
CRS Report for Congress

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Appropriations for FY2001: VA, HUD, and Independent Agencies (P.L. 106-377)

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

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

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

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Appropriations for FY2001: VA, HUD, and Independent Agencies

Summary

Congress completes action on FY2001 VA-HUD Bill. Congress has passed, and the President signed (P.L. 106-377) an FY2001 appropriations bill (H.R. 4635) for the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), and several independent agencies, including the Environmental Protection Agency (EPA), National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), Federal Emergency Management Agency (FEMA), and the Corporation for National and Community Service (CNS).

The bill provides a total of \$107.3 billion in appropriations for programs covered by the bill, including \$82.6 billion in discretionary spending. Mandatory spending, mostly for VA cash benefit programs, is projected to require \$24.6 billion. Rescissions of \$1.8 billion in unobligated HUD housing assistance funds were included in the bill. After all scorekeeping factors are considered, the total mandatory and discretionary funds provided by the bill is \$107.1 billion.

The President's FY2001 Request. According to congressional estimates, the Administration's request for VA, HUD, and Independent Agencies FY2001 appropriations totals \$109.4 billion. The request assumes \$24.6 billion in mandatory spending for VA entitlements, and \$84.8 billion (including \$4.2 billion in advance FY2002 HUD funds) for discretionary programs funded through the VA-HUD bill. The request assumes major increases in VA medical care spending, adding \$1.3 billion in new funds to FY2000 levels. HUD spending would increase by \$6.6 billion over FY2000, including the Administration's proposed advance FY2002 appropriations of \$4.2 billion, a move also enacted for FY2001 in the FY2000 appropriations bill.

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

P.L. 106-74 (H.R. 2684). The FY2000 bill provided \$99.7 billion in FY2000 appropriations (current estimates revise the effect of the bill to \$99.1 billion) for programs covered under the Act, compared to \$99.6 billion requested. As requested, the bill incorporated \$4.2 billion in advance FY2001 funding, and \$2.9 billion in rescissions of funds appropriated in previous years. P.L. 106-113 subsequently required 0.38% in across-the-board reductions, and these reductions lowered appropriations of P.L. 106-74 by \$285 million. Among agencies with funding increases under P.L. 106-74 were VA medical care, up by \$1.7 billion over FY1999 (the Administration requested a freeze), and HUD, up \$2 billion above FY1999, or about \$2 billion less than the Administration request.

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

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Appropriations for FY2001: VA, HUD, and Independent Agencies

Most Recent Developments

Final Actions on FY2001 Appropriations for VA, HUD, and Independent Agencies. President Clinton signed H.R. 5482 into P.L. 106-377, appropriations for VA, HUD, and Independent Agencies for FY2001. The bill's language was incorporated by reference into the conference report on H.R. 4635 (H.Rept. 106-988), completed and filed October 18, and which was approved by both chambers the following day. The conference bill contained a total of \$107.1 billion in combined mandatory and discretionary appropriations.

Senate Passes Conferees' Version. On October 12, 2000, the Senate adopted an amended version of H.R. 4635, based on the anticipation of a conference report containing identical elements. Thus, the Senate bill contained \$107.1 billion in combined mandatory and discretionary appropriations.

Senate Committee reports bill. On September 13, 2000, the Senate Committee on Appropriations reported its amended version of H.R. 4635. The bill totaled \$107.3 billion in mandatory and discretionary appropriations.

House Approves FY2001 VA-HUD appropriations bill. On June 21, 2000, the House passed H.R. 4635, which contained \$102.9 billion in mandatory and discretionary appropriations for FY2001, according to H.Rept. 106-988.

Congress Adopts FY2001 Budget Resolution. On April 13, 2000, Congress finished action on H.Con.Res. 290, the Congressional Budget Resolution for FY2001, which provided for approximately \$400 million less than appropriated for FY2000.

President Submits Budget Request for FY2001. On February 7, 2000, the Administration proposed \$109.4 billion in FY2001 appropriations for VA, HUD, and Independent Agencies (according to updated estimates in H.Rept. 106-988).

Status

Table 1. Status of VA, HUD and Independent Agencies Appropriations, FY2001 (P.L. 106-377)

Subcommittee markup		House report (H.Rept. 106-674)	Passed House	Senate report (S.Rept. 106-410)	Passed Senate	Conference report (H.Rept. 106-988)	Conference report approval		Public Law (P.L. 106-377)
House	Senate						House	Senate	
5/23	9/13	6/12	6/21	9/13	10/12	10/18	10/19	10/19	10/27

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

Table 2. Summary of VA, HUD, and Independent Agencies Appropriations, FY2000-FY2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate ^a	FY2001 Confer.
Department of Veterans Affairs	44.255	46.948	46.910	46.966	47.003
Department of Housing and Urban Development	25.924	32.466	29.980	30.634	30.621
Environmental Protection Agency	7.433	7.164	7.144	7.534	7.828
Federal Emergency Management Agency	3.838	3.580	.877	3.516	2.237
National Aeronautics and Space Administration	13.602	14.035	13.659	13.844	14.285
National Science Foundation	3.897	4.572	4.046	4.297	4.426
Other Independent Agencies	0.801	1.018	0.486	0.717	0.939
Preservation of Affordable Housing	-0.014	0.000	0.000	0.000	0.000
Filipino veterans benefits ^b	0.000	0.000	0.000	0.000	0.003
Grand Total: Appropriations	99.737	109.783	103.102	107.508	107.341
Score keeping adjustments ^c	-2.630	-0.384	-0.173	-0.203	-0.203
<i>Adjustment; VA cash payments^d</i>	<i>1.832</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Emergency funds, elderly housing</i>	<i>1.832</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Adjustments; misc.</i>	<i>0.281</i>	<i>-0.380</i>	<i>-0.169</i>	<i>-0.199</i>	<i>-0.199</i>

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
<i>Advance approp. FY2002</i>	-4.200	-4.200	-4.200	-4.200	-4.200
<i>Advance approp. FY2001</i>	0.000	4.200	4.200	4.200	4.200
<i>Adjust. (negative; mandatory)</i>	-2.375	-0.004	-0.004	-0.004	-0.004
Total, after adjustments:	97.107	109.399	102.929	107.305	107.138
<i>Mandatory</i>	21.307	24.582	24.612	24.582	24.582
<i>Discretionary</i>	75.800	84.817	78.317	82.723	82.556

Source: H.Rept. 106-674; S.Rept. 106-410; H.Rept. 106-988 (Conference).

Note: Totals may not add due to rounding. Italics indicates lines are subsumed within entry above.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

^bTitle V of the bill raises VA service-connected disability compensation for certain 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 with similar compensation ratings.

^cAdjustments may include various supplementals, rescissions, advance appropriations, accounting changes, and reestimates of program experience.

^dThe Balanced Budget Act of 1997 stopped VA from paying compensation and pension benefits on Friday when the scheduled payment date occurred over a weekend, as had been the custom. As the FY2001 Budget proposed, P.L. 106-246 repealed the 1997 change; payments scheduled for October 1, 2000 (a Sunday) were paid September 29, thus moving those outlays from FY2001 to FY2000.

Key Policy Issues

Department of Veterans Affairs

Congress appropriated \$47 billion for Department of Veterans Affairs (VA) programs for FY2001, \$55 million more than the President requested. The House recommended \$46.910 billion (H.R. 4635) for VA for FY2001. The Senate, in amending the House bill, adopted its Appropriation Committee's recommendation of \$46.966 billion, and then subsequently amended the bill to incorporate the version agreed to in a preliminary conference between the two Houses. That version was the final one agreed to by both Houses, and signed by the President as P.L. 106-377.

Mandatory spending for VA entitlement programs is projected to rise by \$1.2 billion for FY2001. Most of the proposed increase in discretionary spending for VA programs is intended for medical care. The President requested, both Houses approved, and the final enacted bill provides \$20.3 billion for VA medical care, nearly \$1.3 billion more than approved for FY2000, which was \$1.7 billion above the freeze level Congress had previously approved for FY2000.

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

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

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

The Balanced Budget Act of 1997 included language that ended the long-standing VA practice of paying compensation and pension benefits on Friday, when the 1st day of the month occurred on a weekend. October 1, 2000, the start of FY2001, fell on a Sunday, and the Administration proposed that the payments be made the previous Friday. P.L. 106-246 repealed the 1997 language, clearing the way for the payment due in October 2000 to be paid on September 29. This change shifted \$1.832 billion in mandatory spending from FY2001 to FY2000.

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

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

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

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

Source: Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from the Conference Report on H.R. 4635 (H.Rept 106-988) and include the effects of the 0.38% reduction imposed by P.L. 106-113.

Medical Care. P.L. 106-377 contains \$20.3 billion for VA medical care programs for FY2001, an increase of nearly \$1.3 billion over FY2000, and the same amount requested by the Administration and approved in both the House and Senate versions of H.R. 4635. Congress approved \$19 billion for FY2000, after adding \$1.7 billion to the Administration's request of \$17.3 billion. (P.L. 106-113 reduced that level by \$79.5 million.)

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

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

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

As with the funds of the MCCF, the HSIF proceeds can be used to furnish additional medical services, thereby expanding the number of veterans served by the VA medical care system. In addition, P.L. 106-117 authorized the creation of a third fund, called the Extended Care Revolving Fund (ECRF), for the receipt of per diem and copayments from certain higher income veterans receiving extended care services

from VA. One of the purposes of the Millennium Health Care Act is to expand the availability of extended care, and the Act expects to offset some of the additional costs of such expansion by increasing the charges for extended services for veterans who are assumed to have a greater ability to pay for their care.

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

**Table 4. Appropriations: Department of Veterans Affairs,
FY2000-FY2001**
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Comp., pension, burial	21.568	22.766	22.766	22.766	22.766
Insurance/indemnities	0.029	0.020	0.020	0.020	0.020
Housing programs	0.282	0.166	0.166	0.166	0.166
Readjustment benefits	1.469	1.634	1.664	1.634	1.634
Guar. Transitional Hsg. Loans, Homeless Vets.	0.048	–	–	–	–
<i>Subtotal: Mandatory (entitlement)</i>	<i>23.397</i>	<i>24.586</i>	<i>24.616</i>	<i>24.586</i>	<i>24.586</i>
Medical care ^b	18.926	20.282	20.282	20.282	20.282
P.L. 106-113 cut (0.38%)	-0.080	–	–	–	–
Medical and prosthetic research	0.321	0.321	0.351	0.331	0.351
Medical Administration	0.060	0.065	0.062	0.062	0.062
General operating exp.	0.913	1.062	1.006	1.050	1.050
Admin. expense (hsng.)	0.158	0.167	0.162	0.163	0.163
Nat'l Cemetery Admin.	0.097	0.110	0.107	0.110	0.110
Inspector General	0.043	0.046	0.046	0.046	0.046
Construction, major	0.065	0.062	0.062	0.049	0.066

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Construction, minor	0.160	0.162	0.100	0.162	0.162
Grants; state facilities	0.090	0.060	0.090	0.100	0.100
State veteran cemeteries	0.025	0.025	0.025	0.025	0.025
<i>Subtotal: Discretionary</i>	<i>20.859</i>	<i>22.363</i>	<i>22.294</i>	<i>22.380</i>	<i>22.417</i>
Subtotal: (VA)	44.255	46.948	46.910	46.966	47.003

Source: H.Rept. 106-988.

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

Response to Hepatitis C (HCV). Evidence suggests that veterans have a substantially higher infection rate for this dangerous communicable disease. A VA survey in 1999 found that the veterans it surveyed had a prevalence rate of 6.6%, compared to an estimated 1.8% in the general population. Leading veterans groups and some health care professionals have advocated an aggressive response by VA to combat the threat, and the Administration's budget estimates that funding for the diagnosis and treatment of infected veterans will rise to \$340 million in FY2001, up from \$195 million in FY2000, and \$46 million in FY1999. The two committee reports accompanying the bills (H.Rept. 106-674; S.Rept. 106-410) emphasize the need to focus necessary resources on research, diagnosis, and treatment of this disease; the Conference Report to accompany H.R. 4635 (H.Rept. 106-988) affirms this emphasis, and instructs VA to include the disease in its complex care calculation for purposes of resource distribution among its 22 regional plans.

Medical research. Conferees approved the House level of \$351 million for VA medical research during FY2001, \$30 million more than the Administration's request for \$321 million; the Senate committee bill recommended \$331 million. Congress appropriated \$321 million for medical and prosthetic research in FY2000.

VA Construction. Congress appropriated \$65 million for major construction, and \$160 million for minor construction (projects with an estimated cost under \$4 million) for FY2000. The Administration requested \$62 million for major construction and \$162 million for minor construction for FY2001; the House accepts the President's recommendation for major construction, and approved \$100 million for minor construction. The Senate approved \$49 million for major construction, and \$162 million for minor construction. Major construction projects are those with an estimated cost over \$4 million. The largest project (\$26.6 million) proposed in the

Administration's budget is for seismic corrections at the VA hospital in Palo Alto, California; both Houses approve that project at the requested level. Many of the minor construction projects will continue VA's overall strategy of expanding outpatient access.

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

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

Department of Housing and Urban Development

Introduction. Most of the appropriations for HUD address the housing problems faced by households with very-low incomes or other special housing needs. Programs of rental assistance for the poor, elderly or handicapped, housing assistance for 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.

While funding for these programs has increased in recent years, evidence suggests that the problem of the availability of affordable housing is nevertheless increasing even faster. Adding to the difficulty of addressing this issue are evaluations of HUD's management and accounting systems finding that the Department could do a better job of administering housing programs. Congressional appropriators will continue to monitor the performance of HUD's major housing programs.

Summary: Appropriations for HUD programs. P.L. 106-377 provides \$30.62 billion for HUD, about \$1.85 billion less than the Administration's request. The bill requires that almost that amount be recaptured from previously approved Section 8 funds not yet spent – the Act then permits \$1.83 billion of those funds to be reprogrammed. Conferees also approved funding for about 79,000 incremental vouchers. A number of HUD programs will receive more appropriations than requested, including the public housing capital fund (\$45 million above the original request); the public housing operating fund (\$50 million); Urban Empowerment Zones (\$75 million); the Community Development fund (\$157.5 million); and the HOME program (\$150 million).

The President requested \$32.46 billion for HUD for FY2001, \$6.54 billion or 25% more than the \$25.92 billion enacted last year, an amount sufficient for funding increases in all of HUD's core programs. The House version of H.R. 4635 included \$29.98 billion for HUD programs for FY2001, the Senate version provided \$30.63 billion. The Administration proposed \$14.13 billion for the Housing Certificate Fund (HCF), HUD's main vehicle for delivering rental housing assistance; the House bill included \$13.28 billion for HCF, and the Senate committee bill recommended \$13.17 billion. The final bill provides \$13.9 billion, and calls for a \$1.8 billion rescission in unobligated funds from previous years.

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

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

FY1996	FY1997	FY1998	FY1999	FY2000
\$19.13	\$16.30	\$21.44	\$24.08	\$25.92

Source: Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from the Conference Report on H.R. 4635 (H.Rept 106-988) and include the effects of the 0.38% reduction imposed by P.L. 106-113.

The major housing policy issue: Affordable rental housing in a robust economy. A strong economy continues to create jobs and increase incomes, but that same prosperity is also putting pressures on housing markets. Increased demands have lowered vacancy rates and pushed rents higher, as more people are entering the rental market with sufficient incomes to avoid sharing apartments and houses. While this increased demand encourages more units to be built, rents for these new dwellings are often out of 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. With more profitable alternatives available, some are deciding not to renew their federal contracts. Older apartment buildings with lower rent units are often either being torn down, or renovated for an upscale market, as the rental market pressures generate more profitable alternatives for investors in rental housing. Tenants with housing vouchers are finding fewer apartment owners in the suburbs of metropolitan areas willing to

rent to subsidized tenants, either because the owners want to avoid program “red tape” or because the value of the voucher is not sufficient for subsidized tenants to afford the units.

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

Congressional appropriators respond to the housing issues. According to the Administration, the \$14.13 billion requested for the Housing Certificate Fund, up \$2.75 billion over the previous year, would be sufficient to renew all Section 8 contracts, establish a housing production program, provide relocation assistance vouchers, and also add 120,000 new Section 8 rental housing vouchers. The added voucher proposal was a particularly contentious area of budget discussions this year.

The House version of H.R. 4635 included \$13.28 billion for the Housing Certificate Fund, but did not include funding designated specifically for the 120,000 incremental vouchers the Administration said were vital to deal with the rising housing costs related to the strong economy. However, the House bill did approve \$66 million for about 10,000 additional vouchers that would work in tandem with the Low-Income Housing Tax Credit program and funds for another 10,000 limited distribution vouchers. The Senate version of the bill provides \$13.17 billion to the HCF. However, citing a study by the Council of Large Public Housing Agencies that finds one out of every five vouchers are now being returned unused, the Senate version of the bill also provides no funds for incremental vouchers. The Conferees dropped the House provision for 10,000 Tax Credit vouchers.

After a long hiatus, Congress had appropriated money for 50,000 additional housing vouchers in FY1999 and 60,000 in FY2000. However, at House VA-HUD Appropriation subcommittee hearings in March 2000, HUD was asked why so few of the 110,000 incremental vouchers approved in the past 2 years had been put in use (estimated to be only about 10,000 at that time). HUD acknowledged the slowness and said that the Department was developing proposals to help voucher holders pay security deposits, counsel housing authorities on how to be more aggressive in reaching out to landlords, and provide landlords more incentives to participate in the rental program..

Both the House and Senate Appropriations Committee reports on the FY2001 budget (H.Rept. 106-674 and S.Rept. 106-410) express concern with the increasing difficulty that low-income families are having in using housing vouchers. Both reports contend that it would be inappropriate to put more vouchers into the pipeline until HUD resolves the delays in getting vouchers to qualified families, and until qualified families exhaust the current supply.

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

The tight housing market situation has prompted discussions about how best to add to the production of rental housing (along with a renewed determination to preserve the existing stock of affordable rental 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. The Senate Committee report (S.Rept. 106-410) concluded that a balanced approach to rental housing assistance is needed – not just vouchers – and recommended the use of \$1 billion of excess Section 8 funds for a production program for FY2001.

However, the Conferees dropped this provision from the final version of the bill. The Conferees do revise the 1998 Quality Housing and Work Responsibility Act to allow a larger number of “project-based” vouchers than currently permitted, and add more flexibility in their use. These project-based vouchers will have a “continued assistance option” that will allow families to move from the assisted building after one year of residence, and retain federal assistance. This promotes more project-based assistance, which should improve voucher utilization, while at the same time, reducing one of the negative features of project-based assistance, the lack of tenant mobility.

P.L. 106-377 funds several HUD programs above the Administration request. In part, these additional funds are offset by the recapture of excess Section 8 reserves, a feature common to HUD appropriations in recent years. These recaptured funds are primarily obtained from unobligated spending authority in the moderate rehabilitation program, and from undistributed housing vouchers. The House bill and the Senate committee version of H.R. 4635 both assumed \$275 million in recaptures (and their reuse elsewhere); the Conferees increased this by about \$1.5 billion to a total of \$1.83 billion.

P.L. 106-377 added \$770 million for the Housing Certificate Fund compared to the Senate committee bill, and \$680 million more than in the House-passed version. Also included were funds for about 79,000 incremental housing vouchers at a cost of \$453 million.

**Table 6. Appropriations: Housing and Urban Development,
FY2000-FY2001**
(budget authority in billions)

Program	FY2000 Enacted	FY2001 Request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Housing certificate fund	11.377	14.128	13.275	13.171	13.941
<i>Appropriation</i>	<i>(7.177)</i>	<i>(9.928)</i>	<i>(9.075)</i>	<i>(8.971)</i>	<i>(9.741)</i>
<i>Advance approp. FY2001/02</i>	<i>(4.200)</i>	<i>(4.200)</i>	<i>(4.200)</i>	<i>(4.200)</i>	<i>(4.200)</i>
Rescission, unobligated balance	-2.243	0	-0.275	-0.275	-1.833
<i>Section 8 recapture</i>	<i>(-1.300)</i>	0	<i>(-0.275)</i>	<i>(-0.275)</i>	<i>(-1.833)</i>
<i>Section 8 carryover</i>	<i>(-0.943)</i>	0	0	0	0
Public housing capital fund	2.900	2.955	2.800	2.955	3.000
Pub. housing operating fund	3.138	3.192	3.139	3.192	3.242
Drug elimination grants	0.310	0.345	0.300	0.310	0.310
Distressed pub. hous. (HOPE)	0.575	0.625	0.565	0.575	0.575
Indian hsng. block grants	0.620	0.650	0.620	0.650	0.650
Indian hsng. loan guar.	0.006	0.006	0.006	0.006	0.006
Housing, persons with AIDS	0.232	0.260	0.250	0.232	0.258
Rural Hsng.; Econ. Develop.	0.025	0.027	0.020	0.027	0.025
America priv. invest.; subsidy	0.020	0.037	0	0	0
Urban Empowerment Zones	0.055	0	0	0	0.075
Rural Empowerment Zones	0.015	0	0	0	0.015
Community Devel. Blk. Grant	4.800	4.900	4.505	4.800	5.058
Across-the-board cut (0.38%)	-0.019	0	0	0	0
Supplement (P.L. 106-246)	0.028	-	-	-	0
Sec.108 loan guar.; subsidy	0.030	0.030	0.029	0.030	0.030
Brownfields Initiative	0.025	0.050	0.020	0.025	0.025
HOME Invest. Partnerships	1.600	1.650	1.585	1.600	1.800
Supplement (P.L. 106-246)	0.036	-	-	-	0
Homeless Assistance Grants	1.020	1.200	1.020	1.020	1.025
Shelter Plus Care	0	0	0	0.105	0.100
Communities in schools	0.005	0.005	0	0	0
Housing for special populations	0.911	0.989	0.911	0.996	0.996
<i>Housing for the elderly</i>	<i>(0.710)</i>	<i>(0.779)</i>	<i>(0.710)</i>	<i>(0.783)</i>	<i>(0.779)</i>
<i>Housing for the disabled</i>	<i>(0.201)</i>	<i>(0.210)</i>	<i>(0.201)</i>	<i>(0.213)</i>	<i>(0.217)</i>
Federal Housing Admin. (net) ^a	0.635	0.865	0.858	0.834	0.865
GNMA (net) ^a	-0.413	-0.298	-0.338	-0.338	-0.338
Research and technology	0.045	0.062	0.040	0.045	0.054
Fair housing activities	0.044	0.050	0.044	0.044	0.046

Program	FY2000 Enacted	FY2001 Request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Office of lead hazard control	0.080	0.120	0.080	0.100	0.100
Salaries and expenses	0.477	0.565	0.475	0.474	0.543
Inspector General	0.051	0.052	0.051	0.056	0.053
Across-the-board cut (0.38%)	-0.072	0	0	0	0
Admin. provisions (net) ^b	-0.388	0	0	0	0
Subtotal (HUD) net	25.924	32.466	29.980	30.634	30.621

Source: H.Rept. 106- 674; S. Rept. 106-410; H.Rept 106-988 (Conference).

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

Modernizing HUD management information systems. A recurring theme before House and Senate Appropriations Committee hearings, and in their reports accompanying recommended HUD budgets, has been the inadequacy of HUD's management information systems. These systems provide data that help Congress oversee the Department, and improve the ability to make informed judgments on funding levels, but are necessary to HUD's own program management.

HUD's accounting practices for identifying excess Section 8 contract reserves as well as excess project-based Section 8 assistance have been criticized in the past few years. An estimated \$15 billion of Section 8 rental program reserves has been recovered from various local housing assistance accounts since 1995. These amounts have alerted the Appropriations Committees to the need to upgrade information systems and improve financial management and budgeting. HUD claims that the problem of excess reserve balances has been resolved, but appropriators continue to examine the Section 8 program for additional recaptures.

P.L. 106-377 transfers appropriations from a number of HUD programs to a "Working Capital Fund" for the development and maintenance of information technology systems. For example, \$43 million of FY2001 appropriations is transferred from the Public Housing Capital fund, \$17 million from the HOME program, and "up to 1.5% of the funds appropriated from Homeless Assistance Grants."

S.Rept. 106-410 also expressed concern that HUD has not collected adequate data from PHAs on public housing operating costs to determine an appropriate level of funding, and to assess the financial and physical conditions of the public housing stock. From an even wider perspective, the on-going question is whether HUD, Public Housing Authorities, and perhaps State Housing Finance Agencies (which are

responsible for managing various HUD monies at the local level) are adequately adopting readily available new technologies to improve management, reduce costs, provide better service to constituencies, and make available adequate data for oversight.

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

Housing Certificate Fund: A closer look. The Housing Certificate Fund (HCF) is the major disbursing mechanism through which HUD provides funding to local entities with the responsibility for administering project-based housing programs and direct low-income housing subsidies. The Administration requested \$14.12 billion (including \$4.2 billion deferred until after the beginning of FY2001) for an increase of \$2.8 billion over the FY2000 funding level of \$11.4 billion.

The House version of H.R. 4635 provided \$13.275 billion for the HCF, \$852 million less than the Administration's request, but \$1.9 billion more than enacted for FY2000. At that level, all expiring Section 8 contracts could be renewed, but no funds were designated for 120,000 incremental vouchers the Administration requested. The House bill included a requested \$4.2 billion in "advance appropriation" (funds that cannot be spent until FY2002), offsetting a similar \$4.2 billion in advance appropriations included in the FY2000 appropriation for HUD (P.L. 106-74), designated for spending in FY2001.

The Senate Appropriation Committee's reported version of H.R. 4635 included \$13.17 billion for the HCF for FY2001, including the \$4.2 billion in advance FY2002 appropriations. The Senate amount was \$957 million less than the Administration's request, but \$1.8 billion more than the FY2000 appropriation.

P.L. 106-377 appropriates \$13.94 billion for the HCF for FY2001, including the \$4.2 billion in advanced FY2002 appropriations. This amount includes funding for expiring Section 8 contracts, incremental vouchers, tenant protection, contract administration and vouchers for the disabled.

The following table shows HUD and congressional estimates of the Administration's request for FY2001 funding for the Housing Certificate Fund, and the House-passed version of H.R. 4635, Senate Appropriations Committee recommendations for FY2001, and the final appropriation contained in P.L. 106-377.

Table 7. Administration and Congressional Estimates, Congressional Recommendations, and Appropriations for the Housing Certificate Fund (HCF), FY2001
(\$ in billions)

HCF Programs	President's request (HUD estimates)	President's request (congressional estimates)	H.R. 4635 (House-passed)	H.R. 4635 (Senate-comm)	P.L. 106-377
Appropriations, HCF	\$14.128	\$14.128	\$13.275	\$13.171	\$13.941
<i>Expiring Sec. 8 Contracts</i>	<i>13.010</i>	<i>13.221</i>	<i>13.275</i>	<i>13.131</i>	<i>12.972</i>
<i>Incremental Vouchers</i>	<i>0.585</i>	<i>0.527</i>	<i>0</i>	<i>0</i>	<i>0.453</i>
<i>Tenant Protection</i>	<i>0.266</i>	<i>0.079</i>	<i>0</i>	<i>0</i>	<i>0.266</i>
<i>Contract Administration</i>	<i>0.209</i>	<i>0.209</i>	<i>(0.192)</i>	<i>0</i>	<i>0.192</i>
<i>Housing Production Program</i>	<i>0.008^a</i>	<i>0.066^a</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Voucher Success Fund</i>	<i>0.050^b</i>	<i>0^b</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Vouchers for Disabled</i>	<i>0^c</i>	<i>0.025</i>	<i>0</i>	<i>0.040</i>	<i>0.040</i>
<i>Jobs Plus demonstration</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.007</i>
<i>Working capital fund</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.011</i>
Rescission (Section 8 recapture)	0	0	-0.275	-0.275	-1.833
Total: HCF (net)	\$14.128	\$14.128	\$13.000	\$12.896	\$12.108

Source: HUD: Congressional Justifications for FY2001; H.Rept. 106-674; S.Rept. 106-410; H.Rept. 106-966. Italics indicates lines subsumed under major heading for HCF in Table 6 and Table 7.

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

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

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

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

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

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

P.L. 106-377 provides \$12.972 billion for the renewal of expiring Section 8 contracts in FY2001. This amount, combined with \$1.3 billion of Section 8 funds recaptured from FY2000 funding, is expected to fund the renewals of all Section 8 contracts.

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

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

The House bill also provided \$25 million to be made available for vouchers for non-elderly, disabled families, and \$66 million for vouchers that work in tandem with the Low Income Housing Tax Credit program. It provided no funding for welfare-to-work vouchers or the moving-to-work program, which were funded in FY2000. The version of H.R. 4635 reported from the Senate Committee on Appropriations provided \$40 million for vouchers for the non-elderly disabled and their families who would otherwise live in public or assisted housing, to give them a broader choice in housing.

The Senate bill specified that funding for expiring contract renewals may also be used to fund “sticky” or “enhanced” vouchers for families who choose to remain in

multifamily housing in which a mortgage is refinanced or in housing previously financed under the Preservation Program. In some circumstances, the provision can be used for tenants in Section 8 developments in which the owner had elected to no longer participate in the program.

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

P.L. 106-377 provides \$453 million for approximately 79,000 incremental Section 8 vouchers in FY2001, and \$40 million for vouchers for the disabled who are affected by public and assisted housing projects being designated as “elderly only” projects.

In its budget request, the Administration assumed 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. According to the Administration, HUD requested \$266 million for tenant protection and assistance for FY2001, including \$199 million to cover the added costs to residents when opt-outs and portfolio re-engineering occurs, and \$67 million for vouchers for tenants displaced under the HOPE VI Revitalization Program.

The House and Senate Appropriations Committee versions of H.R. 4635 included funds for Section 8 tenant protection assistance within the appropriation for contract renewals, but no amount is specified for that purpose in either version of the bill. In the enacted version, conferees specified that \$266 million would be available for tenant protection, and authority was given for these funds also to be used for relocating tenants of HOPE VI 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. The Administration requested \$209 million to contract out duties currently performed by HUD staff, including annual physical inspections of properties, review of management, financial statements, and occupancy, and release of replacement reserves. H.R. 4635, as passed by the House, provides \$192 million for Section 8 contract administrators, \$17 million less than the Administration’s request. The Senate committee version of the bill does not include funding for Section 8 contractors. Conferees appropriated \$192 million for contract administrators in FY2001.

Both House and Senate versions of H.R. 4635 would have rescinded funds from the Section 8 Fund, \$275 million in FY2001. As with previous rescissions of Section 8 funds, reports suggest that by rescinding these unutilized funds, PHAs will become more aggressive about using funds available to them, rather than risk losing them. The final version of H.R. 4635 rescinds \$1.833 in excess Section 8 recaptures, and this rescission is an offset of amounts appropriated to HCF.

The conferees also transferred \$18 million from the Housing Certificate Fund for FY2001: \$11 million is transferred to the Working Capital Fund of HUD to develop and maintain an information technology system at HUD; and \$7 million is transferred to the Jobs Plus Program. The Jobs Plus Program is a demonstration work training and self-sufficiency initiative program for residents of public housing.

Public Housing Programs. There are more than 3,000 Public Housing Authorities (PHAs), encompassing more than 1.2 million housing units. The Quality Housing and Work Responsibility Act of 1998 consolidated all public housing capital programs (except HOPE VI) into one Public Housing Capital Fund. The Act also directed HUD to develop a new formula to allocate resources of the Public Housing Operating Fund. To comply with this statute, in March 1999, HUD convened a rulemaking committee which reflected on a broad range of interests of organizations concerned with the provision of public housing.

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

Public Housing Operating Fund. The Administration requested \$3.192 billion for the Public Housing Operating Fund, for FY2001. The Administration believes that amount will be sufficient to cover all of the operating expenses of the PHAs not covered by received rents. The request is a \$54 million increase over the enacted FY2000 level. The House recommends \$3.139 billion, \$1 million more than last year, but \$53 million less than the Administration's request for FY2001. The Senate approved \$3.192 billion, the same amount as requested by the Administration. The conferees agreed to \$3.242 billion, \$50 million above the Administration's request and above both the House and Senate's recommended amount.

Public Housing Capital Fund. The Administration requested \$2.955 billion for the Public Housing Capital Fund in FY2001, a \$55 million increase over the enacted FY2000 level. Funds would be used to modernize, rehabilitate, and replace public housing units in need of significant repair and replacement. \$100 million of this funding would be available for technical assistance, contract expertise and physical inspections of units and management improvements. The House approved \$2.8 billion for FY2001, \$100 million less than last year's funding, and \$155 million less than the Administration's request for the coming fiscal year. The Senate Appropriations Committee's reported bill endorsed the Administration's request. P.L. 106-377 provides \$3.0 billion, \$45 million above HUD's request.

HOPE VI Revitalization of Distressed Public Housing. Through the use of HOPE VI grants, HUD is pursuing a transformation of public housing. This is being done by rehabilitating or demolishing severely distressed public housing units and replacing them with low-density, garden-style apartments or townhouses to be occupied by mixed-income families. The Administration requested \$625 million for HOPE VI grants in FY2001, a \$50 million increase over FY2000. (Besides the

funding for grants, the Administration is also seeking \$67 million, through its request for HCF, for Section 8 vouchers for families displaced while their units are being replaced or revitalized.) With \$67 million for tenant relocation vouchers (under HCF) and \$625 million for HOPE VI grants, the Administration estimated that approximately 15,5000 units of public housing could be replaced or rehabilitated.

The House approved \$565 million for the HOPE VI program for FY2001, \$10 million less than last year's funding and \$60 million less than the Administration's \$625 million request for the coming fiscal year. The Senate committee bill recommended \$575 million, the same amount enacted last year. Conferees agreed to \$575 million, \$50 million less than the Administration's request.

S.Rept. 106-410 expressed the view that the HOPE VI program was one of the better managed and administered programs in the Agency although they would like more information on what form this program should take after 2003.

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

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

The House approved \$300 million for drug elimination grants for FY2001, \$10 million less than approved for last year and \$45 million below the Administration's request for \$345 million. The Senate committee's bill recommended \$310 million for FY2001. 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.

Conferees on H.R. 4635 agreed to \$310 million, \$35 million less than the Administration had requested.

Native American Block Grants. Under the Native American Block Grant, eligible Indian tribes or their Tribally Designated Housing Entities receive funds which can be used for a variety of activities that would increase their supply of affordable

housing. The President requested \$650 million for the program, an increase of \$30 million over the level enacted for FY2000. The Administration also requested \$6 million in credit subsidies to support \$72 million in loan guarantees on an estimated 719 homes. The budget also proposed setting aside \$5 million of the block grant to create a national financial intermediary with special expertise in Indian Country. The intermediary would help members negotiate the issues surrounding lending for homeownership on trust land.

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

Community Development Fund (Community Development Block Grants). P.L. 106-377 includes language establishing the Community Development Fund (CDF) to serve federal financial administrative responsibilities formerly managed entirely through the Community Development Block Grants (CDBG) program. Conferees on H.R. 4635 provided \$5.058 billion for the CDF, instead of the \$4.505 billion for the CDBG proposed by the House, and \$4.8 billion proposed by the Senate. The Clinton Administration's FY2001 budget proposed \$4.9 billion for CDBG, including \$414 million for program set-asides. Conferees approved \$4.409 for CDBG, with the remainder of the CDF earmarked for various other purposes.

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. The remaining 30% of appropriated funds were allocated by formula to states for distribution to nonentitlement communities. The Administration's CDBG budget request for FY2001 proposed \$250 million more to entitlement communities and states under the formula component of the program than the \$4.236 million allocated to entitlement communities and states for FY2000. This proposed increase would be achieved by increasing overall CDBG spending by \$119 million and reducing total CDBG set asides by \$131 million.

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

Programs and set-asides	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate	FY2001 Confer.
<i>Subtotals:</i>					
<i>set-asides (see below for details)</i>	546	414	291	389	649
<i>formula-based (entitlement communities)</i>	2,965	3,140	2,950	3,088	3,086 ^h
<i>formula-based state allocation</i>	1,271	1,346	1,264	1,323	1,323 ^h
<i>Set-asides:</i>					
<i>Indian Tribes</i>	67	69	67	67	71
<i>Housing Assistance Council</i>	0	0	3	3	3
<i>National American Indian Housing Council</i>	0	0	3	2	3
<i>Section 107</i>	42	69	40	42	46
<i>Self-Help Housing Opportunity</i>	24	25	20	0	20
<i>National Housing Development Corp.</i>	—	—	—	—	10
<i>Mississippi Delta Initiative</i>	—	22	0	0	0
<i>Capacity Building for Comm. Dev. and Affordable Housing</i>	20	24 ^a	23 ^c	25 ^a	28 ^{ae}
<i>Supportive Services</i>	55	—	55	55	55
<i>Neighborhood Initiative</i>	30	—	10	0	44 ^g
<i>Salt Lake City Olympic Games Temporary Housing</i>	--	—	—	--	2
<i>Working Capital Fund for the development of info. tech. systems</i>	—	—	—	--	15
<i>Youthbuild</i>	43	75	45 ^d	60	60 ^f
<i>Economic Develop. Initiative:</i>	256	100	10	130	292
<i>Special Purpose Grants</i>	(232)	0	0	(123)	0
<i>Comm. Empowerment Fund</i>	(24)	(100)	0	0	0
<i>Faith and community-based non-profit; capacity building and technical assistance^b</i>	—	20	0	0	0
<i>Other</i>	9	10	15	5	0
Total: CDF, CDBG	\$4,781	\$4,900	\$4,505	\$4,800	\$5,058^h

Source: H.Rept. 106-988.

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

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

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

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

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

^cIncludes \$3.450 million for Habitat for Humanity International, and \$5 million for capacity building in rural areas.

^fIncludes \$4 million for capacity building activities and \$10 million for underserved rural areas.

^gAll funds earmarked for 22 projects identified in the conference report.

^hEntries equivalent to CDBG in fiscal years before FY2001. Total shows amounts appropriated to the Community Development Fund, which now administers funds for CDBG and non-formula based grants.

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

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

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

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

The conference bill includes \$5.058 billion for CDF program for FY2001, including \$4.409 billion for the formula grants under the CDBG. The conference bill includes a \$173 million increase in the formula-based portion of the program – that portion of program funds awarded to entitlement communities and states – with states

receiving \$1.323 billion and entitlement communities receiving \$3.086 billion. The House bill would have funded entitlement communities and states at the FY2000 levels (entitlement communities, \$2.950 billion; states, \$1.264 billion). The Senate bill would have provided slightly higher funding for formula-based grants—\$4.411 billion—than \$4.409 billion approved by the Congress in the conference version of H.R. 4635.

The conference version of H.R. 4635 increased funding for set asides to \$649 million. This is \$103 million above the FY2000 level of \$546 million, \$260 million more than recommended by the Senate, \$358 million more than recommended by the House, and \$235 million more than requested by the Administration. P.L. 106-377 does not include funding for the Administration’s Mississippi Delta Initiative, Community Empowerment Fund, or faith-based community development efforts. It does include funding for two new initiatives: National Housing Development Corporation (\$10 million) and a working capital fund for the development information technology systems (\$15 million). The conference bill also includes increased funding for a number of set-aside programs including: Capacity Building for Community Economic Development and Affordable Housing, an increase from \$20 million in FY2000 to \$28 million for FY2001; Neighborhood Initiative, an increase from \$30 million to \$44 million; Youthbuild, an increase from \$43 million to \$60 million; and Economic Development Initiative (EDI) assistance, an increase from \$256 million in FY2000 to \$292 million in FY2001.

The most significant increase in funding included in P.L. 106-377 is for the EDI program. The conference bill includes \$292 million for the EDI, a common source of funding for projects of special interest to specific congressional districts.¹ Last year Congress earmarked \$232 million for specific projects identified in the conference report. The Administration had sought a reduction in the EDI earmarks. Critics of set-asides argue that they:

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

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

¹ The American Homeownership and Economic Opportunity Act of 2000 (H.R. 1776), would prohibit set-asides, except for Indian tribes and special purpose grants, as defined by 42 U.S.C. 5307. However, the bill includes language specifying conditions under which Section 108 financed projects, including EDI projects, can qualify for set-asides in appropriations legislation. H.R. 1776 passed the House, but the Senate has not acted.

units nationally. The Administration cited Center for Disease Control estimates that there are between 650,000 and 900,000 Americans living with the HIV infection.

The House approved \$250 million for HOPWA in FY2001, \$18 million more than the \$232 million appropriated in FY2000, but \$10 million below the Administration's request. The Senate committee version of the bill recommended \$232 million for FY2001. Conferees agreed to \$258 million, \$2 million less than the Administration's request.

For more information on HOPWA, see CRS Report RS20704, *Housing Opportunities for People with AIDS (HOPWA)*, by Ann M. 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, the Administration requested \$27 million for HUD's rural housing and economic development program, an increase of \$2 million over the FY2000 level. The House approved \$20 million for FY2001, \$7 million below the Administration's request and \$5 million less than the \$25 million enacted for FY2000. The Senate committee's bill endorsed the Administration request of \$27 million. The final version of the bill provides \$25 million.

America's Private Investment Companies (APICs). The program would be administered by the HUD and SBA. Modeled after SBA's Small Business Investment Companies (SBIC) program, the program is intended to encourage equity investment in large scale development projects in economically distressed urban and rural communities. For FY2000, the Congress appropriated \$20 million in credit subsidies to support \$556 million in loan guarantees. The program is expected to leverage \$278 million in private equity investments.

The Administration's FY2001 budget request included \$37 million in credit subsidies, enabling \$1 billion in private investment leverage. In contrast, neither version of the FY2001 appropriations bill includes funds for credit subsidies. P.L. 106-377 does not include funding for APICs, but does include a pledge to provide \$37 million in credit subsidies if Congress passes authorizing legislation. The most likely vehicle for enactment of authorizing legislation is the New Markets and Community Renewal legislation supported by the Administration and the Speaker of the House.

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

The House agreed to \$20 million for brownfields redevelopment for FY2001, \$5 million less than last year's funding, but only 40% of the \$50 million requested by the Administration; the Senate version recommended \$25 million. The conference approved \$25 million for brownfield redevelopment. The language of the conference report states that grants are to be awarded competitively.

Empowerment Zones and Enterprise Communities. The conference bill includes language not included in the earlier House and Senate versions of H.R. 4635. P.L. 106-377 appropriates \$90 million for Round II empowerment zones and enterprise communities, comprised of \$75 million for urban empowerment zones and \$15 million for rural zones. In addition, the conference report includes language pledging an additional \$110 million for empowerment zones and enterprise communities upon passage of New Markets legislation.

Regional Connections. The Administration's FY2001 budget proposed authorization of a regional initiative, funded by \$25 million. The initiative would support smart growth initiatives intended to mitigate suburban sprawl and promote regional strategies for land use development. The grant program, which is a part of the Administration's "livability agenda", would be administered by states or regional organizations such as Council of Governments (COGs) or Metropolitan Planning Organizations (MPOs). According to the Administration, promoting and coordinating regional solutions to infrastructure development, transportation planning, and workforce development would be integral parts of the program. The Administration's FY2000 budget proposal included \$50 million for a Regional Connections Program. The Administration's FY2000 proposal failed to win congressional support, and the final version of the appropriations bill does not list this unauthorized program separately.

The HOME Investment Partnership Program. The HOME program makes funds available to participating jurisdictions to increase the supply of housing and homeownership for low-income families. The President requested \$1.65 billion for the program for FY2001, an increase of \$50 million over the FY2000 level. The House approved \$1.585 billion for the HOME block grant program for FY2001, \$65 million less than the President's request for \$1.65 billion and \$15 million below the \$1.6 billion enacted for FY2000. The Senate committee bill included \$1.6 billion for FY2001, specifying that \$20 million will be used for housing counseling. P.L. 106-377 provides \$1.8 billion, \$150 million more than HUD's request.

Homeless Assistance Grants. The President's FY2001 budget requested \$1.2 billion for homeless assistance programs, an 18% increase over last year's appropriations. The \$1.2 billion included \$1.095 billion for Homeless Assistance Grants, approximately 90% of which would be awarded competitively to states, local governments, nonprofit organizations, and public housing authorities. This is an increase of \$75 million over the FY2000 appropriation and would provide a projected additional 14,500 transitional beds and 11,000 permanent beds, all linked to supportive services.

The other major component of the \$1.2 billion request was \$105 million for an estimated 18,000 incremental Section 8 vouchers for permanent housing for families and individuals, a program area that was not funded for FY2000. These vouchers are

intended to assist graduates of the “continuum of care” approach – comprehensive homeless programs and services linked together – in finding permanent affordable housing. After FY2001, HUD proposes to renew these homeless vouchers as part of the baseline Section 8 program to free up these funds for other homeless grant activities.

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

However, S. Rept. 106-410 expresses displeasure with the formula that HUD now uses to allocate funding to local continuum of care (recipients of funds). The Committee expressed concern that funds distributed using a modified allocation formula based on the Community Development Block Grant program “have no real nexus to homeless needs.” The report also concludes that the use of the CDBG formula means that local recipients are assured of receiving a minimum amount of funds whenever a grant application meets certain minimum requirements, regardless of the actual assistance for the homeless needed by the jurisdiction. The Committee supports efforts of the Senate and House Banking Committees to develop a separate block grant program to address homeless needs.

Both the House and Senate approved \$1.02 billion for FY2001 for homeless assistance grants, the same amount enacted for FY2000, but \$180 million less than the Administration’s \$1.2 billion request for FY2001. Conferees agreed to \$1.025, \$5 million more than last year’s appropriation. However, P.L. 106-377 includes an appropriation of \$100 million for the Shelter Plus Care Renewals. This compares with the \$105 million described above for vouchers for permanent housing for the homeless that the Administration included in its \$1.2 billion request for homeless assistance grants. The \$100 million Shelter Plus Care Renewals provision provides for the annual renewal of contracts expiring during FY2001 and FY2002 under the Shelter Plus care program, if the project is determined to be needed under the applicable continuum of care, and if it meets appropriate program requirements.

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

Housing for the Elderly and Disabled. This program provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. The President proposed \$779 million for housing assistance for the elderly in FY2001, a \$69 million increase over FY2000. The Administration also proposed combining new and existing HUD programs to help subsidize a full range of housing options for the elderly. Of the \$779 million requested for FY2001, \$629 million was to be used for

the Section 202 Supportive Housing program; \$50 million to provide capital grants to convert projects to assisted living facilities; \$50 million to fund 5-year operating subsidies in newly constructed assisted living facilities developed through the FHA Section 232 mortgage insurance program; and \$50 million to pay service coordinators in existing projects for elderly or disabled persons.

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

The House approved \$710 million for the elderly program for FY2001, the level provided in FY2000, but \$69 million below the requested amount. The Senate committee version of the bill agreed to \$783 million for capital advances, slightly more than the Administration's request. Up to \$200 million of the amount called for in the Senate bill is for the conversion of Section 202 housing to assisted living facilities; up to \$50 million is for grants for the new construction or substantial rehabilitation of assisted living facilities; and up to \$50 million is for service coordinators. Conferees agreed to \$779 million for FY2001, the same as the Administration's request.

The House approved \$201 million for the disabled program for FY2001, the same level as enacted for FY2000, but \$9 million less than the \$210 million that the President requested. The Senate committee bill recommended \$213 million for FY2001, a bit more than the Administration's request. P.L. 106-377 provides \$217 million, \$7 million more than HUD's request.

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

The Federal Housing Administration (FHA). P.L. 106-377 provides an FY2001 insurance limitation of \$160 billion for the FHA Mutual Mortgage Insurance (MMI) fund, as requested by the Administration and as approved by the House and Senate. This is a \$20 billion increase over the FY2000 level. A higher level of FHA loan activity is expected because of the increase in the FHA loan limit enacted in the FY1999 HUD Appropriations Act. The increased limit on loan commitments is intended to avoid the need for supplemental appropriations if the demand for FHA insurance exceeds the projected level. The Administration reported that it would propose legislation to give FHA the same loan limits as the Federal Home Loan Mortgage Corporation (Freddie Mac). The Administration also proposed a hybrid Adjustable Rate Mortgage whereby the interest rate would be fixed between years 3 and 10.

Conferees authorized up to \$250 million in direct loan obligations to nonprofit and governmental entities in connection with sales of HUD-owned single family properties formerly insured under the MMI fund. P.L. 106-377 appropriated \$160

million for administrative contract expenses of the MMI fund, and transferred \$95.5 million of this to the Working Capital Fund for the development and maintenance of information technology systems, as the House bill proposed.

Title VI of P.L. 105-276 amended the National Housing Act to provide HUD with additional flexibility in paying insurance claims and disposing of properties acquired under the FHA single family programs. Conferees approved Senate report language which noted that HUD has not aggressively implemented the legislative mandate included in the Act. Specifically, it noted that HUD has not implemented the Act in a manner which allows local governments and nonprofit agencies to purchase HUD-owned properties in distressed neighborhoods and reinvigorate the neighborhoods. HUD is directed, by May 15, 2001, to report to Congress on its implementation of the property disposition program.

Conferees expressed disappointment that HUD has used only a small part of the lending authority available for direct loans to nonprofit organizations and local governments to purchase HUD-owned single-family property, and called upon HUD to make fuller use of the lending authority in FY2001. Conferees also noted their concern with the proliferation of predatory lending and commended HUD for acting to combat the practice.

P.L. 106-377 appropriates \$101 million to the General and Special Risk Program Account to subsidize insurance costs in these housing programs. These subsidies would permit up to \$21 billion in loans. An appropriation of up to \$50 million would be provided for direct loans involving the sale of HUD-owned multifamily properties which were formerly insured under the General Insurance or Special Risk Insurance funds. An appropriation of \$144 million is provided for the administrative contract expenses of the General and Special Risk Insurance funds, with \$33.5 million transferred to the Working Capital Fund for the development and maintenance of information technology systems.

The Senate had requested \$50 million in credit subsidy for insuring multifamily projects where a portion of the units were targeted to extremely low-income families. Conferees deleted that language, but directed HUD to report to the Appropriations Committees on the feasibility of creating an insurance program that targets extremely low-income families. The study would include the cost of subsidies that would be necessary for the program to be successful.

An administrative provision in the Senate bill would have amended the National Housing Act to provide reduced downpayment requirements for school teachers or administrators and for police officers who are purchasing homes with FHA-insured loans. Eligible teachers and administrators would include full-time elementary (including pre-Kindergarten) and secondary school teachers and administrators. Secondary education would not include any education beyond grade 12. This language was deleted from the final bill, but HUD's Office of Policy Development and Research was directed to contract with an outside entity to determine the feasibility of decreasing downpayment requirements for such persons and to assess its impact on the communities.

Conferees also included an administrative provision proposed by the Senate which makes law enforcement officers eligible for housing assistance under the Indian housing block grant program.

For more information on the FHA mortgage program, see CRS Report RS20530, *FHA Loan Insurance Program: An Overview*, CRS Report RS20661, *The Streamlined FHA Downpayment Program*, and CRS Report RS20670, *Temporary Suspension of New Mortgages under the FHA General and Special Risk Insurance Funds*.

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

The Administration stated an intent to emphasize education and outreach programs to housing providers. In testimony before the House VA, HUD, and Independent Agencies Subcommittee on March 8, 2000, Secretary Cuomo said that homebuilders want certainty in the code so they won't get sued, a certainty that they do not now have. "We're working on a 'model code' with the Department of Justice that will mean that if you follow this code, you won't get sued."

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

Both the House and Senate versions of H.R. 4635 would provide level funding for FY2001, \$44 million, as was appropriated for FY2000. This is \$6 million less than the \$50 million requested by the Administration for the coming fiscal year. Conferees approved \$46 million.

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

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

focusing on the 2.3 million units built before 1960, and most likely to be occupied by low-income households.

The House approved \$80 million for FY2001, the same amount as enacted for FY2000, but \$40 million less than the \$120 million requested by the Administration. The Senate version of the bill recommends \$100 million. Conferees agreed to \$100 million.

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

Environmental Protection Agency

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

**Table 10. Environmental Protection Agency Appropriations,
FY1996 to FY2000**
(budget authority in billions)

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

Source: Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from the Conference Report on H.R. 4635 (H.Rept 106-988) and include the effects of the 0.38% reduction imposed by P.L. 106-113.

The Senate Appropriations Committee version of the bill, which would have funded EPA at \$7.5 billion, also restricted spending on Kyoto Protocol initiatives, unless EPA can show that the activity was authorized in law. The conference-approved amount was \$7.8 billion, including the Kyoto language. EPA objected to the bill language restricting those activities. Three prime issues were the adequacy of funds to capitalize wastewater needs; increased funding and EPA's authority to conduct climate change activities; and the Agency's progress in cleaning up toxic waste sites under the Superfund program.

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

The Administration's proposed FY2001 level of \$2.9 billion for the State and Tribal Assistance Grants Account (STAG) was \$539 million, or 16%, less than the \$3.5 billion allocated in FY2000. The major reason for this decrease was the Administration's decision not to seek continued funding for roughly \$400 million earmarked for wastewater grants in FY2000. The House approved \$3.2 billion for the STAG account adding-on about \$400 million for wastewater revolving funds. EPA estimates these remaining needs to be in the \$100 billion to \$200 billion range; lobbying organizations estimate the need to be roughly \$300 billion. The Senate version of the bill included \$3.32 billion for STAG, and restored \$550 million to the Clean Water Revolving Fund, offsetting the Administration's proposed reduction. In the final version, the conferees included \$3.6 billion earmarking funds for numerous water projects.

The differences do not extend to the other major activity, drinking water state revolving funds, as the \$825 million requested, and approved by the conferees, was \$5 million greater than current year funding; the Senate had recommended \$820 million. The Administration proposed \$85 million for a new Clean Air Partnership program; no version of the bill adopted it. The request anticipated \$100 million for Mexican border projects, and \$15 million for State of Alaska projects. The conferees approved \$75 million for border projects, and the requested \$35 million for Alaska projects.

For state and tribal administrative grants, the budget sought \$1.1 billion, \$184 million or 20% more than current funding; the House approved this amount but remixed the allocations among the various grant programs. The Senate committee version of the bill approved \$955 million while the enacted version contained \$1.0 billion. The Administration proposed \$50 million for a new Great Lakes grants program. No version of the bill included funds for the Great Lakes grant proposal.

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

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

**Table 11. Appropriations: Environmental Protection Agency,
FY2000-FY2001**
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Science and Technology (incl. transfers from Superfund)	0.680	0.710	0.685	0.708	0.732
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.003)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Environmental programs, compliance (management)	1.895	2.099	1.895	2.000	2.088
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.005)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Office of Inspector General ^b	0.043 ^c	0.046	0.046	0.045	0.046
Buildings and facilities	0.062 ^c	0.024	0.024	0.023	0.024
Superfund (net, after transfers) ^d	1.221	1.290	1.224	1.351	1.222
Leaking Underground Storage Tank Trust Fund	0.070 ^c	0.072	0.079	0.072	0.072
Oil spill response	0.015 ^c	0.016	0.015	0.015	0.015
State and tribal assistance	3.446	2.907	3.177	3.320	3.629
<i>P.L. 106-113 cut (0.38%)</i>	<i>(-0.021)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
P.L. 106-113 cuts: total	-0.029	0	0	0	0
Subtotal (EPA)	7.433	7.164	7.144	7.534	7.828

Source: H.Rept. 106-988.

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

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

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

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

For FY2001, EPA requested \$227 million, a 121% increase, for climate change activities. Roughly 70% was 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. The House Appropriations Committee rejected most of the requested climate change increases, and restricted the agency from spending funds on certain climate change activities. Before passage, the House amended the bill to clarify that this restriction did not apply to activities authorized in law. The conferees adopted this provision, also.

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

The Superfund for cleaning up toxic waste sites remains an issue. The FY2001 budget request of \$1.29 billion represents a \$69 million increase over FY2000. Within this account, \$92 million is requested for the Brownfields program to remedy low level contaminated sites which have economic development potential. Appropriations for this account are primarily derived from the Superfund Trust fund, maintained on chemical fees and other taxes. The authority to assess these expired December 31, 1996 and Congress has not reauthorized it. There is concern over the ability of a declining trust fund to finance the program beyond FY2001. The House approved \$1.223 billion for the Superfund; the Senate approved \$1.351 billion, both amounts net after transfers. The final version of the bill included \$1.22 billion.

Committee oversight of the Superfund focused on the efficiency of the program's administration and on progress EPA is making in cleaning up all major hazardous waste sites. The General Accounting Office (GAO) continues to place this program on its list of troubled federal programs and there are ongoing efforts in both the House and Senate to legislatively reform this program. In approving funds, the conferees split off \$130 million of the Superfund for two HHS agencies, funding them independently in the bill and approved \$1.24 billion for the Superfund program. It approved the \$92 million requested for the Brownfields program.

For more detailed information on the Superfund, see: CRS Issue Brief IB10011, *Superfund Reauthorization Issues in the 106th Congress*. For information on wastewater treatment issues, see CRS Report 98-323, *Wastewater Treatment: Overview and Background*. For an in depth discussion of the EPA budget, see CRS Issue Brief IB10058: *Environmental Protection Agency: FY2001 Budget Issues*.

Federal Emergency Management Agency

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

Table 12. Appropriations: Federal Emergency Management Agency, FY2000-FY2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Disaster Relief Fund	0.300 ^a	0.300	0.300	0.300	0.300
Emergency funding	2.480	2.609	0	2.609	1.300
Cerro Grande fire assistance (P.L. 106-246)	0.500	0	0	0	0
Pre-disaster mitigation	0	0.030	0	0	0
Disaster loan subsidy	0.001	0.002	0.002	0.002	0.002
Salaries and expenses	0.180 ^b	0.221	0.190	0.215	0.215
Inspector General	0.008 ^b	0.008	0.008	0.010	0.010
Emergency management, planning assistance	0.267 ^b	0.270	0.267	0.270	0.270
Emergency food, shelter	0.110	0.140	0.110	0.110	0.140
Flood map modernize.	0.005	0 ^c	0	0	0
Flood mitigation fund	0	0 ^d	0	0	0
Radiological emergency preparedness (net)	-0.001	0	0	0	0
P.L. 106-113 cut (0.38%)	-0.013	0	0	0	0
Subtotal (FEMA)	3.838	3.580	0.877	3.516	2.237

Source: H.Rept. 106-988.

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

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

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

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

As has been the case in previous years, the Administration requests funds in the expectation that emergencies will occur, and the House Appropriations Committee indicates its preference for appropriating emergency funds as the need for them arises in the course of events. The ongoing commitment to provide standby funds in the Disaster Relief Fund provides spending authority as immediate needs arise, and before emergency funds can be provided. The Administration requested \$300 million for the Relief Fund account for FY2001, as had been appropriated for FY2000. Both versions of the bill approve \$300 million in disaster relief for FY2001; the Senate bill contains \$2.6 billion in requested emergency funding, the House bill does not include emergency funding in its bill amounts.

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

To reduce future losses from disasters, FEMA sought increased funding for mitigation activities. Some Members voiced general support for the Administration's emphasis on disaster mitigation, but disagreed on specifics. Legislation to establish a new hazard mitigation program has been approved by the 106th Congress. For information on the legislation, see: CRS Report RL30543, *Disaster Mitigation Assistance Bills in the 106th Congress: Comparison of Provisions*.

National Aeronautics and Space Administration

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

For FY2001, the Administration requested \$14.035 billion for NASA, an increase of 3.2% over the amount appropriated for FY2000. The final bill approved

by Congress provides \$14.285 billion, 1.8% above the original request and 5.0% above the FY2000 level. Prior to the conference, NASA had proposed an increase of \$75 million for the Mars 2001 Lander program (in the Office of Space Science) with funds coming from other parts of the NASA budget. This proposal was granted by Congress and the final appropriation funds the entire NASA amended request with the exception of a \$49 million general reduction for the Science, Aeronautics, and Technology account. In addition, \$296 million is provided for new and existing projects and programs specifically identified by Congress.

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

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

Source: Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from the Conference Report on H.R. 4635 (H.Rept 106-988) and include the effects of the 0.38% reduction imposed by P.L. 106-113.

NASA requested \$2.114 billion for the International Space Station (ISS) for FY2001, 9.0% below FY2000. The decrease is due to a sharp falloff in future construction fund requirements as the station's components near completion. Substantial activity is expected in FY2001, including the first extended crew occupation (30 days) and installation of the first research facilities.

The successful launch of the Russian Service Module in July 2000 has ensured that first habitation of the station will occur next year. In the final bill, Congress provided the full request plus \$3 million for construction design of a Bioastronautics Facility to conduct biomedical research in order to determine the best way to protect the health of long-term inhabitants of the ISS. Congress also directed NASA to submit a plan that considers various options for management of research and commercialization activities on the ISS. The bill contains language that prohibits NASA from funding before December 1, 2001, any agreement to perform these services, giving Congress time to assess possible arrangements.

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

Safety continues to be a major concern about the shuttle. Because the shuttle is likely to be the primary means of human access to space for several more years, continued efforts to maintain safe shuttle operations are essential. The aging of the shuttle systems and workforce are likely to make this task increasingly difficult. In

the final bill, Congress provided the full, adjusted request for the shuttle. NASA has asked for authority to transfer \$40 million from Shuttle reserves and commercialization activities to the Mars 2003 Lander project. Both the House and Senate appropriations reports contained language supporting the Shuttle upgrades.

Table 14. Appropriations: National Aeronautics and Space Administration, FY2000-FY2001
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Human space flight	5.511	5.500	5.472	5.400	5.463
Science, aeronaut., tech.	5.607	5.929	5.580	5.837	6.191
Mission support	2.515	2.584	2.584	2.584	2.609
Inspector General	0.020	0.022	0.023	0.023	0.023
P.L. 106-113 cut (0.38%) ^b	-0.052	0	0	0	0
Subtotal (NASA)	13.602	14.035	13.659	13.844	14.285

Source: H.Rept. 106-988.

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

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

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

The final bill provides \$2.508 billion for space science, 14.4% above the FY2000 level. The amended request for space science, including the additional funds for the Mars 2003 Lander, was \$2.472 billion. Congress also approved the funding request for the Living With a Star Initiative. It also directed NASA to provide an estimate of the additional costs to space science projects of implementing the recommendations of the Mars Program Independent Assessment Team, which investigated the relationship of the two Mars mission failures and the FBC approach.

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

In the final bill, Congress approved \$1.253 billion for the Office of Aero-Space Technology, 5.0% above the request and 11.4% above the FY2000 level. Included in the appropriation is the \$290 million requested for the 2nd generation RLV initiative (space launch initiative or SLI), the \$9 million requested for the Small Air Transportation System initiative, and an additional \$13 million for the ultra-efficient engine technology program. Congress expressed its general agreement with the direction of the SLI program.

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

National Science Foundation

P.L. 106-377 appropriates \$4.426 billion for the National Science Foundation (NSF). The Administration requested \$4.572 billion for the NSF for FY2001, a 17% (\$675.2 million) increase over the FY2000 level of \$3.897 billion. The FY2001 request is part of the Administration's commitment to basic research, as outlined in the "21st Century Research Fund." The request provided support for several initiatives, including nanoscale science and engineering (\$217 million), biocomplexity in the environment (\$136 million), and in education and workforce development (\$157 million). The House approved a total of \$4.046 billion for NSF for FY2001, \$526 million (11.5%) below the Administration's request. The Senate Appropriation Committee's reported version of the bill recommended \$4.297 for NSF for FY2001, \$275 million (6%) below the request.

At the suggestion of the President's Information Technology Advisory Committee, the NSF has been designated as the lead agency for an initiative on information technology involving seven federal agencies. NSF's FY2001 request provides \$327 million for the information technology research (ITR) initiative. The investment in ITR will support research in areas such as computer system architecture, information storage and retrieval, scalable networks, connectivity, and research on the impact of information technology on society. The ITR initiative

builds on NSF's current investments, and increases the total support for ITR by approximately 160% over the FY2000 estimate. The NSF continues its involvement in the National Science and Technology Council interagency programs in FY2001, providing \$187 million for the U.S. Global Change Research Program, \$47 million for a New Generation of Vehicles, and \$125 million for Integrated Science for Ecosystems Challenges.

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

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

Source: Final spending levels remain uncertain until all program experience has been recorded, and any supplemental appropriations or rescissions have been included. Figures for FY1996-99 are from budget submissions of subsequent years; figures for FY2000 are from the Conference Report on H.R. 4635 (H.Rept 106-988) and include the effects of the 0.38% reduction imposed by P.L. 106-113.

P.L. 106-377 contains \$3.350 billion for Research and Related Activities (R&RA). The FY2001 request includes \$3.541 billion for R&RA, a 19.7% (\$582 million) increase over the FY2000 post-rescission estimate of \$2.96 billion. R&RA funds research projects, research facilities, and education and training activities. In the FY2001 request, the NSF has placed an emphasis on funding rates for new investigators and on increasing grant size and duration. The R&RA includes an activity created in FY1999 — Integrative Activities (IA). IA provides support for cross-disciplinary research, major research instrumentation, intellectual infrastructure, and the Science and Technology Policy Institute (STPI). (The STPI includes what previously was named the Critical Technologies Institute.) The FY2001 request for IA is \$119 million.

The House approved \$3.118 billion for R&RA for FY2001, \$152 million more than last year, but \$423 million below the Administration's request. The R&RA was proposed at \$3.118 billion, 11.9% below the budget request. The House agreed to \$694 million for the EHR in FY2001, 8.6% less than that proposed by the Administration. The Senate committee bill recommended \$3.246 billion for R&RA.

Under the Administration's request, the Major Research Equipment (MRE) account would be funded at \$138.5 million in FY2001, a 48% increase (\$45 million) over the post-rescission FY2000 level. The MRE, established in FY1995, supports the construction of major research facilities that are at the "cutting edge of science and engineering." Seven projects are supported in this account; two are new for FY2001. The projects include terascale computing systems (\$45 million), construction funds for the Large Hadron Collider (\$16 million), completion of the design and development phase of the Millimeter Array (\$6 million), investments in the Network for Earthquake Engineering Simulation (\$28 million), the modernization of the South Pole Station (\$13.5 million), construction of the Earthscope: USArray and San Andreas Fault Observatory at Depth (\$17 million), and startup funds for the National Ecological Observatory Network (\$12 million). The House approved \$77

million for the MRE account, \$18.4 million less than less year and \$62 million below the Administration's request. The Senate committee bill recommended \$109 million, and the final bill provided \$122 million.

**Table 16. Appropriations: National Science Foundation,
FY2000-FY2001**
(budget authority in billions)

Program	FY2000 enacted	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
Research, related activities	2.966	3.541	3.118	3.246	3.350
Major research equipment	0.095	0.139	0.077	0.109	0.122
Education, human resources	0.697	0.729	0.694	0.765	0.787
Salaries and expenses	0.149	0.158	0.152	0.171	0.161
Office of Inspector General	0.005	0.006	0.006	0.006	0.006
P.L. 106-113 cut (0.38%)	-0.015 ^b	0	0	0	0
Subtotal (NSF)	3.897	4.572	4.046	4.297	4.426

Source: H.Rept. 106-988.

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the informal preliminary conference on the bill. The column shown as "Senate" is the version reported from the Senate's committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

The FY2001 request for the Education and Human Resources Directorate (EHR) is \$729 million, a 5.5% increase (\$38 million) above the post-rescission FY2000 estimate. Support at the precollege level (\$267.5 million) includes a new activity, Centers for Learning and Teaching (CLT), which would assist the effort to improve the quality of instruction. Major undergraduate programs (totaling \$144 million) are Advanced Technological Education, Louis Stokes Alliances for Minority Participation, Scholarships for Services, Minority-Servicing Institutions, and Distinguished Teaching Scholars. Graduate level (\$97 million) support would increase slightly in the FY2001 request, with the additional funding directed at the Graduate Teaching Fellows program. Continued support would be given to the Graduate Research Fellowship, Integrative Graduate Education and Research Training, Minority Graduate Education, and Postdoctoral Fellowships in Science, Mathematics, Engineering, and Technology Education. Funding for the Experimental Program to Stimulate Competitive Research would be \$48 million. (An additional \$25

million from R&RA will support EPSCoR activities.) H-1B nonimmigrant petitioner fees, funded in the EHR, are proposed at \$31 million in FY2001. The House approved \$694 million for the EHR, \$35 million below the Administration's request. The Senate committee version recommended \$765 million for EHR. P.L. 106-377 provides \$787 million.

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

Other Independent Agencies

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

Agency for Toxic Substances and Disease Registry. This agency, which manages the Toxic Substances and Environmental Public Health program, was funded (an earmarked \$70 million) from EPA's Hazardous Substance Superfund during FY2000, and the President's request for EPA included an earmarked \$64 million for FY2001. The House is now showing the agency as an Independent Agency within the Public Health Service, and has recommended \$70 million for the agency's functions for FY2001; the Senate committee version does not show a comparable account. However, P.L. 106-377 provided \$75 million for the agency.

American Battle Monuments Commission. P.L. 106-377 appropriated \$28 million for the Commission. The Administration requested \$26.196 million for FY2001, \$2.3 million less than was originally appropriated for FY2000. The House approved \$28 million, and the Senate committee bill would have approved the request for the Commission, which is responsible for the construction and maintenance of memorials honoring Armed Forces battle achievements since 1917. Included among the Commission's functions are the maintenance of 24 American military cemeteries and 31 memorializations in 15 foreign countries. The across-the-board cut mandated by P.L. 106-113 reduced FY2000 funds for the Commission by \$108,000.

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

For FY2000, Congress appropriated \$12.473 million, which was reduced by \$47,000 by the 0.38% across-the-board cut mandated by P.L. 106-113. The Administration has requested \$15.949 million for FY2001, and the Senate committee bill accepted the request. The House approved \$17.949 million. P.L. 106-377 appropriates the level included in the House bill.

Chemical Safety and Hazard Investigation Board. P.L. 106-377 split the difference between amounts approved by the House and the amount contained in the

Senate committee bill, and appropriated \$7.5 million. The House approved \$8 million for the Board for FY2001, the same as the Administration requested, and the same as the amount originally appropriated for FY2000 (which was reduced by \$30,000 by the 0.38% across-the-board cut). The Senate committee version approved \$7 million. The Board, which was authorized by the Clean Air Act Amendments of 1990, investigates hazardous substance spills or releases.

**Table 17. Appropriations: Other Independent Agencies,
FY2000-FY2001**
(budget authority in billions)

Program	FY2000 enacted^a	FY2001 request	FY2001 House	FY2001 Senate^a	FY2001 Confer.
American Battle Monuments Commission	0.028	0.026	0.028	0.026	0.028
Chem. Safety and Hazard Investigations Board	0.008	0.008	0.008	0.007	0.008
Cemetery Exp., Army	0.012	0.016	0.018	0.016	0.018
Community Development Financial Institutions	0.095	0.125	0.105	0.095	0.118
Consumer Inform. Center	0.003	0.007	0.007	0.007	0.007
Consumer Product Safety Commission	0.049	0.053	0.051	0.053	0.053
Corporation for National and Community Service	0.357	0.534	0.005	0.389 ^b	0.434 ^b
Council, Environmental Quality; Office, Environmental Quality	0.003	0.003	0.003	0.003	0.003
U.S. Court of Appeals for Veterans Claims	0.011	0.013	0.013	0.012	0.012
<i>Federal Deposit Insurance Corporation (transfer)</i>	<i>(0.034)</i>	<i>(0.034)</i>	<i>(0.034)</i>	<i>(0.034)</i>	<i>(0.034)</i>
Neighborhood Reinvestment Corporation	0.075	0.090	0.090	0.080	0.090
National Credit Union Administration	0.001	0.001	0.001	0	0.001
National Institute, Environmental Health Sci.	0.060	0.049	0.060	0	0.063
Office, Science &Tech.	0.005	0.005	0.005	0.005	0.005
Selective Service System	0.024	0.024	0.023	0.024	0.024
Toxic Substance and Environ. Public Health	0.070	0.064	0.070	0	0.075
Subtotal:	0.801^b	1.118	0.486	0.717	0.939

Source: H.Rept. 106-988.

Note: Rounding may cause discrepancies in subtotals.

^aIn floor action on October 12, 2000, the Senate replaced the House-passed version of H.R. 4635 with the version reported from the Senate Committee on Appropriations. In later action that same day, the Senate further amended H.R. 4635 by substituting the language that had emerged from the

informal preliminary conference on the bill. The column shown as “Senate” is the version reported from the Senate’s committee; otherwise, the column would be identical to the last column showing the amounts approved by the conferees, and enacted as P.L. 106-377.

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

^b Includes rescissions from the Corporation operating account; the Senate approved a rescission of \$50 million, Conferees adopted a rescission of \$30 million.

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

The Administration’s FY2001 budget requested \$125 million for the CDFI program, the same amount requested by the Administration’s last two budgets. Congress appropriated \$95 million for FY2000. P.L. 106-377 provides \$118 million for the CDFI fund program including \$5 million for technical assistance to promote economic development in Native American communities. The House had proposed \$105 million for FY2001 and the Senate Committee on Appropriations had proposed \$95 million.

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

Consumer Information Center (CIC). Congress provided the CIC \$2.622 million for FY2000. P.L. 106-377 approved the amount contained in both versions of the appropriations bill for FY2001, \$7.122 million; the Administration had requested \$6.822. The Center, administered through the General Services Administration (GSA), helps federal agencies distribute consumer information and promotes public awareness of existing federal publications.

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

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

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

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

The House did not approve any funding for programs of the Corporation during FY2001, except for \$5 million for the Office of Inspector General. The Senate Appropriation Committee’s version of the bill recommended funding of \$438.5 million (including funding for the OIG), and rescinding \$50 million (appropriated in previous years) from the National Service Trust. Under the Senate committee version, the net appropriation would have been \$388.5 million, an increase of 9% over the net FY2000 appropriation.

Conferees, however, went beyond the Senate committee version, appropriating \$25 million more than the Committee’s recommended amount, and reducing that version’s recommended rescission of \$50 million to \$30 million. All versions approved \$5 million for the OIG. Thus, P.L. 106-377 appropriates \$458.5 million for Corporation programs which, after taking into consideration the rescinded amount, provides a net \$428.5 million for those programs (plus \$5 million for the OIG).

Among specific spending instructions in the legislation are ones which allocate \$231 million for AmeriCorps grants, and “not to exceed \$45 [million] may be used for national direct programs and \$25 [million] shall be for activities dedicated to developing computer and information technology skill; \$10 [million] for the Points of Light Foundation; \$21 [million] for the civilian community corps; \$43 [million] for school-based and community-based service-learning programs; and \$5 [million] for audits and other evaluations.”

Earmarked funds include \$ 5 million for Communities in Schools, Inc.; \$2.5 million for Parents as Teachers National Center, Inc.; \$7.5 million for America’s Promise–The Alliance for Youth, Inc.; \$2.5 million for Boys and Girls Clubs of America; and \$1.5 million for the Youth Life Foundation.

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

Council on Environmental Quality; Office of Environmental Quality.

These two entities are within the Executive Office of the President. The Council oversees and coordinates interagency decisions in matters affecting the environment; the Office provides the professional and administrative staff for the Council. Congress appropriated \$2.827 million for these functions in FY2000 (reduced \$11,000 by P.L. 106-113). The Administration requested \$3.02 million for FY2001; both versions of the bill provide \$2.9 million; P.L. 106-377 approved that amount.

U.S. Court of Appeals for Veterans Claims. The Court of Veterans Appeals has exclusive jurisdiction to review decisions of the Board of Veterans' Appeals, and has the authority to decide relevant conflicts in the interpretation of law by VA and the Board of Veterans' Appeals. The Court's decisions constitute precedent to guide subsequent decisions by that Board. Congress provided \$11.45 million for operations for the Court in FY2000 (reduced \$42,000 by P.L. 106-113). The President requested \$12.5 million for FY2001; the House recommends that amount; the Senate committee version is \$5,000 less; P.L. 106-377 adopts the Senate committee recommendation.

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

National Credit Union Administration. The purpose of this administrative office, created under the National Credit Union Central Liquidity Facility Act (P.L. 95-630), is to improve the general financial stability of credit unions. Subscribing credit unions may borrow from the agency to meet short-term requirements. Congress approved a limitation on administrative expenses, which are financed from the revolving fund, of \$257,000 for FY2000. For FY2001, the Administration proposes a limitation of \$296,000 for the agency's functions. Congress also approved a revolving loan program for credit union risk pooling for FY2000, with a subsidy of \$1 million (reduced by \$4,000 by the across-the-board cut of 0.38%). The Administration requests appropriations for a similar pooling fund for FY2001, with a subsidy of \$1 million; the House also recommends \$1 million, under a slightly different pooling structure. The Senate committee bill did not include funding for the pool; P.L. 106-377 provides the amount approved by the House bill.

National Institute of Environmental Public Health. This Institute is within the National Institutes of Health, administered by the Department of Health and Human Services (DHHS). For FY2000, \$60 million was earmarked for this Institute from EPA's Hazardous Substance Superfund account, and the Administration requested \$48.5 million for FY2001. The House now shows this program as an Independent Agency account, and has recommended that \$60 million be appropriated to it for FY2001; the Senate does not have comparable provisions. Conferees approved \$63 million, specifying \$40 million for research, and \$23 million for a worker training program.

Neighborhood Reinvestment Corporation (NRC). The NRC leverages funds for reinvestment in older neighborhoods through community-based organizations called NeighborWorks. Among projects supported by the financing activities of the NRC are lending activities for home ownership of low-income families. Nationwide, there are 184 of these organizations, serving 825 communities in 45 states, with 70% of the people served living in very low and low-income brackets. Congress provided NRC with an appropriation of \$75 million for FY2000, reduced by \$285,000 by the across-the-board cut of 0.38% mandated by P.L. 106-113. The President requested \$90 million for FY2001; the House approved the requested amount; the Senate committee version recommends \$80 million; P.L. 106-377 appropriated the requested level.

Office of Science and Technology Policy. P.L. 106-377 appropriated the requested amount of \$5.201 million for this Office. The Office of Science and Technology Policy coordinates science and technology policy for the White House. The Office provides scientific and technological information, analysis and advice to the President and executive branch, and reviews and participates in formulation of national policies affecting those areas. The President requests \$5.201 million for FY2001; the Senate committee version endorsed that request; the House approved \$5.150 million. Congress appropriated \$5.108 million for FY2000 (reduced \$19,000 by P.L. 106-113).

Selective Service System (SSS). P.L. 106-377 appropriated \$24.48 million for the SSS, as the Senate Appropriations Committee recommended. The SSS was created to supply manpower to the U.S. Armed Forces during time of national emergency. Although since 1973, the Armed Forces have been on voluntary recruitment and incentives, the SSS remains the primary vehicle for conscription should it become necessary. In 1987, the SSS was given the task of developing a postmobilization health care system that would assist with providing the Armed Forces with health care personnel in time of emergency. Congress appropriated \$24 million for this office for FY2000, subsequently reduced by \$91,000 by the across-the-board cut of 0.38%. The President requested \$24.48 million for FY2001; the Senate version of the FY2001 appropriations bill endorsed the request; the House approved \$23 million.

Selected World Wide Web Sites

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

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

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

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

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

National Science Foundation (NSF).

[<http://www.nsf.gov>]

Office of Management and Budget (OMB).

[<http://www.whitehouse.gov/WH/EOP/OMB/html/ombhome.html>]

Department of Veterans Affairs (VA).

<http://www.va.gov>]