

# CRS Report for Congress

## Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2009 Appropriations

June 19, 2008

David Randall Peterman and John Frittelli  
Coordinators  
Resources, Science, and Industry Division



Prepared for Members and  
Committees of Congress

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 bound 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 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the Subcommittees on Transportation, Housing and Urban Development, and Related Agencies of the House and Senate Committees on Appropriations. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

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

**NOTE: A Web Version of this document with active links is available to congressional staff at [[http://beta.crs.gov/cli/level\\_2.aspx?PRDS\\_CLI\\_ITEM\\_ID=73](http://beta.crs.gov/cli/level_2.aspx?PRDS_CLI_ITEM_ID=73)].**

# Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2009 Appropriations

## Summary

The FY2009 Transportation, Housing and Urban Development, and Related Agencies appropriations bill (THUD) provides funding for the Department of Transportation (DOT), the Department of Housing and Urban Development (HUD), and five independent agencies related to those two departments.

The Bush Administration requested net budgetary authority of \$102.5 billion (after scorekeeping adjustments) for FY2009, a cut of \$36 million (less than 1%) from the comparable FY2008 level. DOT would receive a net total of \$63.5 billion, a cut of \$1 billion from the comparable FY2008 level. HUD would receive \$39.1 billion, an increase of 4% (\$1.4 billion) over the comparable FY2008 level.

Despite the decline in the amount requested for DOT programs and activities, the request provides an increase in funding in several areas, including transit and safety programs. The President's budget requested a total of some \$3 billion in cuts in several areas. Similar cuts in the same areas have been requested in previous years by the Administration, and have been rejected by Congress. These cuts include reductions in funding for Amtrak, for the Airport Improvement grant program of the Federal Aviation Administration (FAA), for federal highway funding, and for the Essential Air Service program.

The requested increase in net budget authority for HUD is largely attributable to a decline in the amount available to offset new funding in the HUD budget. The President's budget request would actually result in an overall decline in non-emergency appropriations for HUD's programs and activities of just over 1% from the FY2008 level.

Despite this decline in the amount requested for HUD programs and activities, the President's FY2009 budget requested increased funding in several areas, including project-based Section 8 rental assistance, the HOME Investment Partnerships block grant program, and Homeless Assistance Grants. The President's FY2009 budget requested reductions in funding for several programs, including the Section 202 Housing for the Elderly program and the Section 811 Housing for Persons with Disabilities program. The budget proposed eliminating funding for several programs that were funded in FY2008, including the HOPE VI public housing revitalization program, the Brownfields Redevelopment program, Section 108 loan guarantees, and the Rural Housing and Economic Development block grant program. The President also requested no new funding for each of these programs in his FY2004-FY2008 budget requests, although Congress continued to fund them in each of those years.

This report will be updated.

## Key Policy Staff

Area of Expertise	Name	CRS Div.	Telephone #
<b>Department of Transportation</b>			
Aviation Safety, Federal Aviation Administration	Bart Elias	RSI	7-7771
Airport Improvement Program, Transportation Infrastructure Policy, Transportation Trust Funds	John W. Fischer	RSI	7-7766
Federal Railroad Administration, Maritime Administration, Surface Transportation Board	John Frittelli	RSI	7-7033
Airport Improvement Program, Federal Highway Administration	Robert S. Kirk	RSI	7-7769
Surface transportation policy, transit policy	William J. Mallett	RSI	7-2216
Amtrak, Federal Motor Carrier Safety Administration, Federal Transit Administration, National Highway Traffic Safety Administration, Surface Transportation Safety, Surface Transportation Security	David Randall Peterman	RSI	7-3267
<b>Department of Housing and Urban Development</b>			
Low-income housing programs and issues and general HUD: Section 8, Public Housing, HOPE VI, HOME	Maggie McCarty	DSP	7-2163
Community Development programs and issues: Community Development Block Grants (CDBG), EZ/EC, Brownfields redevelopment	Eugene Boyd	G&F	7-8689
Housing programs and issues for special populations: Elderly (202), Disabled (811), Homeless, AIDS housing	Libby Perl	DSP	7-7806
Homeownership and other housing issues: FHA, Rural, Indian housing, Fair Housing	Bruce E. Foote	DSP	7-7805
<b>Related Agencies</b>			
Architectural and Transportation Barriers Compliance Board	Nancy Lee Jones	ALD	7-6976
Federal Maritime Commission	John Frittelli	RSI	7-7033
National Transportation Safety Board	Bart Elias	RSI	7-7771
Neighborhood Reinvestment Corporation	Eugene Boyd	G&F	7-8689
United States Interagency Council on Homelessness	Libby Perl	DSP	7-7806

ALD = American Law Division  
 DSP = Domestic Social Policy Division  
 G&F = Government and Finance Division  
 RSI = Resources, Science, and Industry Division

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# Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2009 Appropriations

## Most Recent Developments

On February 5, 2008, the Administration submitted its budget request for fiscal year (FY) 2009 to Congress. The budget request for both DOT and HUD represented a reduction in funding compared to the non-emergency funding enacted for those agencies in FY2008.

On June 5, 2008, the Congress approved its budget resolution for FY2009 (S.Con.Res. 70). The explanatory statement accompanying the conference agreement noted that the budget fully funded highway, transit, and highway safety programs at their authorized levels, rejecting the cuts requested by the President, as well as providing more than the requested funding for Amtrak and for grants to airports. The statement also rejected the deep cuts requested in community development programs, including HUD's Community Development Block Grant program.

On June 13, 2008, the House Committee on Appropriations distributed the discretionary funding allocation to the appropriations subcommittees. The THUD subcommittee received an allocation of \$55.0 billion.<sup>1</sup> This compares to the estimated \$50.6 billion requested by the President and \$48.8 billion provided in FY2008.

On June 20, 2008, the House Committee on Appropriations, Subcommittee on Transportation HUD (THUD) marked-up an unnumbered draft FY2009 THUD appropriations bill. According to the subcommittee's press release, the bill would increase funding for a number of housing and transportation programs over the President's request, including the Community Development Block Grant program, housing for the elderly and disabled, public housing (including HOPE VI), Amtrak, the Federal Transit Administration, and grants to airports. Full committee markup is anticipated following the July 4<sup>th</sup> recess.

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<sup>1</sup> Discretionary funding represents about half of the annual THUD bill's funding; the remainder is contract authority deriving from the transportation trust funds.

## Overview

Congress faces a difficult challenge in the FY2009 appropriations process. The nation is facing a variety of economic challenges — including a general slowdown in the economy, record high oil prices, and a decline in housing values. The budget deficit for FY2008 is \$319 billion as of June 1, with four months still to go in the fiscal year. The President has threatened to veto any appropriations bills that exceed the requested level of funding.

### The President's Budget Request

The President's net FY2009 request for the programs covered by this appropriations bill is \$102.5 billion (after scorekeeping adjustments). This is \$36 million (less than 1%) below the comparable total enacted for FY2008.

The DOT request was \$63.5 billion, \$1.2 billion (2%) below the amount provided for FY2008. It provided a 7% increase for transit funding (\$644 million), though that is less than the authorized funding level.

The President's FY2009 Budget requests \$39.1 billion, a less than 4% increase in total, regular (non-emergency) budget authority for HUD. Following recent trends, the requested increase in budget authority is largely driven by declines in the amount available for rescission (88% decline from FY2008) and projected to be available in offsetting receipts (23% decline from FY2008). The FY2009 request for regular (non-emergency) appropriations — which is the amount available for HUD's programs and activities — represents a slight decline (1.4%) from FY2008.

The Administration's FY2009 budget request included funding reductions that had also been proposed by the Administration in previous budget requests, without success. Among the programs proposed for reductions or elimination were

- DOT highway funding (-\$1.8 billion), airport grants (-\$764 million), Amtrak (-\$525 million), and subsidies for air service to small communities (-\$60 million) programs;
- HUD's Community Development Fund (-\$866 million), Housing for the Elderly (-\$195 million), and Housing for the Disabled (-\$77 million) programs; and
- HUD's HOPE VI, Rural Housing and Economic Development, Brownfields Redevelopment, and Section 108 Loan Guarantees programs, for which no funding was requested (-\$132 million total).

**Table 1** notes the status of the FY2009 THUD appropriations bill.

**Table 1. Status of FY2009 Transportation, Housing and Urban Development, and Related Agencies Appropriations**

Bill	Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
	House	Senate						House	Senate	
Draft	6/20/08									

**Table 2** lists the total funding provided for each of the titles in the bill for FY2008 and the amount requested for that title for FY2009.

**Table 2. Transportation, Housing and Urban Development, and Related Agencies Appropriations, FY2008-FY2009**  
(millions of dollars)

Title	FY2008 Enacted	FY2009 Request	FY2009 House	FY2009 Senate	FY2009 Conf	FY2009 Enacted
Title I: Department of Transportation	\$64,708	\$63,494				
Title II: Housing and Urban Development	37,637	39,075				
Title III: Related Agencies	415	270				
<b>Total</b>	<b>\$102,560</b>	<b>\$102,524</b>				

**Source:** Budget table provided by the House Appropriations Committee and published in connection with the Consolidated Appropriations Act, 2008. "Total" represents total budgetary resources after scorekeeping adjustments. FY2008 total does not include \$3.2 billion in emergency funding. Totals may not add up due to rounding and scorekeeping adjustments.

## Changing Appropriations Subcommittee Structures

Since 2003, the House and Senate Committees on Appropriations have reorganized their subcommittee structure three times. In 2003, a new subcommittee (Homeland Security) was added; in order to maintain the existing number of subcommittees at 13, the Transportation appropriations subcommittees were combined with the Treasury, Postal Service, and General Government appropriations subcommittees, becoming the Subcommittees on Transportation, Treasury, and Independent Agencies.

In early 2005, the House and Senate Committees on Appropriations again reorganized their subcommittee structures. The House Committee on Appropriations reduced its number of subcommittees from 13 to 10. This change included combining the Transportation, Treasury, and Independent Agencies subcommittee with the District of Columbia subcommittee; to the resulting subcommittee, in addition, jurisdiction over appropriations for the Department of Housing and Urban



Development and the Judiciary, as well as several additional independent agencies, was added. The subcommittee was then known as the Subcommittee on Transportation, Treasury, Housing and Urban Development, The Judiciary, District of Columbia, and Independent Agencies (or TTHUD).

The Senate Committee on Appropriations reduced its number of subcommittees to 12. The Senate also added jurisdiction over appropriations for the Departments of Housing and Urban Development and the Judiciary to the Transportation, Treasury, and Independent Agencies subcommittee. The Senate retained a separate District of Columbia Appropriations subcommittee. As a result, the areas of coverage of the House and Senate subcommittees with jurisdiction over this appropriations bill were almost, but not quite, identical; the major difference being that in the Senate the appropriations for the District of Columbia originate in a separate bill.

At the beginning of the 110<sup>th</sup> Congress in 2007, the House and Senate Committees on Appropriations again reorganized their subcommittee structures. The House and Senate committees divided the responsibilities of the TTHUD subcommittees between two subcommittees: Transportation, Housing and Urban Development, and Related Agencies (THUD); and Financial Services and General Government, whose jurisdiction included the Treasury Department, the Judiciary, the Executive Office of the President, the District of Columbia, and many of the independent agencies formerly under the jurisdiction of the TTHUD subcommittees.

These changes make year-to-year comparisons of Transportation and Housing and Urban Development appropriation bills complex, as their appropriations appear in different bills in combination with various other agencies. Other factors, such as supplemental appropriations for response to disasters (such as the damage caused by the Gulf Coast hurricanes in the fall of 2005) and changes in the makeup of the Department of Transportation (portions of which were transferred to the Department of Homeland Security in 2004), also complicate comparisons of year-to-year funding. **Table 3** shows funding trends over the five-year period FY2004-FY2008, and the amounts requested for FY2009, for the Departments of Transportation and Housing and Urban Development. The purpose of **Table 3** is to indicate trends in the funding for these agencies. Emergency supplemental appropriations are not included in the figures.

**Table 3. Funding Trends for Transportation, Housing and Urban Development, and Related Agencies, FY2004-FY2009**

(billions of current dollars)

Department	FY2004 <sup>a</sup>	FY2005 <sup>b</sup>	FY2006 <sup>c</sup>	FY2007	FY2008 <sup>d</sup>	FY2009 Request <sup>e</sup>	FY2009 Enacted
Title I: Transportation	\$58.4	\$59.6	\$59.5	\$63.2	\$64.7	\$63.5	
Title II: Housing and Urban Development	31.2	31.9	34.0	36.2	37.6	39.1	

**Source:** United States House of Representatives, Committee on Appropriations, Comparative Statement of Budget Authority tables from fiscal years 2004 through 2009.

- FY2004 figures reflect a 0.59% across-the-board rescission.
- FY2005 figures reflect a 0.83% across-the-board rescission.
- FY2006 figures reflect a 1.0% across-the-board rescission, but do not reflect emergency supplemental appropriations provided for DOT and HUD. DOT and HUD received emergency funding for response to the effects of the Gulf Coast hurricanes; DOT's total FY2006 funding, including emergency funding, was \$62.3 billion; HUD's total FY2006 funding, including emergency funding, was \$45.5 billion.
- FY2008 figures reflect a 2.0% rescission applied to most programs that included designated earmarks, but do not reflect emergency funding. DOT received \$195 million in emergency funding; HUD received \$3.0 billion.
- FY2009 figure for Title I: Transportation reflects proposed rescission of \$3.9 billion.

## Transportation Appropriations

**Table 4. Department of Transportation Appropriations, FY2008-FY2009**

(in millions of dollars; totals may not add)

Department or Agency (Selected Accounts)	FY2008 Enacted	FY2009 Request
Office of the Secretary of Transportation	157	130
<i>Essential Air Service<sup>a</sup></i>	110	50
Federal Aviation Administration (FAA)		
<i>Operations (trust fund &amp; general fund)</i>	8,740	NA
<i>Facilities &amp; Equipment (F&amp;E) (trust fund)</i>	2,514	NA
<i>Grant-in-aid for Airports (AIP) (trust fund) (limit. on oblig.)</i>	3,515	2,750
<i>Research, Engineering &amp; Development (trust fund)</i>	147	171
<i>Subtotal, FAA</i>	14,524	14,643
Federal Highway Administration (FHWA)		
<i>(Limitation on Obligations)</i>	41,216	39,399
<i>(Exempt Obligations)</i>	739	739
<i>Additional funds (trust fund)</i>	—	—
<i>Additional funds (general fund)</i>	30	—
<i>Rescissions of contract authority</i>	(4,107)	(3,885)

Department or Agency (Selected Accounts)	FY2008 Enacted	FY2009 Request
<i>Subtotal, FHWA<sup>b</sup></i>	38,068	36,253
Federal Motor Carrier Safety Administration (FMCSA)	530	541
National Highway Traffic Safety Administration (NHTSA)	838	851
Federal Railroad Administration (FRA)	1,561	1,091
<i>Amtrak</i>	1,325	800
Federal Transit Administration (FTA)		
<i>General Funds</i>	1,590	1,775
<i>Capital Investment Grants (New Starts)</i>	1,569	1,621
<i>Trust Funds</i>	7,768	8,361
<i>Subtotal, FTA</i>	9,358	10,135
St. Lawrence Seaway Development Corporation	17	32
Maritime Administration (MARAD)	307	313
Pipeline and Hazardous Materials Safety Administration (PHMSA)		
<i>Pipeline safety program</i>	80	93
<i>Emergency preparedness grants</i>	28	28
<i>Subtotal, PHMSA</i>	154	168
Research and Innovative Technology Administration (RITA)	12	12
Office of Inspector General	66	70
Surface Transportation Board	25	22
<b>Total, Department of Transportation</b>	<b>\$64,708</b>	<b>\$63,494</b>

**Source:** Figures are from a budget table published by the House Appropriations Committee in a committee print combining the text and explanatory statement for the Consolidated Appropriations Act, 2008 (H.R. 2764/P.L. 110-161). Because of differing treatment of offsets, the figures for “FY2008 Request” will not always match the Administration’s budget figures from other sources. The figures within this table may differ slightly from those in the text due to supplemental appropriations, rescissions, and other funding actions. Columns may not add due to rescissions, rounding, and exclusion of smaller program line-items.

- a. The total comes from a \$50 million annual authorization for the Essential Air Service program to be funded out of overflight fee collections and an additional amount (if any) appropriated for the program.
- b. FHWA was appropriated \$42.2 billion for FY2008. The \$38.1 billion figure represents the budgetary total after subtraction of a \$3.5 billion rescission of previously provided contract authority and the transfer of \$121 million to NHTSA. The House and Senate committees recommended \$41.0 billion for FHWA for FY2008; rescissions of contract authority resulted in those proposals being scored as \$37.6 billion and \$37.9 billion, respectively.

The economic and political context within which the FY2009 transportation appropriations process is taking place is tumultuous. The significant rise in the price of fuel for cars, trucks, and commercial jets is having a major impact on components of the transportation industry. The commercial passenger aviation industry is projecting a loss of several billion dollars, and is cutting the number of flights offered and even eliminating some routes. Meanwhile, the reauthorization of the FAA’s programs and activities as well as the authorization of the taxes and fees that support

the airport and airway trust fund lapsed at the end of FY2007 and have been continued under a series of short-term authorization extensions.

At the same time, there is widespread concern about the condition of the nation's infrastructure, a significant component of which is transportation infrastructure. The collapse of an Interstate Highway bridge in Minnesota in August 2007 created concern over the conditions of the nation's bridges. Portions of the Interstate Highway system are reaching the end of their projected 50-year lifespan. These factors, combined with concern over growing levels of traffic congestion, have led to calls for increased spending on transportation infrastructure. Much of the nation's transportation infrastructure is funded through federal transportation programs. At the same time, the primary source of federal highway funding, the Highway Trust Account of the Highway Trust Fund, is projected to run out of money before the end of FY2009. This was foreseen in SAFETEA-LU, which called for a multi-billion dollar rescission of contract authority at the end of September 2009. But rising gas prices have led consumers to reduce their vehicle miles traveled,<sup>2</sup> which is reducing the revenues coming in to the Highway Trust Account and suggesting that the deficit at the end of FY2009 may be greater than forecast. FY2009 is the final year of the current surface transportation authorization.

## **Department of Transportation Budget and Key Policy Issues**

The President's FY2009 budget requested a total of \$64.5 billion for the Department of Transportation (DOT).<sup>3</sup> That was \$1.2 billion (-2%) below the level provided for FY2008. The major funding changes requested from the FY2008 enacted levels were

- an increase of \$644 million (7%) for transit;
- a decrease of \$1.8 billion (-4%) in highway funding;
- a decrease of \$525 million (-40%) in Amtrak funding (similar to requested decreases in FY2007 and FY2008 that were rejected by Congress);
- a decrease of \$765 million (-22%) in the Federal Aviation Administration's Airport Improvement Program (similar to requested decreases in FY2007 and FY2008 that were rejected by Congress); and
- a decrease of \$60 million (-54%) in funding for the Essential Air Service Program (similar to requested decreases in FY2007 and FY2008 that were rejected by Congress).

The Administration request also proposed restructuring the FAA budget, reflecting the Administration's reauthorization proposal for the FAA.

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<sup>2</sup> According to the FHWA, yearly cumulative vehicle miles traveled (VMT) through April 2008 has decreased 2.1% (more than 20 billion VMT) compared to 2007 and the total figure of VMT in April 2008 marks the sixth consecutive month that driving has declined compared to the prior year.

<sup>3</sup> This total represents \$68.1 billion in new appropriations and \$3.9 billion in rescissions.

The Administration's request, including as it does over \$3 billion in cuts that have been repeatedly requested and repeatedly rejected by Congress, creates a difficulty for appropriators. If the appropriators restore the funding for those programs, even to just the level provided in FY2008, the resulting bill will likely exceed the President's request. Meanwhile, the President has threatened to veto FY2009 appropriations bills that provide more than the requested level of spending.

**Federal Aviation Administration (FAA).** The FAA budget provides both capital and operating funding for the nation's air traffic control system, and also provides federal grants to airports for airport planning, development, and expansion of the capacity of the nation's air traffic infrastructure. The President's budget requests \$14.6 billion in new funding for FY2009. This is \$152 million (-1%) less than the amount of new funding provided in FY2008.<sup>4</sup>

It is difficult to compare the requested level for operations, the largest FAA account, and facilities & equipment, because the budget request categorizes the FAA funding differently than the FY2008 appropriation, reflecting the Administration's FAA reauthorization proposal. The Administration request does reflect a cut in the Airport Improvement Program.

**Airport Improvement Program (AIP).** The President's budget proposed a cut of \$764 million to AIP funding, from \$3.51 billion in FY2008 to \$2.75 billion for FY2008. A similar cut was proposed by the Administration for FY2007 and for FY2008; neither cut was supported by Congress. AIP funds are used to provide grants for airport planning and development, and for projects to increase airport capacity (such as construction of new runways) and other facility improvements.

**Essential Air Service.** The President's budget requested \$50 million for the Essential Air Service program, a \$59 million (54%) reduction from the \$109 million provided for FY2008. A similar decrease was proposed by the Administration for FY2007 and FY2008; both were rejected by Congress.

This program seeks to preserve air service to small airports in rural communities by subsidizing the cost of that service. Supporters of the Essential Air Service program contend that preserving airline service to rural communities was part of the deal Congress made in exchange for deregulating airline service in 1978, which was expected to reduce air service to rural areas. Some Members of Congress have expressed concern that the proposed cut in funding for the Essential Air Service program could lead to a reduction in the transportation connections of rural communities. Previous budget requests from the current Administration, as well as budget requests from previous Administrations, have proposed reducing funding to this program.

**Federal Highway Administration (FHWA).** The President's budget requested \$40.1 billion in new funding for federal highway programs for FY2009, a

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<sup>4</sup> The net new funding for FY2008 appears to be \$118 million less than the FY2009 request, due to a rescission of contract authority in the FY2008 appropriation. However, that rescission did not actually reduce the amount of new funding provided in FY2008.

cut of \$1.8 billion (-4%) over the comparable level of \$42.0 billion provided in FY2008.<sup>5</sup> This is also \$800 million below the \$41.2 billion authorized funding level for FY2009 that is “guaranteed” by SAFETEA-LU (P.L. 109-59).

The \$1.8 billion difference is made up of two components. First, SAFETEA-LU provides a mechanism, known as RABA (‘Revenue Aligned Budget Authority’), for adjusting the authorized level up or down to reflect the level of income received by the Highway Trust Account. In FY2008, the authorized level was increased by \$631 million as a result of the RABA adjustment. The Administration estimates that RABA calls for a \$1.0 billion reduction in the authorized level for FY2009, reflecting declining receipts to the Account. Second, based on the FHWA Administrator’s overview, it appears that \$800 million of the difference was FHWA’s share of a \$1 billion reduction to adjust for the extra \$1 billion in Highway Bridge Program obligations provided by appropriators in FY2008.<sup>6</sup> The overview argues that without the reduction, the total obligation level provided over the full life of SAFETEA-LU would have exceeded the \$286.4 billion grand total of guaranteed funding provided for in the act and agreed to by the Administration.

**Federal Motor Carrier Safety Administration (FMCSA).** The Administration requested the authorized level of funding for FMCSA, \$541 million. This is \$11 million (2%) over the amount provided for FY2008.<sup>7</sup> \$307 million of the request is for grants to states to enforce commercial truck and bus safety regulations.

The FY2008 THUD appropriations act included a provision (Section 136) that prohibited any funds in the act from being used to “establish” a cross-border trucking demonstration program allowing Mexican trucking companies to operate beyond the commercial zone (a zone extending 20 miles into the United States from the U.S.-Mexico border). The DOT had implemented such a program on September 7, 2007, shortly before the beginning of the 2008 fiscal year. DOT continued to operate the program after passage of the FY2008 act, contending that FY2008 funding used for the program would not be used to establish the program, but to continue its operation.

**National Highway Traffic Safety Administration (NHTSA).** The Administration requested \$851 million for NHTSA, the amount authorized for FY2009. This is an increase of \$13 million (2%) over the amount provided for FY2008.<sup>8</sup> \$600 million of this amount is for grants to states for highway safety programs to reduce deaths and injuries from motor vehicle crashes.

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<sup>5</sup> The FY2008 enacted figure and FY2009 request were reduced, for accounting purposes, by rescissions of contract authority, resulting in net budgetary totals of \$38.1 billion for FY2008 and \$36.3 billion for the FY2009 request. An additional \$195 million in emergency funding was provided in FY2008.

<sup>6</sup> The remaining \$200 million of the reduction is to be taken from the proposed Federal Transit Administration funding for FY2009.

<sup>7</sup> The net total for FY2008 was reduced, for budgetary purposes, to \$479 million, as a result of \$50 million in rescissions of contract authority.

<sup>8</sup> The \$838 million in new funding for FY2008 was reduced, for budgetary purposes, to \$815 million by rescissions of contract authority.

**Federal Railroad Administration (FRA).** The Administration requested \$1.091 billion for FRA for FY2009. This is a cut of \$471 million (-30%) from the \$1.561 billion provided for FY2008.

The largest portion of FRA's budget is for support of Amtrak, and virtually all of the proposed reduction was in funding for Amtrak — the Administration requested \$800 million for Amtrak, a cut of 40% (\$-525 million). The next largest portion of FRA's budget is for safety programs intended to reduce railroad accidents. The Administration requested \$157 million, \$7 million (4%) more than provided for in FY2008. The other component of the FRA budget is research and development of rail safety improvements. The Administration requested \$34 million for this, \$2 million (6%) less than the \$36 million provided for in FY2008.

In FY2008 Congress also provided \$20 million for a rail line relocation and improvement program established in SAFETEA-LU that had not previously been funded. The Administration did not request any money for this program in FY2008 or in FY2009.

**Federal Transit Administration (FTA).** The Administration requested \$10.1 billion for FTA for FY2009. This is an increase of \$644 million (7%) over the amount provided for FY2008,<sup>9</sup> but is \$202 million below the authorized FY2009 funding level.

Virtually all of FTA's funding goes to state and local transportation authorities to support bus, commuter rail, subway, and light rail transit services.

**Maritime Administration (MARAD).** The Administration requested \$313 million for MARAD for FY2009, \$7 million (2%) above the \$307 million enacted for FY2008. MARAD supports the maritime transportation sector. The largest components of its budget are the Maritime Security Program and Operations and Training.

The Administration requested \$174 million for the Maritime Security Program, an \$18 million (12%) increase over FY2008. This program provides payments of roughly \$2.6 million per ship to retain a fleet of 60 active, militarily useful, privately owned vessels to be available to the federal government in the event they are needed for security purposes. A total of \$118 million was requested for Operations and Training, \$4 million (-3%) less than provided for FY2008. This program funds the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD's operations.

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<sup>9</sup> The net FY2008 total was reduced, for budgetary purposes, to \$9.4 billion by a \$133 million rescission of contract authority.

## Housing and Urban Development Appropriations

Most of the funding for the activities of the Department of Housing and Urban Development (HUD) comes from discretionary appropriations provided each year in the annual appropriations acts enacted by Congress. HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs. These include several programs of rental assistance for the poor, elderly, and/or disabled. Three rental assistance programs — Public Housing, Section 8 Vouchers, and Section 8 project-based rental assistance — account for the majority of the Department's non-emergency funding (more than 75% in FY2008). Two flexible block grant programs, HOME and Community Development Block Grants, help communities finance a variety of housing and community development activities designed to serve low-income families. Other, more specialized, block grants help communities meet the needs of homeless persons, including those with AIDS. In recent years, HUD has also focused more attention on efforts to increase the homeownership rates for lower-income and minority households, with programs providing funding for downpayment assistance and housing counseling. HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to lower-income home buyers, many with below-average credit records, and to developers of multifamily rental buildings containing relatively affordable units. FHA collects fees from insured borrowers, which are used to sustain the insurance fund and offset its administrative costs. Surplus FHA fees have been used to offset the cost of the HUD budget.

HUD's budget is comprised of several types of funding. Regular, annual appropriations fund the activities of the Department. Offsetting collections and receipts (such as those from FHA) and rescissions of unobligated balances from prior years' funding offset the cost to Congress of the appropriations. In some years, Congress also provides emergency appropriations (such as in response to disasters) through HUD. The total of appropriations, offsetting receipts and collections, rescissions, and emergency appropriations determine HUD's net budget authority.

This section of the report provides an overview of FY2009 funding for HUD. It is largely summarized from a more detailed report, CRS Report RL34504, *The Department of Housing and Urban Development: FY2009 Appropriations*. Readers seeking an expanded discussion of HUD funding issues, including an overview of recent trends, should see CRS Report RL34504.

### FY2009

**Table 5** presents the President's FY2009 budget request for HUD compared to the prior year's enacted budget authority. Four totals are given in **Table 2**: "budget authority provided" and "available budget authority," both including and excluding emergency appropriations. Total budget authority *provided* includes current year appropriations, plus advance appropriations provided in the current fiscal year for use in the next fiscal year; total *available* budget authority includes current year appropriations, plus advance appropriations provided in the prior fiscal year for use in the current fiscal year. Congress is scored by the Congressional Budget Office (CBO) for the amount of *available* budget authority in an appropriations bill;



however, the Appropriations Committees' documents often discuss budget authority *provided*.

The President's FY2009 Budget requests \$39,075 million, a less than 4% increase in total, regular (non-emergency) budget authority for HUD. Following recent trends, the requested increase in budget authority is largely driven by declines in the amount available for rescission (88% decline from FY2008) and projected to be available in offsetting receipts (23% decline from FY2008). The FY2009 request for regular (non-emergency) appropriations — which is the amount available for HUD's programs and activities — represents a slight decline (1.4%) from FY2008.

**Table 5. Appropriations: Housing and Urban Development,  
FY2008-FY2009**

(budget authority in billions of dollars)

Account	FY2008 Enacted	FY2009 Request
<b>Appropriations</b>		
Management and Administration	1.212	1.290
Tenant Based Rental Assistance (Sec. 8 vouchers) (includes advance appropriation for subsequent year)	16.391	15.881
Project Based Rental Assistance (Sec.8) (includes advance appropriation for subsequent year)	6.382	7.400
Public housing capital fund	2.439	2.024
Public housing operating fund	4.200	4.300
HOPE VI	0.100	0.000
Native American housing block grants	0.630	0.627
Indian housing loan guarantee	0.007	0.009
Native Hawaiian Block Grant	0.009	0.006
Native Hawaiian loan guarantee	0.001	0.000
Housing, persons with AIDS (HOPWA)	0.300	0.300
Rural Housing Economic Development	0.017	0.000
Community Development Fund (including CDBG)	3.866	3.000
Sec.108 loan guarantee; subsidy	0.005	0.000
Brownfields redevelopment	0.010	0.000
HOME Investment Partnerships	1.704 <sup>a</sup>	1.967 <sup>a</sup>
Self-help Homeownership	0.060	0.040
Homeless Assistance Grants	1.586	1.636
Housing for the elderly	0.735	0.540
Housing for persons with disabilities	0.237	0.160
Manufactured Housing Fees Trust Fund <sup>b</sup>	0.016	0.021
Housing Counseling Assistance	<sup>a</sup>	0.065 <sup>a</sup>
Rental Housing Assistance <sup>b</sup>	0.028	0.028
Research and technology	0.051	0.055
Federal Housing Administration (FHA) Expenses <sup>b</sup>	0.169	0.187

Account	FY2008 Enacted	FY2009 Request
Fair housing activities	0.050	0.051
Office, lead hazard control	0.145	0.116
Working capital fund	0.155	0.224
Inspector General	0.112	0.115
Office of Federal Housing Enterprise Oversight <sup>b</sup>	0.066	0.067
<b>Appropriations Subtotal</b>	<b>40.683</b>	<b>40.108</b>
<b>Rescissions</b>		
Housing Certificate Fund (Sec. 8) rescission	-1.250	0.000
Neighborhood Initiatives rescission	0.000	-0.026
Economic Developments Initiative rescission	0.000	-0.180
Rental housing assistance rescission	-0.038	-0.028
Tenant-Based Rental Assistance (Sec. 8 voucher) rescission	-0.723	0.000
<b>Rescissions Subtotal</b>	<b>-2.011</b>	<b>-0.233</b>
<b>Offsetting Collections and Receipts</b>		
Manufactured Housing Fees Trust Fund	-0.016	-0.016
Office of Federal Housing Enterprise Oversight	-0.066	-0.067
FHA	-0.250	-0.140
Government National Mortgage Association (GNMA)	-0.163	-0.170
Legislative Proposals	-0.540	-0.407
<b>Offsets Subtotal</b>	<b>-1.035</b>	<b>-0.800</b>
<b>Emergency Funding</b>		
CDBG Appropriations for the Gulf Coast	3.000	0.000
<b>Emergency Funding Subtotal</b>	<b>3.000</b>	<b>0.000</b>
<b>Totals</b>		
<b>Total Budget Authority Provided, excluding Emergency Appropriations</b>	<b>37.637</b>	<b>39.075</b>
<b>Total Available Budget Authority, excluding Emergency Appropriations</b>	<b>37.672</b>	<b>38.833</b>
<b>Total Budget Authority Provided, including Emergency Appropriations</b>	<b>40.637</b>	<b>39.075</b>
<b>Total Available Budget Authority, including Emergency Appropriations</b>	<b>40.672</b>	<b>38.833</b>

**Source:** Prepared by CRS based on tables provided by the Appropriations Committee, the President's FY2009 Budget documents and HUD Congressional Budget Justifications.

**Note:** Total budget authority *provided* includes advance appropriations provided in the current fiscal year for use in the subsequent fiscal year; *available* budget authority includes the advance appropriations that were provided in the prior fiscal year for use in the current fiscal year.

- a. In FY2008, funding for housing counseling assistance was provided as a set-aside within the HOME account; for FY2009, the President's budget requested that funding for housing counseling assistance be provided in a separate account.
- b. Funding for this account is generally offset through collections, receipts, or rescissions.

## Key Issues

The following section of the report provides a summary of key issues in HUD's FY2009 budget. For a more detailed examination, readers should see CRS Report RL34504, *The Department of Housing and Urban Development: FY2009 Appropriations*.

### Tenant-Based Rental Assistance: Renewal Funding

The tenant-based rental assistance account funds the Section 8 Housing Choice Voucher program. The Section 8 voucher program funds rental assistance for low-income families that they can use to reduce their housing costs in the private market. The program is funded by HUD, but administered at the local level by quasi-governmental local public housing authorities (PHAs). This account funds the annual renewal of the roughly 2 million vouchers authorized by Congress, as well as their associated administrative costs, and, in some years, new vouchers. (For more information on the Section 8 voucher program, see CRS Report RL32284, *An Overview of the Section 8 Housing Programs* and CRS Report RL34002, *Section 8 Housing Choice Voucher Program: Issues and Reform Proposals in the 110th Congress*, by Maggie McCarty, Libby Perl, Bruce E. Foote, Eugene Boyd, and Oscar R. Gonzales.)

The tenant-based rental assistance account is the largest in HUD's budget. In recent years, it has also been the source of the most contention in HUD's budget. Primarily, attention has been focused on whether the amount of funding provided for voucher renewals is sufficient to fund all of the vouchers authorized by Congress and/or in use by families, and how that renewal funding is to be allocated to PHAs. (While there is a statutory formula for allocating voucher funds to PHAs, it has been overridden in recent years by formulas adopted by Congress in the appropriations acts.)

The amount available for voucher renewals each year is made up of two parts: current year appropriations, and advance appropriations provided in the prior year that become available in the current year. For FY2009, the President requested \$11,881 million in current year funding for voucher renewals as well as \$4,000 million in advance appropriations for use in FY2010. This request represents a decrease from the \$12,233 million in current year funding provided in FY2008 and a decrease from the \$4,158 million in advance appropriations provided in FY2008 for use in FY2009.

Combined, the President's request would result in \$16,039 million in *available* budget authority for FY2009 (current year funding plus prior year advance) and \$15,881 million in budget authority *provided* for FY2009 (current year funding plus advance for subsequent year). This represents an increase from the \$15,703 million *available* in FY2008, but a decrease from the \$16,391 million *provided* in FY2008. HUD's FY2009 budget documents estimate that the amount of funding requested would be sufficient to renew all of the vouchers in use. (For a more detailed discussion, see CRS Report RL34504, *The Department of Housing and Urban Development: FY2009 Appropriations*.)

The President's FY2009 budget also requested that Congress change the way that it provides renewal funding to PHAs. Specifically, it requested that PHAs be provided funding based on the amount of funding they received in the previous year. This would be a change from the FY2008 funding formula, which funded PHAs based on their costs and voucher usage (referred to as utilization) over the prior year. This debate — over whether to fund PHAs based on the budget they received in the prior year or based on their expenses — has gone back and forth since FY2003. For a detailed discussion of this issue, see CRS Report RL33929, *Recent Changes to the Section 8 Voucher Renewal Funding Formula*.

Finally, the President's budget requested \$39 million to fund new incremental vouchers for elderly and disabled families who were displaced by the 2005 hurricanes and whose FEMA-funded rental assistance will be ending in March 2009. The budget also requested \$75 million for new incremental vouchers for homeless veterans. The combined total for new vouchers (\$114 million) would be less than the amount provided in FY2008 (\$125 million).

## **Project-Based Rental Assistance: Renewal Funding**

The project-based rental assistance account provides funding to renew, amend, and cover administrative expenses for the more than one million rental assistance contracts between private property owners and HUD. These contracts allow low-income tenants that live in the assisted properties to pay reduced rents. The program under which these contracts are authorized is commonly referred to as project-based Section 8.

In July 2007, HUD stopped making payments to property owners with project-based contracts. Due to a change in interpretation regarding how HUD was to provide renewal funding, HUD determined it did not have sufficient funding to meet its contractual obligations. A negotiation with the Office of Management and Budget, and revisions to the contract language between HUD and property owners, allowed HUD to resume payments (including retroactive payments). However, this "shortfall" raised concerns among some Members of Congress — several committees held hearings on the topic — and industry groups representing property owners.

For FY2009, the President's budget requested \$7,000 million for project-based contract renewals, an increase from the \$6,382 million provided in FY2008. Further, the budget requested \$400 million in advance appropriations to be provided in FY2009 for use in FY2010. If approved, it would be the first time an advance appropriation was to be used in this account. HUD's budget documents indicate that the Department believes that its request (\$7,400 million) would be sufficient to meet the Department's contractual obligations; industry groups contend that in order to "fully fund" its contractual obligations, HUD would need another roughly \$2,000 million in FY2009. For an expanded discussion of this issue, see CRS Report RL34504, *The Department of Housing and Urban Development: FY2009 Appropriations*.

## **HOPE VI: No New Funding**

Each year since FY2003, the President has requested no new funding for the HOPE VI public housing revitalization program. In response, each year, Congress has continued to fund the program. Up until FY2003, the program was generally funded at just under \$600 million, although in recent years its funding level has generally been around \$100 million. HUD's Congressional Budget Justifications criticize the program for a slow expenditure of grant funds and also note that PHAs are able to use their capital fund grants to leverage resources in much the same way HOPE VI grants are used to leverage additional resources, making HOPE VI less necessary. Proponents of HOPE VI cite the program's transformative effects on severely distressed communities. (For additional information, see CRS Report RL32236, *HOPE VI Public Housing Revitalization Program: Background, Funding, and Issues*.)

## **Community Development and the Community Development Block Grant: Funding Reductions**

The Community Development Fund (CDF) account funds the Community Development Block Grant program, a formula grant to states and localities that funds community development activities. In addition, the CDF has funded other community development-related programs in past years, including the Economic Development Initiatives and Neighborhood Initiative demonstrations.

The President's FY2009 budget recommendation of \$2,927 million for the formula portion of CDBG is \$659 million (18.4%) less than the \$3,586 million appropriated for distribution to communities and states in FY2008. In addition, the President's FY2009 budget request stated that the Administration would seek to reform the CDBG program during the 110<sup>th</sup> Congress by again offering Congress a proposal that was first unveiled during the 109<sup>th</sup> Congress, namely, the Community Development Block Grant Reform Act.

In addition to requesting reduced funding for CDBG formula grants, the Administration's FY2009 budget proposes eliminating funding for several other community development related programs, including Rural Housing and Economic Development Grants, Community Development Block Grant Section 108 loan guarantees, and Brownfields Economic Development Initiatives. The budget characterized these programs as duplicative of the activities funded by the CDBG formula grant program. The President's budget also requested no new funding for the Economic Development Initiatives and Neighborhood Initiatives demonstrations programs — which Congress has used to fund congressionally-directed projects in recent years — and asked that Congress rescind the funding provided to these projects in FY2008.

## **Increased Funding for HOME**

The HOME Investment Partnerships Program provides formula-based block grant funding to states, units of local government, Indian tribes, and insular areas to fund affordable housing initiatives. The President's FY2009 budget requested a \$275 million increase in funding for HOME formula grants. HUD's Congressional Budget

Justifications identify the HOME program as key to the President's goal of increasing homeownership opportunities, especially for minorities. They also cite the program's relatively strong rating from the Office of Management and Budget's (OMB) Program Assessment and Rating Tool evaluation. According to HUD's Congressional Budget Justifications, OMB found that the program "has a clear purpose, strong management, and can demonstrate results."

## **Housing for the Elderly and Disabled: Funding Reductions**

Formerly known together as Housing for Special Populations, the Section 202 Housing for the Elderly program and the Section 811 Housing for Persons with Disabilities program provide capital grants and ongoing project rental assistance contracts (PRAC) to developers of new subsidized housing for these populations. In FY2009, the Administration's budget recommends reducing the overall funding level for the programs that provide housing and services for elderly households (defined by HUD as those with a head of household or spouse age 62 or older). The President's request would cut funding for these programs by nearly \$200 million, from \$735 million in FY2008, to \$540 million in FY2009. The President's budget also proposes to reduce funding for the Section 811 Housing for Persons with Disabilities program in FY2009 to \$160 million, down from \$237 million in FY2008.

## **Federal Housing Administration (FHA): Declining Receipts**

The FHA administers a variety of mortgage insurance programs that insure lenders against loss from loan defaults by borrowers. Through FHA insurance, lenders make loans that otherwise may not be available, and enable borrowers to obtain loans for home purchase and home improvement, as well as for the purchase, repair, or construction of apartments, hospitals, and nursing homes. The programs are administered through two program accounts: the Mutual Mortgage Insurance/Cooperative Management Housing Insurance fund account (MMI/CMHI) and the General Insurance/Special Risk Insurance fund account (GI/SRI). The MMI/CMHI fund provides insurance for home mortgages. The GI/SRI fund provides insurance for more risky home mortgages, for multifamily rental housing, and for an assortment of special-purpose loans such as hospitals and nursing homes. (For more information, see CRS Report RS20530, *FHA Loan Insurance Program: An Overview*.)

In past years, receipts to the MMI fund have exceeded expenses, so the MMI fund did not need appropriations for a credit subsidy, and had excess receipts that were used to offset the cost of the HUD budget. The FY2009 Budget estimates that, if no programmatic changes are made, the MMI fund would need either a credit subsidy or increases in insurance premiums to continue operation. The Budget proposes to permit FHA to set insurance premiums based on the risk that the borrowers pose to the insurance fund, and it proposes to set the rate at a level that would avoid the need for subsidy appropriations. Barring the authority to establish risk-based premiums, the Budget proposes that FHA would use its existing authority to increase the insurance premiums charged to borrowers. The Budget assumes that the increased premiums coupled with legislative and programmatic changes would avoid the need for credit subsidy appropriations. (For an expanded discussion, see CRS Report RL34504, *The Department of Housing and Urban Development: FY2009 Appropriations*.)