurance and Cooperative Housing Mortgage Insurance (MMI/CHMI) fund, the same level as authorized for FY2001. A \$21 billion insurance commitment limitation is requested for the General Insurance and Special Risk Insurance (GI/SRI) fund.

In a technical budgetary change based on the Federal Credit Reform Act of 1990, the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) have determined that FHA receipts under the MMI account should be classified within the discretionary rather than the mandatory part of HUD's budget. This has no effect on actual program levels. According to CBO the reclassification has no effect on the amount of budgetary resources available to HUD, and the MMI program will continue operating as it did prior to the reclassification. Mandatory spending must comply with the pay-as-you-go rules of the Budget Enforcement Act (BEA) while discretionary spending must comply with the BEA's discretionary spending caps. Spending for the MMI program will be determined by the annual appropriations acts.

As requested, the bills would provide a direct loan limitation of \$250 million for the MMI/CHMI fund and a direct loan limitation of \$50 million for the GI/SRI fund. These are the same limits as in FY2001. The direct loans are used to facilitate the sale to municipalities and nonprofit corporations of single family and multifamily properties that have been acquired by the insurance funds through defaults and foreclosures by borrowers.

The Administration requested \$857 million for administrative expenses of the FHA program accounts – \$497 million of the MMI/CHMI accounts and \$360 million in the GI/SRI accounts. The House bill requests \$330.9 million for the MMI/CHMI accounts and \$211.5 million for the GI/SRI accounts. The Senate bill requests \$330.2 million for the MMI/CHMI accounts and \$211 million for the GI/SRI accounts.

The Budget and the House and Senate bills request an appropriation of \$15 million for credit subsidies to support loan guarantees under the GI/SRI programs. This is significantly less than the \$101 million appropriated for this purpose in FY2001. The credit subsidy is based on the net cost to the Government, exclusive of administrative expenses, of a direct loan or loan guarantee over its full term, discounted to the present value at the Treasury's borrowing cost. The reduced need for credit subsidy is based on recent changes in regulation regarding mortgage insurance premiums paid by borrowers in the HUD multifamily programs.

Though HUD has always had statutory authority to set the insurance premiums between 0.25% and 1% of the outstanding loan balance, the regulations have always set the premium at a specific figure. An Interim Rule was published in the *Federal Register* on July 2, 2001 to amend the regulation to state that borrowers will pay an insurance premium of not less than 0.25% and not more than 1% of the loan amount, and that the specific premium to be charged will be set forth in a *Federal Register*

notice. A Notice was published in the *Federal Register* on July 2, 2001 which set the insurance premium for most of the FHA multifamily housing programs at 0.8% of the outstanding loan balance. The premiums had been set at 0.5% of the loan balance. The Interim Rule and the Notice have an effective date of August 1, 2001. The assumption is that this change, coupled with changes in the subsidy rates for other programs in the GI/SRI fund and changes that the Administration intends to make in the underwriting criteria for several of the programs, will enable the fund to provide up to \$21 billion in loan commitments with a lower amount of credit subsidies than have been needed in past years.

As in prior years, however, if these assumptions prove wrong the funding of loans under the program may be temporarily suspended until supplemental appropriations of credit subsidy are provided. The Senate report language notes concern that HUD has failed to adequately calculate the amount of credit subsidy needed to support its multifamily housing programs and notes its expectation that HUD will devise a computer program to accurately identify the default and financial risks to the insurance funds. HUD is directed to establish a task force to study the issue and report its finding by July 15, 2002.

As requested by the Administration, both bills would allow the FHA to offer hybrid adjustable rate mortgages (ARMs) to low-income families. Under these mortgages, the interest rate would be fixed for the first few years of the loan, then the interest may adjust annually according to changes in market interest rates. The interest rate would be fixed for at least the first 3 years of the loan. HUD estimates that the introduction of hybrid adjustable rate mortgages would allow FHA to provide mortgages to an additional 40,000 families in FY2002. HUD estimates that it also would yield additional income of \$99 million for the FHA and \$13 million for the Government National Mortgage Association (Ginnie Mae). It should be noted however, that data indicate a higher default rate for FHA adjustable rate mortgages than the rate under its fixed rate mortgages, so any increase in income during the early years of the loans may be partly offset in later years by higher losses. Current law limits ARMs in a given fiscal year to no more than 30% of the number of mortgages insured by FHA in the previous fiscal year. The Administration does not propose a change in law regarding the limits on ARM loans.

The loan limits for the FHA multifamily housing programs have not been adjusted since 1992 and it is often argued that it is longer possible to use the FHA multifamily programs in certain parts of the country. The Administration requests a 25% increase in the loan limits. Administrative provisions in the Senate-passed version of the bill raise the loan limits of the multifamily housing programs by 25%. Under current law, cost adjustments of up to 240% may be allowed for certain high cost areas. It is assumed that the 25% increase in the loan limits, when combined with the existing ability to multiply loan limits by up to 240%, would enable the FHA multifamily insurance program to be usable in virtually all parts of the country.

The Office of Multifamily Housing Assistance Restructuring (OMHAR) was established by the Multifamily Assisted Housing Reform and Affordability Act of 1997 to administer the Mark-to-Market program and its authority will expire on September 30, 2001. OMHAR was created to save funds by bringing mortgages and rents on subsidized multifamily units in line with market rates. Although the office

was supposed to have completed all of its work by September 30 of this year, OMHAR has completed the restructuring of only about one-third of its inventory of properties. The federal government is expected to save \$563 million over 20 years from the transactions that have been completed to date. H.R. 2589 would extend OMHAR through 2004, while S. 1254 would extend it through 2006.

For more information on credit subsidies, see 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. HUD's FY2002 budget promises vigorous enforcement of fair housing laws and increased educational activities to combat discrimination in housing. For FY2002, HUD requests \$45.9 million, about level with the FY2001 appropriations of \$46.0 million.

Two programs comprise HUD's fair housing efforts: the Fair Housing Initiatives Program (FHIP), and the Fair Housing Assistance Program (FHAP). FHAP strengthens nationwide enforcement efforts by providing grants to state and local agencies to enforce laws that are substantially equivalent to the federal Fair Housing Act. For FY2002, HUD is requesting \$23 million for FHAP. FHIP provides funds for public and private fair housing groups, as well as state and local agencies, for activities that educate the public and housing industry about the fair housing laws, including accessibility requirements; investigate allegations of discrimination; help to combat predatory lending practices, and reduce barriers to minority homeownership.

FHIP would be funded at \$23 million in FY2002. The Administration explains that \$7.5 million of last year's FHIP budget was dedicated to the National Survey of Housing Discrimination, a major study being conducted by the Urban Institute. Because survey funding is not required for FY2002, the Administration plans to redirect those funds to the FHIP. HUD says this will allow them to significantly expand the geographic distribution of FHIP awards to communities that are currently underserved or not served at all by fair housing organizations. In FY2001, HUD was only able to fund 42% of eligible applicants. With the increased availability of funds for FHIP, HUD will be able to fund an estimated 72% of eligible applicants.

During FY2002, HUD also plans to continue its efforts to combat predatory lending. The Department will work closely with interested parties, including consumer groups, federal, state and local regulators, and the industry to put an end to predatory lending, increase financial literacy and expand access to homeownership and private mortgage credit.

Both the House and the Senate agreed with the Administration's request for \$45.9 million for FY2002.

Lead-Based Paint Hazard Reduction. Title X of the Housing and Community Development Act of 1992 (P.L. 102-550), authorized HUD to establish the Lead-Based Paint Hazard Control Grant program. Before 1997, funding for the lead hazard control grant program was provided under the Annual Contributions for

Assisted Housing Account. In 1997 and 1998, the program was funded as a set-aside under the Community Development Block Grant account. Starting in 1999, the program was funded as a separate, stand-alone program.

Over the past decade, HUD has worked with local governments and agencies to increase the number of lead hazard control programs, and measurable lead levels in children has declined. However, millions of housing units remain contaminated with lead-based paint. To further reduce lead paint health hazards, the FY2002 HUD budget requests a \$9.8 million increase over FY2001, bringing the total to \$109.8 million. Funds would be distributed through competitive grants to entities that agree to match those federal grants. The \$109.8 million, when combined with private sector funding, supports a 10-year strategy to eliminate lead paint hazards in 2.3 million private housing units occupied by low-income children. Included in this request is a set-aside of \$10 million to continue the Healthy Homes Initiative which helps to develop, demonstrate and promote cost-effective, preventive measures to correct multiple safety and health hazards in the home that can cause serious disease and injuries to children.

Both the House and the Senate agreed with the Administration's request for \$109.8 million for FY2002.

Environmental Protection Agency

The President's FY2002 request for the Environmental Protection Agency (EPA) is \$7.317 billion in spending authority or 7% less than the \$7.829 billion appropriated for FY2001. The House has passed \$7.545 billion; the Senate \$7.752 billion.

Accounting for the proposed decrease is the Administration's decision not to seek continued funding for about \$500 million earmarked for numerous activities in the FY2001 conference report. This includes some \$340 million for specific wastewater grants, numerous research grants, and other special grants. Both chambers have reinstated most of these grants. Other prime issues include the adequacy of funds to capitalize wastewater needs; shifting of enforcement responsibility to the states; EPA's climate change activities; and future funding of the Superfund program.

Table 10. Environmental Protection Agency Appropriations, FY1997-FY2001

(budget authority in billions)

FY1997	FY1998	FY1999	FY2000	FY2001
\$6.8	\$7.4	\$7.6	\$7.4	\$7.8

Source: Figures for FY1997-FY2000 are from administration budget submissions of subsequent years; figures for FY2001 are from House Committee on Appropriations, and are the latest available estimates for the current fiscal year. Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included.

How to meet the Nation's water infrastructure capital needs remained the primary appropriations issue for EPA. The Administration's proposed FY2002 level of \$3.289 billion for the State and Tribal Assistance Grants account (STAG) was \$340 million, or 9%, less than the \$3.629 billion allocated in FY2001. The House passed \$3.437 billion; the Senate \$3.603 billion. The major reason for the proposed decrease was the Administration's decision not to seek continued funding for over \$300 million designated for specific wastewater grants in FY2001. Both chambers have essentially reinstated funding for specific wastewater projects. Within this account, the budget sought \$850 million for wastewater funding, \$500 million less than the \$1.35 billion currently appropriated. However, it also sought an additional \$450 million for new sewer overflow grants. Another major account activity, drinking water state revolving funds, would have been funded at \$823 million, the same as current year funding.

What is unclear from the request is how new sewer overflow grants could be funded under the requested funds. The Wet Weather Water Quality Act, (P.L. 106-554, Division B, Section 1112) authorizes a \$1.5 billion grants program to reduce wet weather flows from municipal sewer systems. It authorizes these grants if the Clean Water wastewater state revolving fund was funded at a level of \$1.35 billion, a level not requested by the budget. In response to questions before House Appropriations VA, HUD, Independent Agencies Subcommittee hearings (May 9-10, 2001), the EPA Administrator acknowledged that the agency was "not meeting the language," i.e. \$1.35 billion threshold, and was "asking for flexibility."

Both chambers denied the President's request for the \$450 million in "wet weather" funding. Both chambers have increased funding for clean water state revolving funds, however.

For state and tribal administrative grants, the budget sought \$1.1 billion, \$50 million more than current funding; every major category of state administrative grants would remain the same as in the current year. Both chambers have approved about this amount. Two new grant programs were proposed. One would provide \$25 million in grants to assist states in managing environmental information. The other would fund \$25 million in grants to assist states in enforcing environmental laws and regulations. The latter represents a shift in policy, moving more enforcement to the states, and is accompanied by a related \$25 million decrease in EPA's own enforcement efforts. At House Subcommittee hearings, some Members criticized this shift in enforcement policy. The Senate disapproved of the shift in enforcement responsibilities and denied the new grant money and reinstated the accompanying proposed decrease of \$25 million for EPA headquarters enforcement activities.

EPA's climate change activities, funded through the Science and Technology, and the Environmental Compliance accounts, have been controversial in the past. 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. In the past, some Members have maintained that EPA's involvement in some carbon reduction activities can be viewed as implementing the Kyoto Protocol to reduce greenhouse gases, which the Bush Administration opposes. An online report, CRS' *Climate Change Briefing Book*

[<http://www.congress.gov/brbk/html/ebgcc1.html>], discusses many aspects of the climate change issue.

**Table 11. Appropriations: Environmental Protection Agency,
FY2001-FY2002**
(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
Science and Technology (incl. transfers from Superfund)	.734	.677	.717	.703	--
Environmental programs, compliance (management)	2.088	1.973	2.005	2.062	--
Office of Inspector General	.046	.046	.046	.046	--
Buildings and facilities	.024	.025	.025	.025	--
Superfund (net, after transfers)	1.222	1.219	1.221	1.226	--
Leaking Underground Storage Tank Trust Fund	.072	.072	.079	.072	--
Oil spill response	.015	.015	.015	.015	--
State and tribal assistance	3.629	3.289	3.437	3.603	--
Subtotal (EPA)	7.829	7.317	7.545	7.752	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

For FY2001, EPA requested a 121% increase for climate change activities, an increase denied by appropriators. The FY2002 budget does not seek the major increases previously sought; the \$153 million requested is about the same level as approved for FY2001. Roughly 70% is intended for activities of the Environmental Programs and Management account and 30% for those of the Science and Technology account. Environmental Programs and Management activities are linked to reducing greenhouse gas emissions, the most controversial portion of the request. Both chambers essentially approved the request for climate change activities. In the House, the Committee on Appropriations included report bill restricting EPA from spending funds on certain climate change activities. The House removed that language during floor proceedings.

The future of the Superfund, and its purpose of cleaning up toxic waste sites remains an issue. The FY2002 budget request of \$1.219 billion represents a \$3 million decrease compared to FY2001. Both chambers essentially approved the President's request for Superfund. There is concern over the ability of that declining trust fund, which is financed by chemical fees and other taxes, to finance the program beyond FY2002. The available balance of the fund has been declining since its taxing authority expired on December 31, 1995. The President's FY2002 budget does not

propose renewing the taxes that support Superfund, and its balance at the beginning of FY2002 is projected to be \$955 million, which is expected to accommodate the requested appropriation of \$1.2 billion, half of which would come from the fund and half from general appropriations.

By October 1, 2002, the beginning of FY2003, the fund level would fall to \$539 million. During discussion of this at the May House Subcommittee hearings, the Administrator of EPA stated “that obviously we are going to have to depend more and more on general revenues.” This represents a fundamental shift from the trust fund historically paying for the majority of Superfund activities, to the current year in which the fund supports 50% of the program costs, to future years where general appropriations may pay for the majority of costs. Some have criticized this as a fundamental change in policy, shifting costs from the polluter, i.e., the “polluter pays” principle to the general Treasury.

For more detailed information on the Superfund, see: CRS Issue Brief IB10078, *Superfund and the Brownfields Issue in the 107th Congress*. For information on wastewater treatment issues, see CRS Report 98-323, *Wastewater Treatment: Overview and Background*. For an in-depth discussion of the EPA budget proposal, see CRS Issue Brief IB10086, *The Environmental Protection Agency’s FY2002 Budget*.

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, including: disaster relief, fire prevention, earthquake hazard reduction, emergency broadcasting services, flood insurance, mitigation programs, and dam safety.

At least 28 statutes and executive directives set forth the responsibilities of FEMA. (These authorities are summarized in CRS Report RS20272, *FEMA’s Mission: Policy Directives for the Federal Emergency Management Agency*.) The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*) authorizes the President to declare major disasters or emergencies (the latter provide considerably less federal assistance than the former), sets out eligibility criteria for federal aid, and specifies the types of assistance that may be provided by FEMA and other federal agencies. Disaster assistance 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. For detailed information see CRS Report RL30460, *The Federal Emergency Management Agency: Overview of Funding for Disaster Relief and Other Activities*.

The FEMA budget requests for each year include funds for normal agency operations and grant-in-aid assistance to nonfederal entities, in addition to emergency disaster relief. Should funds appropriated in annual legislation for disaster relief prove insufficient, supplemental funds are requested. For FY2002, the Administration requested \$1.4 billion for the Disaster Relief Fund account for FY2002. For the entire agency, the House approved \$3.557 billion, the Senate approved \$3.278 billion.

The primary difference between the two versions is in disaster relief. The House provided \$1.369 billion in direct appropriations to the disaster relief fund, while the Senate approved \$359 million. In contrast, the House provided \$1.3 billion in emergency funding for disaster programs, and the Senate approved \$2 billion. The Senate also approved \$430 million in emergency management planning assistance, \$25 million more than provided under the House bill.

Table 12. Appropriations: Federal Emergency Management Agency, FY2001-FY2002
(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2620)	FY2002 Senate (S. 1216)	FY2002 Confer.
Disaster Relief Fund	.300	1.369	1.369	.359	--
Emergency funding	1.300	--	1.300	2.000	--
Disaster assist. loan; admin.	.002	.001	.001	.001	--
Radiological emergency prep.	0	-.001	-.001	-.001	
Salaries and expenses	.187	.204	.198	.204	--
Inspector General	.010	.010	.010	.010	--
Emergency management, planning assistance	.250	.335	.385	.410	--
Emergency food, shelter	.140	.140	.140	.140	--
Civil Defense functions	.048	.050	.050	.050	--
Misc. supplement. approp. ^a	.100	0	0	0	--
Nat'l Flood Insurance Fund ^b	.103	.105	.105	.105	--
Subtotal (FEMA)	2.440	2.213	3.557	3.278	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

^a P.L. 106-554, FY2001 appropriations for the Departments of Labor and Health and Human Services (Labor-HHS), included \$100 million for FEMA.

^b National Flood Insurance Fund data includes salaries and expenses and flood mitigation funding.

To reduce future losses from disasters, in recent years FEMA has sought increased funding for mitigation activities. Legislation to establish a new hazard mitigation program was approved by the 106th Congress (P.L. 106-390). For information on the legislation, see: CRS Report RS20736, *Disaster Mitigation Act of 2000 (P.L. 106-390): Summary of New and Amended Provisions of the Stafford Disaster Relief Act*.

National Aeronautics and Space Administration

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

NASA is requesting \$14.51 billion for FY2002, which is an increase of 1.8% above the FY2001 level. According to NASA, the budget request provides "strong" support of the space launch initiative, improving aviation safety, and the Space and Earth Sciences programs. NASA officials also stated that the budget emphasizes space exploration and science. For FY2002, NASA has made the first step in a 2-year transition to a full cost accounting budget, assigning all of the mission support activities to their respective enterprise accounts. The House approved \$14.95 billion for NASA for FY2002, while the Senate approved \$14.56 billion.

Table 13. National Aeronautics and Space Administration Appropriations, FY1997-FY2001
(budget authority in billions)

FY1997	FY1998	FY1999	FY2000	FY2001
\$13.71	\$13.65	\$13.67	\$13.60	\$14.29

Source: Figures for FY1997-FY2000 are from administration budget submissions of subsequent years; figures for FY2001 are from House Committee on Appropriations, and are the latest available estimates for the current fiscal year. Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included.

For the International Space Station (ISS) within the Human Space Flight account, NASA is requesting \$2.087 billion, a 1.2% decrease below the FY2001 level. In March, NASA announced that a new cost estimate of the ISS revealed that up to an additional \$4 billion might be needed to complete the station as currently configured. In order to accommodate this finding, NASA has proposed scaling back the ISS to include just those units already constructed and awaiting launch, adding about \$1 billion to the ISS budget over the next 5 years, and cancelling the crew return vehicle (CRV) project. The changes proposed could have a significant impact on the station's ultimate use as a research facility. The House approved \$1.832 billion for the ISS and the transfer of \$284 million for ISS research to the Office of Biological and Physical Research (OBPR). The House also approved a separate \$275 million for development of a CRV. The Senate approved \$1.681 billion, a reduction of \$150 million from the request, and the same transfer of ISS research to the OBPR.

Both the House and Senate expressed grave displeasure about the cost overruns, and the Senate capped expenditures on the ISS at \$6.678 billion from FY2002 to FY2006.

For FY2002, NASA requested \$3.283 billion for the Shuttle program, 5.3% above the FY2001 level. The increase is planned for Shuttle upgrades to enhance safety and reliability. 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 along with the loss of skills as more of the Shuttle program transitions to the Space Flight Operations Contract are likely to make this task increasingly difficult. The House approved \$3.311 billion for the Shuttle for FY2002, adding \$35 million for infrastructure needs. The Senate approved \$3.326 billion adding \$50 million for safety upgrades. Both the House and Senate reaffirmed their interest in improving Shuttle safety and reliability.

For FY2002, NASA requested \$2.786 billion for Space Science, 5.7% above the FY2001 level. The Mars Exploration Program has been restructured and expanded and now plans four missions this decade including one launched in April. NASA plans to launch several space science missions in FY2002 including the last of the great observatories, the Space InfraRed Telescope Facility. NASA also announced that the Pluto/Kuiper mission will be placed on indefinite deferral because of cost considerations. The House provided \$2.759 billion for Space Science, reducing funding from the request for the Next Generation Space Telescope. The Senate approved \$2.765 million, reducing funding for the Mars program by \$50.0 million to await further development of the Mars exploration strategy by NASA. The Senate partially restored funding for the Pluto/Kuiper mission, stating that a decision on full restoration would await the House-Senate conference.

Table 14. Appropriations: National Aeronautics and Space Administration, FY2001-FY2002
(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2820)	FY2002 Senate (S. 1216)	FY2002 Confer.
Human space flight	5.463	7.296	7.047	6.868	--
Crew return vehicle	0	0	.275	0	
Science, aeronaut., tech.	6.191	7.192	7.605	7.670	--
Mission support	2.609	0	0	0	--
Inspector General	.023	.024	.024	.024	--
Subtotal (NASA)	14.285	14.511	14.951	14.561	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

For Earth Science, NASA requested \$1.515 billion for Earth Sciences, 11.7% below the comparable FY2001 level. The Office of Earth Science (OES) plans to continue efforts to complete the first series of Earth Observing System (EOS) and Earth Probes and to setup a process for definition and formulation of the next generation of EOS and Earth Explorer missions. Five new missions are expected to be approved during FY2002. The OES will also orient the commercial remote sensing and applications program toward state and local government needs. In other areas, the OES plans to suspend development of the Triana satellite due to lack of space on the Space Shuttle for the foreseeable future to carry the satellite. The House approved \$1.517 billion for Earth Science reducing funding for the EOS follow-on by \$30 million. The Senate approved \$1.558 billion, adding \$31.1 million for EOS Data Information System development. The Senate expressed concern about the pace of implementation of congressional direction to expand public/private remote sensing efforts and applications.

For Aero-Space Technology, NASA requested \$2.376 billion for FY2002, 7.1% above the FY2001 level. Included in the request is a 64% increase for the Space Launch Initiative (SLI). NASA is also proposing a refocused aeronautics R&D program that is aimed at a 21st Century aerospace vehicle. The features of this program are not well defined and some concern has been raised that it may not be what the commercial aviation industry needs at this point. The House approved \$2.431 billion for Aero-Space Technology including full funding of the SLI after expressing its strong support for the program. The House also expressed deep concern about the decline in NASA funding for aeronautics R&D over the past several years. It directed NASA to restore a specific line for aeronautics R&D to its operating plan and to include more industry representatives as it develops a blueprint for future aeronautical R&D efforts. The Senate approved \$2.47 billion for Aero-Space Technology including increases for several aeronautics R&D programs. It also reduced funding for the SLI by \$15.0 million from its request and directed NASA to improve coordination of the SLI with the Space Shuttle upgrade program.

National Science Foundation

The FY2002 request for the National Science Foundation (NSF) is \$4.473 billion, a 1.6% (\$47 million) increase over the FY2001 estimate of \$4.426 billion. The FY2002 request provides support for several interdependent priority areas: biocomplexity in the environment (\$58.1 million, 5.9% above FY2001), information technology research (\$272.5 million, 5% above FY2001), learning for the 21st century (\$125.5 million, 3% above FY2001), and nanoscale science and engineering (\$173.7 million, 16% above FY2001). NSF will continue its lead role in the multi-agency National Nanotechnology Initiative.

The request includes \$200 million in support of the President's New Math and Science Partnerships Initiative (MSPI). The MSPI will provide funding for states and local school districts to join with colleges and universities to strengthen K-12 science and mathematics education. The NSF will provide leadership in the MSPI. In addition to the math and science partnerships, the request highlights increased funding for graduate students (\$26.2 million) and interdisciplinary mathematics research (\$20 million). The FY2002 budget provides, also, funding of approximately \$25.6 million

to initiate a new cohort of six to eight science and technology centers. The NSF will continue its support of plant genome research, proposing \$65 million in FY2002.

Included in the FY2002 request is \$3.327 billion for Research and Related Activities (R&RA), a decrease of approximately 0.6% (\$23 million) from the FY2001 estimate of \$3.350 billion. R&RA funds research projects, research facilities, and education and training activities. In the FY2002 request, the NSF has placed an emphasis on funding rates for new investigators and on increasing grant size and duration. The R&RA includes Integrative Activities (IA), created in FY1999. IA funds cross-disciplinary research, major research instrumentation, intellectual infrastructure, and the Science and Technology Policy Institute. The FY2002 request for IA is \$80.6 million, a decrease of \$17.1 million from FY2001.

Research project support in the FY2002 request totals \$2,219.8 million, a decrease of 1.4% from FY2001. Support is provided to individuals and small groups conducting disciplinary and cross-disciplinary research. Included in the total for research projects is support for centers, proposed at \$325 million. NSF supports a variety of individual centers and center programs. The request provides \$45 million for Science and Technology Centers (STC). Continued support is provided for an additional five new centers initiated in FY1999. Twelve STCs that explore interdisciplinary research activities are being phased down as planned. Funding resulting from the phasing down of those STCs will allow for the establishment of a new cohort of centers in FY2002. The support for Information Technology Centers, initiated in FY2000, is \$53 million. Research facility support in FY2002 is \$1,024 million, a 3.5% decrease from FY2001.

**Table 15. National Science Foundation Appropriations,
FY1997 to FY2001**

(budget authority in billions)

FY1997	FY1998	FY1999	FY2000	FY2001
\$3.27	\$3.43	\$3.67	\$3.90	\$4.43

Source: Figures for FY1997-FY2000 are from administration budget submissions of subsequent years; figures for FY2001 are from House Committee on Appropriations, and are the latest available estimates for the current fiscal year. Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included.

The Major Research Equipment (MRE) account is funded at \$96 million in FY2002, a 20.6% decrease (\$25 million) from the FY2001 level. The MRE, established in FY1995, supports the construction of major research facilities that are at the “cutting edge of science and engineering.” Three projects are supported in this account for FY2002: the Terascale Computing Systems (\$55 million), the Large Hadron Collider (\$16.9 million), and the Network for Earthquake Engineering simulation (\$24.4 million). The Atacama Large Millimeter Array (previously referred to as the Millimeter Array) is provided \$9 million from the R&RA. This support is tentative, pending a review of facilities management issues. No funds are requested in FY2002 for the High-Performance Instrumented Airborne Platform for

Environmental Research (HIAPER). Funding was completed in FY2001 for the South Pole Station Modernization.

**Table 16. Appropriations: National Science Foundation,
FY2001-FY2002**

(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2820)	FY2002 Senate (S. 1216)	FY2002 Confer.
Research, related activities	3.350	3.327	3.642	3.514	--
Major research equipment	.122	.096	.135	.109	--
Education, human resources	.787	.872	.886	.872	--
Salaries and expenses	.161	.170	.170	.170	--
Office of Inspector General	.006	.007	.007	.007	--
Subtotal (NSF)	4.426	4.473	4.840	4.673	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

The FY2002 request for the Education and Human Resources Directorate (EHR) is \$872 million, an 10.8% increase (\$85 million) above the FY2001 estimate. Support at the various educational levels in the FY2002 request is as follows: precollege, \$357.7 million; undergraduate, \$150.6 million; and graduate, \$103.6 million. Support at the precollege level includes an investment of \$200 million to initiate the MSPI. The MSPI addresses such issues as teacher preparation and training, curriculum construction, and science and mathematics standards. The MSPI is the centerpiece of EHR's education activities at this level, resulting in the redirection of \$110 million from other EHR programs. Funding remains constant at \$20.7 million in FY2002 for Centers for Learning and Teaching (CLT). The focus of the CLTs will be on developing the next generation of professionals to manage and direct the development of instructional materials, large scale assessments, and education research and evaluation.

Support will continue for the Systemic Reform Initiatives and Instructional Materials Development. Major programs at the undergraduate level are Advanced Technological Education, Louis Stokes Alliances for Minority Participation, Scholarship for Service, Minority-Servicing Institutions, and Course, Curriculum, and Laboratory Improvement. The increased support at the graduate level allows NSF to raise the stipend of graduate fellows and to increase the number of offers to new fellowships. Support at this level is directed at the Graduate Research Fellowship, Graduate Teaching Fellows in K-12 Education, Integrative Graduate Education and Research Traineeships, and Alliances for Graduate Education and the Professoriate (formerly the Minority Graduate Education program). Funding for the Experimental Program to Stimulate Competitive Research (EPSCoR) is \$74.8 million. (An additional \$24.6 million from R&RA will support EPSCoR activities.) It is

anticipated that the H-1B nonimmigrant petitioner fees collected in FY2002 will approximate \$144 million. (The American Competitiveness in the 21st Century Act, P.L. 106-313, increased the funds available by increasing the petitioner fees).

The House bill provides \$4.840 billion for NSF for FY2002, \$368 million above the request. Included in the total is \$3.642 billion for R&RA, an increase of \$315 million above the request. The Senate version of the bill provides \$4.673 for NSF, \$168 million less than the House version. The Senate bill provides \$3.515 billion for R&RA, \$188 million above the request, and \$128 million less than the House approved.

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, 2001.

Agency for Toxic Substances and Disease Registry. This agency manages the Toxic Substances and Environmental Public Health program, which issues toxicological profiles of possible toxic substances. The Agency conducts health studies, evaluations, or other activities, using biomedical testing, clinical evaluations, and medical monitoring. The agency was funded (via earmark) through EPA’s Hazardous Substance Superfund through FY2000. P.L. 106-377 provided a separate line of \$75 million for the agency for FY2001, although the Agency continued to be financed through the structure of the Superfund. The Administration proposed \$78 million for the Agency for FY2002, and recommended continuing the separate funding line for its appropriations. Both House and Senate versions of H.R. 2620 approved the requested level.

American Battle Monuments Commission. The Commission 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, as well as 3 large memorials in the U.S.

The House has approved a \$7 million addition to the Administration’s request for the Commission, in part, to complete scheduled, but delayed maintenance; \$5 million of the added amount is to provide for development of a visitor’s center at the site of the D-Day invasion in Normandy. The Senate approved the \$28 million the Administration requested for FY2002, without reference to the House proposal for clearing up the maintenance backlog or the D-Day center. P.L. 106-377 appropriated \$28 million for the Commission for FY2001.

In recent years, the Commission has received considerable attention as the agency that collects funds for the construction of a memorial in Washington, D.C. to honor those who served during World War II. The Commission projects that the

World War II Memorial Fund will reach \$175 million by FY2002. Congress has given the Commission authority to borrow up to \$65 million from the U.S. Treasury to facilitate a more rapid completion of the memorial.

Cemeterial Expenses, Army. Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery are administered by the U.S. Army. By FY2001, 283,553 persons were interred/inurned in these cemeteries. In addition to almost 6,300 interments and inurnments each year, Arlington is the site of approximately 3,000 other ceremonies, and 4 million visitors, annually.

The Administration requested \$18.4 million for this function for FY2002. The House approved \$22.5 million for FY2002, endorsing a \$4.1 million addition to the request for the purpose of building an additional Columbarium for Arlington Cemetery. The Senate bill approved \$17.9 million, the amount provided for FY2001. For FY2000, Congress appropriated \$12.5 million. The increase for FY2001 was intended to augment the expansion of Arlington National Cemetery into contiguous land sites previously used for military commands, and to fund the next increment of the Columbarium Complex.

Chemical Safety and Hazard Investigation Board. The Board, which was authorized by the Clean Air Act Amendments of 1990, investigates hazardous substance spills or releases. Congress appropriated \$7.5 million to the Board for FY2000, provided a similar amount for FY2001, and the Administration requests \$7.6 million for FY2002.

The House approved \$8 million for FY2002, and the Senate approved the requested level. Both versions contain language that instructs the Inspector General for the Federal Emergency Management Agency (FEMA), to assume IG responsibilities for the operations of the Board.

Community Development Financial Institution Fund. The Community Development Financial Institutions Fund (CDFI) was created by P.L. 103-325. The CDFI fund program was a Clinton 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 program continues to be funded through the VA/HUD bill. The program has survived despite attempts to eliminate it.

P.L. 106-377 provided the Fund with \$118 million for FY2001. Of this total, \$5 million was set aside for technical assistance to promote economic development in Native American communities. The Community Renewal Tax Relief Act of 2000 (P.L. 106-554) created the New Markets Tax Credit Program which will be administered by the Fund. Through this program the Fund will allocate tax credits as part of an effort to expand incentives for business investment in low-income communities.

The Administration requested \$68 million for FY002, a 42% decrease. The request included \$1.3 million for the administrative expenses of the New Markets Tax Credits Program. The House approved \$80 million for the CDFI for FY2002. While

H.Rept. 107-159 agrees with the Administration that the Community Renewal Tax Relief Act of 2000 provides more funding opportunities at the community level, thereby lessening the need for additional CDFI funding, the report also recognizes that the additional funding which might occur as a result of that Act may appear too late to assist communities with current financial needs for which the CDFI was an important source of capital. The Senate approved \$100 million, calling for a set-aside of \$5 million for Native American, Alaskan Natives, and Native Hawaiian communities. S.Rept. 107-43 calls on the CDFI to expand its lending activities in rural areas.

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. Congress appropriated \$49 million for FY2000, and \$52.5 million for FY2001.

The House approved \$54.2 million for FY2002, the amount requested by the Administration. The Senate approved \$56.2 million, with \$1 million to be used for continuing efforts in support of recall and compliance activities, and \$1 million to fund a research project “designed to accelerate the incorporation of state-of-the-art sensor technologies from the industrial, defense, and space sectors into consumer products.”

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 DVSA programs, — e.g., Foster Grandparents Program and Senior Companion Program — are funded under the Labor/HHS Appropriation bill. 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.

In past Congresses, the key issue concerning the Corporation and the NCSA programs has been budgetary survival. Concerns expressed by some Members have included the issues of partisan activities, program costs, and federally funding a “paid volunteer” program. In recent years, concerns were specifically expressed about whether CNS could be audited and whether the audits were “clean.” On April 4, 2001, CNS announced that it had received an unqualified or “clean” opinion on its fiscal 2000 financial statements.

On January 29, 2001, when President Bush announced his “faith-based initiative,” he indicated his support of CNS by noting that it “has done some good work in mobilizing volunteers of all ages.”

The Administration’s FY2002 budget requested \$416.5 million, including \$5 million for the CNS Office of the Inspector General (OIG). For FY2001, Congress provided \$432.5 million, which includes a \$30 million rescission from appropriations made in previous years from the National Service Trust and a 0.22% cut required by the Consolidated Appropriations Act for FY2000 (Section 1403 of H.R. 5666, as enacted by P.L. 106-554).

**Table 17. Appropriations: Other Independent Agencies,
FY2001-FY2002**

(budget authority in billions)

Program	FY2001 enacted	FY2002 request	FY2002 House (H.R. 2820)	FY2002 Senate (S. 1216)	FY2002 Confer.
Agency for Toxic Substances and Disease Registry	.075	.078	.078	.078	--
American Battle Monuments Commission	.028	.028	.035	.028	--
Chem. Safety and Hazard Investigations Board	.008	.008	.008	.008	--
Cemetery Expenses, Army	.018	.018	.023	.018	--
Community Development Financial Institutions	.118	.068	.080	.100	--
Consumer Product Safety Commission	.053	.054	.054	.056	--
Corporation for National and Community Service ^a	.434	.416	.005	.420	--
Council, Environ. Quality; Office, Environ. Quality	.003	.003	.003	.003	--
Court of Appeals for Veterans Claims	.012	.013	.013	.013	--
Fed. Consumer Inform. Center	.007	.007	.007	.007	--
<i>Federal Deposit Insurance Corporation (transfer)</i>	<i>(.034)</i>	<i>(.034)</i>	<i>(.034)</i>	<i>(.034)</i>	--
National Credit Union Admin.	.001	.001	.001	.001	--
National Institute, Environmental Health Science	.063	.070	.070	.070	--
Neighborhood Reinvestment Corporation	.090	.095	.105	.100	--
Office, Science &Tech.	.005	.005	.005	.005	--
Selective Service System	.024	.025	.025	.025	--
Subtotal:	0.939	0.889	0.512	0.932	--

Source: H.Rept. 107-159; S.Rept. 107-43; H.Rept. 107-148

Note: Rounding may cause discrepancies in subtotals.

^a Totals for NCS include \$5 million, specified for the Corporation's Office of Inspector General, for each fiscal year.

The Administration is not requesting any funds for educational awards for AmeriCorps and other program participants because it asserts that educational awards can be made from the existing funds in the National Service Trust. The decrease in funding for FY2002 would be the result of not requesting funds for the educational awards. The Administration is requesting \$237.0 million for AmeriCorps, a 2.8% increase. Funding for the National Civilian Community Corps, Learn and Serve America, and the Points of Light Foundation would be the same as it was in FY2001.

The Administration is proposing two new initiatives. The first is the Silver Scholarship program in which senior volunteers could receive \$1,000 scholarships to be deposited in education savings accounts for their children, grandchildren, or another child in need. The total amount requested for this new initiative is \$20 million including \$10 million for the trust fund for the scholarships. The second initiative is the Veterans Mission for Youth program, which would provide matching grants to community organizations to recruit veterans to serve as mentors and tutors to youth. The Administration has requested \$15 million for this initiative.

The House-passed bill does not approve any funding for FY2002 for CNS programs, other than \$5 million for the Office of the Inspector General (OIG). The Senate-passed bill approves \$420.5 million, including \$5 million for the OIG. The bill would not provide new budget authority for the National Service Trust, because balances in the Trust are considered sufficient to cover the estimated education award liabilities for current AmeriCorps members. The bill would not fund the Administration's proposed Silver Scholarship program, but would fund the proposed Veterans Mission for Youth at the requested level of \$15 million. The bill would fund AmeriCorps, the largest of the CNS programs, at \$240.5 million, which is 4% more than the FY2001 funding level of \$230.5 million and 1.5% more than the Administration's request of nearly \$237 million.

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 \$2.8 million for these functions in FY2000, and \$2.9 million for FY2001. The Administration requested \$3 million for FY2002. Both House versions of H.R. 2620 approve the requested level.

U.S. Court of Appeals for Veterans Claims. The U.S. Court Appeals for Veterans Claims 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 \$11.5 million for operations for the Court in FY2000, \$12.5

million for FY2001. The Administration requests \$13.2 million for FY2002; both versions of the bill approved the requested level.

Federal Consumer Information Center (FCIC). Congress provided the FCIC \$2.6 million for FY2000, and \$7.1 million for FY2001. The Administration requested \$7.3 million for FY2002, and both versions of the bill approve that amount. The Center, administered through the General Services Administration (GSA), helps federal agencies distribute consumer information and promotes public awareness of existing federal publications through publication of the quarterly *Consumer Information Catalogue*, and the *Consumer's Action Handbook*.

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 and FY2001, the amount approved was \$33.7 million. The Administration's budget assumes \$33.7 million for FY2002; both versions accept that assumption.

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 approves a limitation on administrative expenses, which are financed from the revolving fund (\$257,000 for FY2000; \$296,000 for FY2001). Congress also approved a revolving loan program for credit union risk pooling for FY2000, with a subsidy of \$1 million; P.L. 106-377 repeated that amount for FY2001. The Administration requested appropriations for a similar pooling fund for FY2002, with a subsidy of \$1 million, and both versions of the bill approve the concept, with that amount.

National Institute of Environmental Health Sciences. This Institute is within the National Institutes of Health, administered by the Department of Health and Human Services (HHS). For FY2000, \$60 million was earmarked for this Institute from EPA's Hazardous Substance Superfund account. Congress approved \$63 million for FY2001, specifying \$40 million for research, and \$23 million for a worker training program. The Administration requested \$70.2 million for FY2002; both versions of the bill approved that request.

Neighborhood Reinvestment Corporation (NRC). The NRC leverages funds for reinvestment in older neighborhoods through community-based organizations called Neighbor Works. 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, and \$90 million for FY2001.

The Administration requested \$95 million for FY2002. The House approved \$105 million for FY2002, and H.Rept. 107-159 comments favorably on an

Administration proposal that the NRC become more involved in combining section 8 housing assistance, counseling, conventional mortgages, and NRC revolving funds to help low-income families to purchase their own homes. The Senate approved \$100 million, and its report also commends the NRC for its efforts to improve low-income housing opportunities, and provides \$5 million above the requested level to help fund housing developments that appeal to a mix of income levels.

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 Administration requested \$5.3 million for the Office for FY2002, and both versions of the bill approved the requested amount. Congress appropriated \$5.2 million for FY2001, and \$5.1 million for FY2000.

Selective Service System (SSS). Congress appropriated \$24.5 million for the SSS for FY2001; the Administration requested \$25 million for FY2002; both versions of the bill approved the requested amount. 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.

Selected World Wide Web Sites

Federal Consumer Information Center (FCIC) [<http://www.pueblo.gsa.gov>] and [<http://www.fed.info.gov>]

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>]

Additional Reading

CRS Report RL30803, *Veterans Issues in the 107th Congress*, by Dennis Snook.

CRS Report RL30916, *Housing Issues in the 107th Congress*, by Richard Bourdon.

CRS Report RL30486, *Housing the Poor: Federal Programs for Low-Income Families*, Morton J. Schussheim.

CRS Report RL30589, *HOPE VI: The Revitalization of Severely Distressed Public Housing*, by Susan M. Vanhorenbeck.

CRS Report RS20704, *Housing Opportunities for Persons with AIDS(HOPWA)* by M. Ann Wolfe.

CRS Report RL30442, *Homelessness: Recent Statistics and Targeted Federal Programs*, by M. Ann Wolfe.

CRS Report RS20670, *Temporary Suspension of New Mortgages under the FHA General and Special Risk Insurance Funds*, Bruce E Foote.

CRS Issue Brief IB10078, *Superfund and the Brownfields Issue in the 107th Congress*, Mark Reisch.

CRS Report 98-323, *Wastewater Treatment: Overview and Background*, by Claudia Copeland.

CRS Issue Brief IB10086, *The Environmental Protection Agency's FY2002 Budget*, by Martin R. Lee.

CRS Report RL30460, *The Federal Emergency Management Agency: Overview of Funding for Disaster Relief and Other Activities*, by Keith Alan Bea.

CRS Report RS20736, *Disaster Mitigation Act of 2000 (P.L. 106-390): Summary of New and Amended Provisions of the Stafford Disaster Relief Act*, by Keith Alan Bea.

CRS Report 95-307, *U.S. National Science Foundation: An Overview*, by Christine M. Matthews R. Lee.

CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, by Ann M. Lordeman.

CRS Report RL31037, *The National Aeronautics and Space Administration's FY2002 Budget Request: Description and Analysis*, by Richard E. Rowberg, and Marcia S. Smith.