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Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2013 Appropriations

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Summary

The Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations subcommittee is charged with providing annual appropriations for the Department of Transportation (DOT), Department of Housing and Urban Development (HUD), and related agencies. The HUD budget generally accounts for the largest share of discretionary appropriations provided by the subcommittee. However, when mandatory funding is taken into account, DOT's budget is larger than HUD's budget, because it includes funding from transportation trust funds. Mandatory funding typically accounts for a little less than half of the bill total.

The President's FY2013 budget requests $73.4 billion in new budget resources for DOT. The requested funding was $3.5 billion (5%) more than the amount provided for FY2012 (not counting $1.7 billion in FY2012 emergency funding). Both the House and Senate Committees on Appropriations have recommended roughly the same level of funding as in FY2012 (not counting the emergency funding). The House's pending FY2013 THUD bill (H.R. 5972) would provide no funding for the Transportation Investments Generating Economic Recovery (TIGER) grant program or for the high speed and intercity passenger rail development program, two priorities of the Administration. The pending Senate THUD bill (S. 2322) would fund the TIGER program and provide a minimal level of funding for high speed rail development ($100 million, compared to $1.0 billion requested). The Administration request proposed a restructuring of DOT surface transportation programs reflecting a reauthorization proposal (a similar proposal was included in last year's request). The Appropriations Committees did not support the requested restructuring; Congress is currently considering its own reauthorization proposals for surface transportation.

The President's FY2013 budget requests nearly $34 billion in net new budget authority for the Department of Housing and Urban Development (HUD) in FY2013. This is about $4 billion less than was provided in FY2012. However, in terms of new appropriations for HUD's programs and activities, the President's budget actually requests an increase of more than $512 million compared to FY2012. The difference—a decrease in net budget authority vs. an increase in new appropriations—is attributable to an estimated increase in the amount of excess receipts available from the FHA insurance fund, which are used to offset the cost of the HUD budget. S. 2322 included about $35 billion in net new budget authority for HUD. That is about $1 billion more than the President's request and over $2 billion less than was provided in FY2012. H.R. 5972 included $33.6 billion for HUD, which is less than the Senate proposed but more than the President requested.

The Administration has threatened to veto the pending House bill. In part this threat came because of the House's overall discretionary funding level for FY2013, which is below the ceiling allowed for FY2013 in the Budget Control Act of 2011. Another stated reason for the threat is opposition to certain program funding levels in the bill, such as zeroing out the DOT TIGER and high speed rail programs and the HUD Choice Neighborhoods and Sustainable Communities programs, as well as cuts to HUD homeless assistance grants and other programs.

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Introduction to Transportation, HUD, and Related Agencies (THUD)

The Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations subcommittees are charged with drafting bills to provide annual appropriations for the Department of Transportation (DOT), Department of Housing and Urban Development (HUD), and related agencies. Typically, these bills are reported out by the appropriations committees and passed by the House and Senate, which then produce a conference agreement.

Title I of the annual THUD appropriations bill funds the Department of Transportation. The mission of DOT is to serve the United States by ensuring a fast, safe, efficient, accessible, and convenient transportation system that meets vital national interests and enhances the quality of life of the American people today and into the future.[1] DOT is primarily a grant-making and regulatory organization; its programs are organized roughly by mode, providing grants to state and local government agencies to support the construction of transportation infrastructure for highways, transit, and intercity passenger rail, while providing regulatory oversight to promote safety for the freight rail, commercial trucking, and maritime industries. The exception is aviation; the Federal Aviation Administration (FAA) not only administers grants for airport development and regulates the safety of aviation operations, but also operates the air traffic control system of the United States, and it thus accounts for the majority of the employees of DOT.

Title II of the annual THUD appropriations bill funds the Department of Housing and Urban Development. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.[2] HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs. These include several programs of rental assistance for persons who are poor, elderly, and/or have disabilities. Three rental assistance programs—Public Housing, Section 8 Vouchers, and Section 8 project-based rental assistance—account for the majority of the department's nonemergency funding. Two flexible block grant programs—HOME and Community Development Block Grants (CDBG)—help communities finance a variety of housing and community development activities designed to serve low-income families. Other, more specialized grant programs help communities meet the needs of homeless persons, including those with AIDS. HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to home buyers with low downpayments and to developers of multifamily rental buildings containing relatively affordable units.

Title III of the THUD appropriations bill funds a collection of related agencies. The agencies under the jurisdiction of the subcommittee are a mix of transportation-related agencies and housing and community development-related agencies. They include the Access Board, the Federal Maritime Commission, the National Transportation Safety Board, the Amtrak Office of Inspector General (IG),[3] the Neighborhood Reinvestment Corporation (often referred to as

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1 http://www.dot.gov/about.html#whatwedo.

2 http://portal.hud.gov/hudportal/HUD?src=/about/mission.

3 The Amtrak IG's office has typically been funded through Amtrak's general appropriation; recently, an incident where the Amtrak Board replaced the Inspector General raised questions about the whether the independence and effectiveness of the Amtrak IG's office was being compromised. In the wake of that incident, Congress has been providing funding for the Amtrak IG's office separately, under the Related Agencies title of the appropriations act, to (continued...)

NeighborWorks), the United States Interagency Council on Homelessness, and the costs associated with the government conservatorship of the housing-related government-sponsored enterprises, Fannie Mae and Freddie Mac.

Status of the FY2013 THUD Appropriations Bill

Recent Developments: Statement of Administration Policy

The Administration issued a Statement of Administration Policy on June 21, 2012, in which it expressed opposition to certain program funding levels in the pending House bill, such as zeroing out the DOT TIGER and high speed rail programs and the HUD Choice Neighborhoods and Sustainable Communities programs, as well as cuts to HUD homeless assistance grants and other programs. The statement also objected to the House's overall discretionary funding level for FY2013, which is below the ceiling allowed for FY2013 in the Budget Control Act of 2011. For these reasons, the statement said that the President's advisors would recommend that he veto H.R. 5972.

Table 1 provides a timeline of legislative action on the FY2013 THUD appropriations bill, and **Table 2** lists the total funding provided for each of the titles in the bill for FY2012 and the amount requested for that title for FY2013. As is discussed in the next section, much of the funding for this bill is in the form of contract authority, a type of mandatory budget authority. Thus, the discretionary funding provided in the bill (often referred to as the bill's 302(b) allocation) is only around half of the total funding provided by this bill.

Table 1. Status of FY2013 Transportation, Housing and Urban Development, and Related Agencies Appropriations

Bill	Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
	House	Senate						House	Senate	
H.R. 5972 S. 2322	June 7, 2012	April 17, 2012	June 20, 2012 H.Rept. 112-541		April 19, 2012 S.Rept. 112-157					

Source: CRS Appropriations Status Table.

Table 2. Transportation, Housing and Urban Development, and Related Agencies Appropriations, FY2012-FY2013

(in millions of dollars)

Title	FY2012 Enacted	FY2013 Request	FY2013 House Comm.	FY2013 Senate Comm.	FY2013 Enacted
Title I: Department of Transportation	$71,574	$73,356	$69,664	$70,203	

(...continued)

underline the independent role the Amtrak IG's office is expected to play in oversight of Amtrak.

Title	FY2012 Enacted	FY2013 Request	FY2013 House Comm.	FY2013 Senate Comm.	FY2013 Enacted
Title I Discretionary	*$19,505*	*$14,293*	*$17,634*	*$18,104*	
Title I Mandatory	*$52,069*	*$59,063*	*$52,029*	*$52,099*	
Title II: Housing and Urban Development	$37,434	$33,555	$33,583	$34,961	
Title III: Related Agencies	$373	$374	$388	$373	
Total	$109,381	$107,285	$103,635	$105,537	
Total Discretionary	*$55,550*	*$48,223*	*$51,606*	*$53,438*	
Total Mandatory	*$52,069*	*$59,062*	*$52,029*	*$52,099*	

Sources: Table prepared by CRS based on information available in H.Rept. 112-541 and S.Rept. 112-157 draft documents available on the House Appropriations Committee website (for FY2012 House Draft). "Total" represents net total budgetary resources. Totals may not add up due to rounding and scorekeeping adjustments. FY2012 totals include $1,662 million in emergency funding for DOT and $100 million for HUD.

Note: Figures include advance appropriations provided in the bill, rather than advance appropriations that will become available in the fiscal year. The former are the amounts generally shown in committee press releases; the latter are the amounts against which the committee is generally "scored" for purposes of budget enforcement.

THUD Funding Trends

Changes in Appropriations Subcommittee Structures Makes It Difficult to Track Trends

Between 2003 and 2008, the House and Senate Committees on Appropriations reorganized their subcommittee structures three times. Prior to FY2005, DOT and HUD were funded in separate appropriations bills under the jurisdiction of separate subcommittees. From the time those departments were placed under the jurisdiction of the same subcommittee through FY2008, the list of other agencies also under the jurisdiction of the Transportation, Department of Housing and Urban Development, and Related Agencies subcommittees changed as well.

These changes make year-to-year comparisons of Transportation and Housing and Urban Development appropriations bills complex, as their appropriations appear in different bills in combination with various other agencies. Other factors, such as supplemental appropriations for response to disasters (such as the damage caused by the Gulf Coast hurricanes in the fall of 2005) and changes in the makeup of the Department of Transportation (portions of which were transferred to the Department of Homeland Security in 2004), also complicate comparisons of year-to-year funding. **Table 3** shows funding trends for DOT and HUD over the period FY2007-FY2012, omitting emergency funding and other supplemental funding, and the amounts requested for FY2013. The purpose of **Table 3** is to indicate trends in the funding for these agencies, which is why emergency supplemental appropriations are not included in the figures.

Table 3. Funding Trends for Department of Transportation and Department of Housing and Urban Development, FY2007-FY2013

(in billions of current dollars)

Department	FY2007	FY2008[a]	FY2009[b]	FY2010	FY2011	FY2012	FY2013 Request
DOT	$63.2	$64.7	$67.2	$75.7	$68.7	$71.6	$73.4
HUD	36.2	37.6	41.5	46.9	41.1	37.4	33.6

Source: U.S. House of Representatives, Committee on Appropriations, Comparative Statement of Budget Authority tables from FY2005 through FY2011. Unless otherwise noted, amounts are reduced to reflect across-the-board rescissions.

a. FY2008 figures reflect a 2.0% rescission applied to most programs that included designated earmarks but do not reflect emergency funding. DOT received $195 million in emergency funding; HUD received $3.0 billion.

b. FY2009 figures do not reflect $61.8 billion in emergency economic stimulus funding (P.L. 111-5).

Composition of the THUD Funding Bill

Budget Concepts Relevant for THUD

The numbers cited in discussions of the THUD appropriations bills can be confusing. Different totals may be published by the committees in their tables and press releases, reported in the press or by advocates, and even presented in this report, all of which may be correct. This is possible because the THUD appropriations bill includes different types of funding mechanisms and savings mechanisms, which can result in different figures being reported for the same programs, depending on how the numbers are being presented. The following section of this report explains the different types of funding often included in the THUD appropriations bill.

Most of the programs and activities in the THUD bill are funded through *regular annual appropriations*, also referred to as discretionary appropriations.[4] This is the amount of new funding allocated each year by the appropriations committees. Appropriations are drawn from the resources of the general fund of the Treasury. For some accounts, the appropriations committees provide *advance appropriations*, or regular appropriations that are not available until the next fiscal year.

In some years, Congress will also provide *emergency appropriations*, usually in response to disasters. These funds are sometimes provided outside of the regular appropriations acts—often in emergency supplemental spending bills—and are generally provided in addition to regular annual appropriations. Although emergency appropriations typically come from the general fund, they may not be included in the discretionary appropriation total reported for an agency.

[4] According to *Congressional Quarterly*'s *American Congressional Dictionary*, discretionary appropriations are appropriations not mandated by existing law and therefore made available annually in appropriation bills in such amounts as Congress chooses. The Budget Enforcement Act of 1990 defines discretionary appropriations as budget authority provided in annual appropriation acts and the outlays derived from that authority, but it excludes appropriations for entitlements.

In addition to appropriations, much of the Department of Transportation's budget is derived from *contract authority*. Contract authority is a form of budget authority based on federal trust fund resources, in contrast to "regular" (or discretionary) budget authority, which is based on the resources of the general fund of the Treasury. Contract authority for DOT is generally derived from the Highway Trust Fund and the Airport and Airways Trust Fund.

Congressional appropriators are generally subject to limits on the amount of new non-emergency discretionary funding they can provide in a year. One way to stay within these limits is to appropriate no more than the allocated amount of discretionary funding in the regular annual appropriation act. Another way is to find ways to offset a higher level of discretionary funding. A portion of the cost of providing regular annual appropriations for the THUD bill is generally offset in two ways. The first is through *rescissions*, or cancellations of unobligated or recaptured balances from previous years' funding. The second is through *offsetting receipts and collections*, generally derived from fees collected by federal agencies.

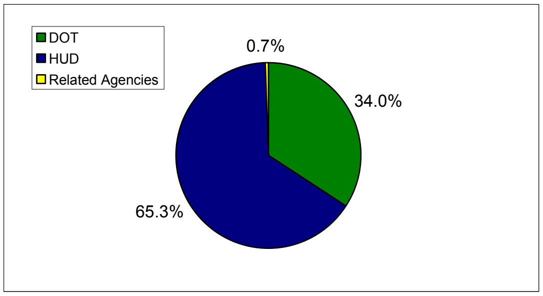
When the Appropriations Committee subcommittees are given their "302(b) allocations"—that is, when the total amount that the Appropriations Committee has to spend for a fiscal year is divided among the subcommittees—that figure includes only net discretionary budget authority (non-emergency appropriations, less any offsets and rescissions); contract authority from trust funds is not included. This can lead to confusion, as the annual discretionary budget authority allocations for THUD are typically around half of the total funding provided in the bill, with the remainder made up of contract authority.

The Budget Control Act of 2011 (BCA), which was enacted into law (P.L. 112-25) on August 2, 2011, following negotiations over raising the ceiling on the national debt, established overall limits, or caps, on the amount of total federal discretionary appropriations that can be provided for each of FY2012 through FY2021. Within these annual spending limits, decisions about the actual amount of appropriations for individual programs or agencies will continue to be made through the regular appropriations process. Under the law, these limits are to be enforced through a sequestration process involving the cancellation of budgetary resources (i.e., spending cuts). This means that if the limits are breached, spending for each non-exempt program will be cut by a uniform percentage. The FY2012 302(b) allocations, including the allocation for the THUD subcommittee, were established to reflect the discretionary spending caps established under the BCA.

Allocation Across Agencies

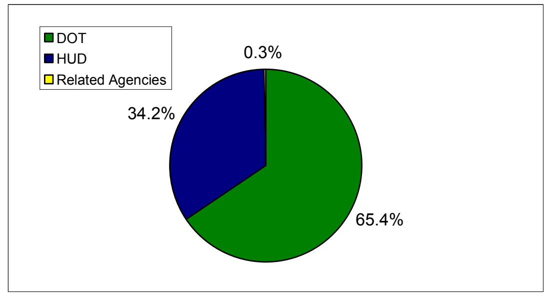
Once the THUD subcommittees receive their 302(b) allocations, they must decide how to allocate the funds across the different agencies within their jurisdiction. As shown in **Figure 1**, when it comes to net discretionary budget authority (appropriations, less any offsets), the vast majority of funding allocated by the appropriations committee generally goes to HUD (about two-thirds in FY2012). However, as shown in **Figure 2**, when taking into account contract authority—which, as noted earlier, is not allocated by the appropriations committees—the total resources available to DOT are greater than the resources available to HUD.

Figure 1. Allocation of THUD Net Discretionary Budget Authority, FY2012



Source: Table prepared by CRS based on information available in S.Rept. 112-157.

Figure 2. Allocation of THUD Total Budgetary Resources (Including Contract Authority), FY2012



Source: See Table prepared by CRS based on information available in S.Rept. 112-157.

Impact of Offsets

Besides the level of the 302(b) allocation, one of the most important factors in determining how much in new appropriations the THUD subcommittee will provide in each year is the amount of savings available from rescissions and offsets. Each dollar available to the subcommittee in rescissions and offsets serves to reduce the "cost" of providing another dollar in appropriations. As shown in **Table 4**, in FY2012, without rescissions and offsets, it would have "cost" the THUD Subcommittee an additional $6 billion to provide the same amount of appropriations.

Table 4. Budget Savings in FY2012 THUD Appropriations Bill

(in millions of dollars)

Components of THUD Budget Authority	FY2012
New Appropriations (Including Advance Appropriations)	**$66,668**
Savings	**$-6,356**
Rescissions of Prior Year Funding	*$-530*
Rescissions of Contract Authority	*$-1*
Offsetting Collections and Receipts	*$-5,826*
Total Net Budget Authority	**$57,312**

Source: Table prepared by CRS based on Comparative Statement of New Budget (Obligational) Authority for Fiscal Year 2012 and Budget Estimates and Amounts Recommended in the Bill For Fiscal Year 2013, S.Rept. 112-157. Figures include emergency funding.

In any given year, the amount of these "budget savings" can be higher or lower, meaning that the "cost" of providing the same level of appropriations may be higher or lower.

FY2013: Detailed Tables and Selected Key Issues

Title I: Department of Transportation

Table 5 presents an account-by-account summary of FY2013 appropriations for DOT, compared to FY2012.

Table 5. Department of Transportation FY2013 Detailed Budget Table

(in millions of current dollars)

Department of Transportation Selected Accounts	FY2012 Enacted	FY2013 Request	FY2013 House Comm.	FY2013 Senate Comm.
Office of the Secretary (OST)				
Essential Air Service[a]	143	114	114	114
National Infrastructure Investments	500	500	—	500
Total, OST	780	783	261	830
Federal Aviation Administration (FAA)				
Operations	9,653	9,718	9,718	9,698
Facilities & Equipment	2,731	2,850	2,750	2,750
Research, Engineering, & Development	168	154	149	134
Grants-in-Aid for Airports (AIP) (limitation on obligations)	3,350	3,350	3,350	3,350
Total, FAA	15,902	15,145	15,966	15,932
Federal Highway Administration (FHWA)(total)	41,545	42,569	39,883	39,883
Federal Motor Carrier Safety Administration (FMCSA)				
Motor Carrier Safety Operations and Programs	248	250	244	248
Motor Carrier Safety Grants to States	307	330	307	309
Total, FMCSA	555	580	551	572
National Highway Traffic Safety Administration (NHTSA)				
Operations and Research	250	338	274	259
Highway Traffic Safety Grants to States	550	643	502	550
Total, NHTSA	800	981	776	809
Federal Railroad Administration (FRA)				
High-speed and intercity passenger rail grant program	—	—[b]	(2)	100
Network Development	—	4,000	—	—
Amtrak	1,418	—[c]	1,802	1,450

Department of Transportation Selected Accounts	FY2012 Enacted	FY2013 Request	FY2013 House Comm.	FY2013 Senate Comm.
System Development	—	4,046	—	—
Total, FRA	1,632	2,731	2,015	1,758
Federal Transit Administration (FTA)				
Formula and bus grants	8,361	—	8,361	8,361
Capital investment grants (New Starts)	1,897	—	1,806	2,032
Total, FTA	10,550	10,733	10,369	10,705
Maritime Administration (MARAD)	349	344	338	387
Assistance to small shipyards	10	—	—	9
Pipeline and Hazardous Materials Safety Administration (PHMSA)	201	276	205	224
Research and Innovative Technology Administration (RITA)	16	—	14	—
Office of Inspector General	80	84	84	84
Saint Lawrence Seaway Development Corporation	32	33	33	33
Surface Transportation Board	28	30	30	28
DOT Totals				
Appropriation (discretionary funding)	17,942	19,685	17,770	18,240
Limitations on obligations (mandatory funding)	52,069	59,062	52,029	52,099
Exempt contract authority (mandatory funding)	739	739	739	739
Total non-emergency budgetary resources, DOT	70,750	73,356	70,538	71,008
Emergency appropriations	1,662	—	—	—
Subtotal—new funding	72,412	74,230	70,538	71,008
Rescissions	-3,886	-57	-135	-135
Net new discretionary budget authority	19,505	14,294	17,634	18,104

Sources: Table prepared by CRS based on information available in H.Rept. 112-541 (for FY2012 enacted, FY2013 request, and FY2013 House Committee) and S.Rept. 112-157 (for FY2013 Senate Committee).

Notes: Table subtotals may not add due to omission of some accounts. Subtotals and totals may differ from those in the source documents due to treatment of rescissions, offsetting collections, etc. The figures in this table reflect new budget authority made available for the fiscal year. For budgetary calculation purposes, the source documents may subtract rescissions of prior year funding or contract authority, or offsetting collections, in calculating subtotals and totals.

a. FY2012 does not reflect the $50 million in mandatory funding received by the Essential Air Service each year. The FY2013 figures do not reflect $100 million in mandatory funding.

b. The Administration requested $4 billion for a proposed new Network Development program, which would have included the High Speed and Intercity Passenger Rail Grant Program.

c. The Administration requested $4 billion for a proposed new System Development program, which would have included grants to Amtrak.

Selected Budget Issues

Program Authorizations

The legislative act authorizing the federal surface transportation program (SAFETEA-LU, P.L. 109-59) has expired. The program's authorizations have been extended repeatedly. The current extension is scheduled to expire on June 30, 2012. A bill to reauthorize the surface transportation program through the end of FY2013 at roughly the current level of funding has passed the Senate (S. 1813, "Moving Ahead for Progress in the 21st Century," MAP-21). The House has not passed its surface transportation reauthorization bill, which would have authorized programs through FY2016 but at funding levels generally below the current level (H.R. 7). The House passed extension legislation (H.R. 4348) which the Senate then passed (substituting the text of S. 1813); this has enabled the House and Senate to go to conference on reauthorization legislation.

Comparison of FY2012 and FY2013 Figures

DOT funding has typically increased from year to year. The FY2011 appropriation broke that trend, and in both FY2011 and FY2012 Congress provided lower levels of funding for DOT than in FY2010. The Obama Administration's FY2013 budget request reflected a reauthorization proposal for DOT surface transportation programs. This included a proposed restructuring of some surface transportation programs with overall funding roughly at the level provided in FY2012, plus a $50 billion supplemental appropriation requested for FY2012 to provide an immediate boost to transportation infrastructure improvement and job creation. This up-front additional funding was depicted as an alternative to the typical surface transportation reauthorization funding plan, in which funding levels gradually increase over an authorization period of several years. This proposal would have front-loaded a large increase in funding in the first year of the Administration's proposed six-year surface transportation reauthorization plan. The Administration made a similar proposal in its FY2012 budget request—restructuring the DOT surface transportation program structure, and requesting an additional $50 billion in up-front funding—which Congress did not support. Congress is currently considering its own surface transportation program reauthorization proposals. Thus, while the FY2012 enacted funding and the appropriation amounts recommended in H.R. 5972 and S. 2322 are comparable, comparing these figures to the amounts requested in the FY2013 budget for DOT's surface transportation programs is complex.

Overall, the FY2013 request totaled $73.4 billion in new budget resources for DOT. The requested funding was $3.5 billion (5%) more than the amount provided for FY2012 (not counting $1.7 billion in emergency funding provided in FY2012). Both the House and Senate Committees on Appropriations have recommended roughly the same level of funding as in FY2012 (not counting the emergency funding).

Highway Trust Fund Solvency

Virtually all federal highway funding, and most transit funding, comes from the highway trust fund, whose revenues come largely from the federal motor fuels excise tax ("gas tax"). For several years, expenditures from the fund have exceeded revenues; for example, in FY2010, revenues were approximately $35 billion, while authorized expenditures were approximately $50 billion.[5] Congress transferred a total of $34.5 billion from the general fund of the Treasury to the highway trust fund during the period FY2008-FY2010 to keep the trust fund solvent. The Congressional Budget Office projects that the trust fund will become insolvent around the end of FY2013, given current revenue and expenditure levels.[6]

One reason for the shortfall in funding in the highway trust fund is that the federal gas tax has not been raised since 1993, while improved fuel efficiency and inflation have reduced the amount of fuel consumed and the value of the tax revenues. The tax is a fixed amount assessed per gallon of fuel sold, not a percentage of the cost of the fuel sold. That means that whether a gallon of gas costs $1 or $4, the highway trust fund receives the same amount from each gallon sold (18.3 cents for each gallon of gasoline, 24.3 cents for each gallon of diesel). Meanwhile, the capacity of the federal gas tax to support transportation infrastructure has been diminished by inflation (which has reduced the purchasing power of the revenue raised by the tax) and increasing automobile fuel efficiency (since more efficient vehicles are able to travel farther on a gallon of fuel, increasing efficiency reduces the amount of tax generated by each mile of vehicle travel). The Congressional Budget Office has forecast that gasoline consumption will be relatively flat during the period 2013 to 2022, as continued increases in the fuel efficiency of the U.S. passenger fleet will offset increases in the number of miles people will drive.[7] It forecasts highway trust fund revenues of $41 billion in FY2022, well short of even the current annual level of authorized expenditures from the fund.[8]

A host of reports produced by the Department of Transportation, congressionally created commissions, and nongovernmental groups generally assert that the nation is not spending enough to maintain its existing transportation infrastructure, let alone to make needed improvements.[9] These reports call for considerably higher levels of spending on transportation infrastructure, by both the federal government and the states.

A dilemma faced by Congress is how to provide the additional funding needed to maintain the current level of transportation infrastructure spending, let alone to support significant increases in that funding. While raising the federal gas tax is seen as the simplest and most efficient way to provide significantly increased funding for transportation infrastructure in the near future, there appears to be little support in Congress or in the Administration for raising the gas tax during the current period of economic difficulty. Even if there were support for higher gas taxes, increases in vehicle fuel efficiency resulting from previously enacted legislation and greater use of electric

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[5] Revenues from Federal Highway Administration, *Highway Statistics 2010*, Table FE-10 ("D. Net Excise Taxes") (http://www.fhwa.dot.gov/policyinformation/statistics/2010/fe10.cfm); authorized expenditures represent the total limitations on obligations for FHWA, FMCSA, NHTSA, and FTA, for FY2010.

[6] Congressional Budget Office, The *Budget and Economic Outlook, Fiscal Years 2012 to 2022*, January 2012, p. 126, http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf. The Highway Trust Fund has two accounts, one for highway expenditures and one for transit; CBO estimates that the highway account will be unable to meet obligations in a timely manner sometime during FY2013, while the transit account will reach that point sometime in FY2014.

[7] Ibid., p. 91.

[8] Ibid., Table 4-3.

[9] For example, *Paying Our Way, the Report of the National Surface Transportation Infrastructure Financing Commission* (http://financecommission.dot.gov/Documents/NSTIF_Commission_Final_Report_Mar09FNL.pdf); *Transportation for Tomorrow: the Report of the National Surface Transportation Policy and Revenue Study Commission* (http://transportationfortomorrow.com/final_report/index.htm), U.S. Department of Transportation's *2010 State of the Nation's Highways, Bridges, and Transit Conditions and Performance Report to Congress* (http://www.fhwa.dot.gov/policy/2010cpr/).

vehicles are likely to constrain motor fuel consumption, leaving in question the longer-term viability of motor fuel taxes as the principal source of surface transportation funding.[10]

As it did last year, the President's FY2013 budget proposed to change the name of the highway trust fund to the transportation trust fund and to increase authorized expenditures from the fund to a total of $476 billion over the next six years. This money would go to increasing the funding levels of existing surface transportation programs; the Federal Railroad Administration and the Federal Transit Administration's New Starts transit construction program would be added to the programs financed by the fund. This proposal reflects, in part, a recommendation of the National Commission on Fiscal Responsibility and Reform to expand the highway trust fund to cover rail infrastructure—but the commission also recommended increasing the gas tax by 15 cents per gallon by 2015, and thereafter limiting expenditures from the fund to match its revenues.[11] The budget request did not propose an increase in the gas tax; it proposed to offset the additional spending with savings assumed from reducing overseas military operations.

TIGER Grant Program

The Transportation Investments Generating Economic Recovery (TIGER) grant program originated in the American Recovery and Reinvestment Act (P.L. 111-5), where it was referred to as national infrastructure investment. It is a discretionary grant program that addresses two criticisms of the current structure of federal transportation funding: that virtually all of the funding is distributed to state and local governments who select projects based on their priorities, making it difficult to fund projects that have national or regional impacts but whose costs fall largely on one or two states; and that the federal funding is divided according to mode of transportation, making it difficult for major projects in different modes to compete for the limited amount of discretionary funding. The program provides grants to projects of regional or national significance in various modes on a competitive basis, with recipients selected by the federal DOT.

Congress has continued to support the TIGER program through the annual DOT appropriations acts. There have been four rounds of TIGER grants (from ARRA funding, and from FY2010-FY2012 annual appropriations). The Administration requested $500 million for FY2013, the same amount provided in FY2012.

The House Committee on Appropriations did not recommend any funding for the program, noting that the Administration has not defined the selection criteria by which recipients are selected. The Senate Committee on Appropriations recommended $500 million.

Essential Air Service (EAS)

The EAS program seeks to preserve air service to small communities whose level of ridership makes air service unprofitable by subsidizing the cost of that service. The costs of the program have more than doubled since FY2008, in part because route reductions by airlines have resulted in an average of six new communities being added to the program each year.

[10] For more information on the difficulties facing the Highway Trust Fund and alternative proposed revenue sources, see CRS Report R41490, *Surface Transportation Funding and Finance*, by Robert S. Kirk and William J. Mallett.

[11] The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth*, December 2010, Recommendation 1.7, p. 24, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

Supporters of the EAS program contend that preserving airline service to small communities was a commitment Congress made when it deregulated airline service in 1978, anticipating that airlines would reduce or eliminate service to many communities that were too small to make such service economically viable. Supporters contend that subsidizing air service to smaller communities promotes economic development in rural areas. Critics of the program note that the subsidy cost per passenger is relatively high,[12] that many of the communities in the program have very few residents flying out of their airports, and that some of the airports receiving EAS subsidies are little more than an hour's drive from major airports.

The Administration requested $114 million for the EAS program. This appears to be a cut from the FY2012 enacted figure of $143 million, but in fact the Administration's request represented an increase over the FY2012 figure. This is because the EAS program is funded from two sources: in addition to the annual discretionary appropriation for the program, there is a mandatory annual authorization of $50 million financed by overflight fees collected from commercial airlines by the Federal Aviation Administration (this funding does not appear in the appropriation budget tables).[13] Thus, the total funding provided for the EAS program in FY2012 was $193 million (the $143 million appropriation added to the $50 million mandatory funding). The Administration's FY2013 request proposes to increase the mandatory funding from $50 million to $100 million; added to the $114 million discretionary funding requested, that would provide a total of $214 million for the EAS program. This would be an 11% ($21 million) increase over FY2012.

Both the House and Senate Committees on Appropriations supported the Administration request. The committees also agreed to the request to eliminate the 15-passenger aircraft requirement. The EAS program has required airlines to use, at a minimum, 15-passenger aircraft to service EAS communities, even though many of these communities typically have fewer than 15 passengers per flight. Eliminating the minimum 15-passenger aircraft requirement is seen as a way to reduce EAS program costs. The same request was made last year, and was included in the FY2012 appropriations act.

The current Federal Aviation Administration authorization act (P.L. 112-95, enacted February 14, 2012) included reforms intended to limit EAS program costs, some of which were included in the FY2012 appropriations act. These include limiting funding to those communities which received subsidies in FY2011, and limiting coverage to airports that average at least 10 passengers per day (unless they are more than 175 miles from the nearest hub airport).[14] The legislation also repealed the local participation program, a pilot program established in 2003 under which communities assumed a portion of the cost of their EAS subsidy.

[12] To remain eligible for the program, a community's subsidy per passenger must not exceed $1,000. The per passenger subsidy varies greatly among the communities in the program, ranging from a low of $6 to a high of $2,372. The DOT investigates cases where the subsidy exceeds $1,000. A chart of EAS subsidies per passenger per community is on pps. 19-21 of S.Rept. 112-157 (http://www.gpo.gov/fdsys/pkg/CRPT-112srpt157/pdf/CRPT-112srpt157.pdf).

[13] These overflight fees apply to international flights that fly over, but do not land in, the United States. The fees are to be reasonably related to the costs of providing air traffic services to these flights.

[14] P.L. 112-95, Title IV, Subtitle B—Essential Air Service.

High Speed and Intercity Passenger Rail

The budget proposed a total of $2.5 billion for high speed and intercity passenger rail funding under two new accounts which realign existing programs: $1.5 billion for System Preservation (which would primarily fund maintenance and improvement of existing intercity passenger rail service, i.e., Amtrak) and $1 billion for Network Development (which would fund new intercity passenger rail projects). The budget describes high speed rail development as the signature initiative of the Administration's proposal for surface transportation reauthorization. It is seen as a way of creating new jobs; providing a new transportation option for intercity travel; and increasing the capacity, competitiveness, and environmental sustainability of the transportation system. The Senate Appropriations Committee recommended $100 million for the program. The House Committee on Appropriations did not recommend any funding for new high speed rail projects.

To date, Congress has provided $10.1 billion for DOT's high speed and intercity passenger rail grant program, beginning with $8 billion in the American Recovery and Reinvestment Act of 2009. However, all of that funding was provided by the 111th Congress. In the Full Year Continuing Appropriations Act, 2011, which was enacted by the 112th Congress after the Administration submitted its FY2012 budget request, Congress did not provide any funding for the high speed and intercity passenger rail grant program for FY2011, and rescinded $400 million of the unobligated portion of the $10.5 billion already appropriated. The FY2012 DOT appropriations act did not provide any funding for high speed rail development.

The $10.1 billion provided in the 111th Congress went to the High Speed and Intercity Passenger Rail Grant Program. In common usage, references to "high speed rail" are generally taken to mean systems such as those of Japan, France, Spain, and China, where trains travel on dedicated networks at speeds greater than 150 miles per hour. Perhaps because it is convenient to abbreviate references to this program by dropping the middle phrase "and intercity passenger rail," it is often taken to be a program intended only to fund high speed lines similar to those in other countries. But much of the funding in this program has gone to develop intercity passenger rail service with top speeds of 90 or 110 miles per hour.

In its public comments the Administration has emphasized the high speed rail portion of the program. However, there is only one state, California, that is actively pursuing development of a high speed rail line similar to those the Administration has cited in Europe and Asia, one that would provide dedicated tracks for passenger trains traveling at speeds greater than 150 mph. California has received $3.6 billion in federal funding for this project, but the total cost of constructing the line is estimated at more than $70 billion, and the financing prospects are uncertain.

Amtrak

The Administration budget proposed to place Amtrak funding into a new Federal Railroad Administration account—System Preservation—for which $1.546 billion was requested. This account would fund publicly owned passenger rail asset development and maintenance, primarily Amtrak. Amtrak received $1.418 billion in capital, operating, and debt service grants in FY2012. Amtrak also submits a grant request to Congress, separate from the Administration's budget request. Amtrak requested $2.167 billion for FY2013.[15] Amtrak's authorized funding level for FY2013 is $2.256 billion.[16]

The Senate Committee on Appropriations recommended $1.450 billion for Amtrak grants; that is $32 million (2%) more than Amtrak received in FY2012. The House Committee on Appropriations recommended $1.802 billion.

Table 6 shows the amount of funding appropriated for Amtrak grants in FY2012, requested by the Administration for FY2013, and recommended by the House and Senate Committees on Appropriations.

Table 6. Amtrak Grants, FY2012-FY2013

(in millions of dollars)

Grant	FY2012	FY2013 Administration Request	FY2013 House Comm.	FY 2013 Senate Comm.
Operating Grants	466	—	350	400
Capital and Debt Service Grants	952	—	1,452	1,050
Total Grants	1,418	1,546	1,802	1,450

Sources: H.Rept. 112-541, S.Rept. 112-157.

Notes: Both the House and Senate would direct $271 million of the Capital and Debt Service Grants to debt service. The House would allow the Secretary of DOT to use up to $80 million of the Capital and Debt Service grants for Amtrak operating assistance, if needed. The Administration did not request funding for these accounts, but requested $1.546 billion for a new "System Preservation" account, which would be available to Amtrak.

The major difference between the House and Senate funding is a proposal in the House bill to create a new program within the Amtrak Capital and Debt Service Grants account, Bridge and Tunnel grants, to fund "high priority, state-of-good-repair, intercity infrastructure projects owned by Amtrak or States." The House committee recommended $500 million for this new program. The federal share for projects funded under this program would be up to 80%.

Federal Transit Administration New Starts and Small Starts (Capital Investment Grants)

The majority of FTA's $10 billion funding is funneled to transit agencies through several formula programs. The largest discretionary grant program is the Capital Investment Grants programs (commonly referred to as the New Starts program). This program funds new fixed-guideway transit lines[17] and extensions to existing lines. There are two primary components to the program, based on project cost. New Starts include capital projects with total costs over $250 million which are seeking more than $75 million in federal funding. Small Starts include capital projects with total costs under $250 million which are seeking less than $75 million in federal funding.

[15] Amtrak, *FY2013 Grant and Legislative Request*, February 1, 2012, Table 1; available at http://www.amtrak.com (About Amtrak>Reports and Documents>Grant and Legislative Requests).

[16] Sections 101 & 102, Passenger Rail Investment and Improvement Act of 2008, Division B of P.L. 110-432.

[17] Fixed-guideway refers to systems in which the vehicle travels on a fixed course; for example, subways and light rail.

Congress appropriated $1.955 billion for the Capital Investment Grants program in FY2012. For FY2013, the Administration requested $2.2 billion for the program. The Senate bill would provide $2.0 billion, a 2% increase over FY2012 but $200 million less than requested. This would cover the majority of the costs for existing and pending full funding grant agreements. The House bill would provide $1.817 billion, $138 million (7%) below the FY2012 level.

New Starts projects must go through a multi-stage process, during which they are repeatedly evaluated by FTA. Projects must receive positive ratings to proceed to the next step. The final step is signing of a full-funding grant agreement (FFGA) with FTA. The FFGA details how much funding the project will receive from FTA and the steps of project development. One purpose of the FFGA is to encourage accurate estimates of project costs; cost overruns are the responsibility of the grantee.

New Starts Funding Share

The federal share for New Starts projects, by statute, can be up to 80%. Since FY2002, DOT appropriations acts have included a provision directing FTA not to sign any full funding grant agreements that provide a federal share of more than 60%. This provision is in the FY2013 House bill, but not the Senate bill.

Critics of this provision note that the federal share for highway projects is typically 80% and in some cases is higher. They contend that, by providing a lower share of federal funding (and thus requiring a higher share of local funding), this provision tilts the playing field toward highway projects when communities are considering how to address transportation problems. Advocates of this provision note that the demand for New Starts funding greatly exceeds the amount that is available, so requiring a higher local match allows FTA to support more projects with the available funding. They also assert that requiring a higher local match likely encourages communities to scrutinize the costs and benefits of major proposed transit projects more closely.

Title II: Department of Housing and Urban Development

Table 7 presents an account-by-account summary of FY2013 appropriations for HUD, compared to FY2012. For a more complete discussion of FY2013 appropriations and budget issues for HUD, see CRS Report R42517, *Department of Housing and Urban Development (HUD): FY2013 Appropriations*, coordinated by Maggie McCarty.

Table 7. HUD FY2013 Detailed Budget Table

(in millions of dollars)

Accounts	FY2012 Enacted	FY2013 Request	FY2013 Senate Comm.	FY2013 House Comm.
Appropriations				
Management and Administration	1.332	1.349	1.339	1.327
Tenant Based Rental Assistance (Sec. 8 vouchers)	18.914	19.074	19.396	19.134
Housing Certificate Fund	0.000	0.000	0.000	0.000
Transforming Rental Assistance	0.000	0.000	0.000	0.000
Public housing capital fund	1.875	2.070	1.985	1.985
Public housing operating fund	3.962	4.524	4.591	4.524
Choice Neighborhoods	0.120	0.150	0.120	0.000
Family Self Sufficiency[a]	0.000	0.060	0.000	0.000
Native American housing block grants	0.650	0.650	0.650	0.650
Indian housing loan guarantee	0.006	0.007	0.006	0.006
Native Hawaiian Block Grant	0.013	0.013	0.013	0.000
Native Hawaiian loan guarantee	0.000[b]	0.001	0.000	0.000[b]
Housing, persons with AIDS (HOPWA)	0.332	0.330	0.330	0.330
Community Development Fund (Including CDBG)	3.308	3.143	3.210	3.404
Sec.108 loan guarantee; subsidy	0.006	0.000[c]	0.000[c]	0.006
HOME Investment Partnerships	1.000	1.000	1.000	1.200
Self-Help Homeownership	0.054	0.000[d]	0.054	0.060
Homeless Assistance Grants[e]	1.901	2.231	2.146	2.000
Project Based Rental Assistance (Sec. 8)	9.340	8.700	9.876	8.700
Housing for the Elderly[f]	0.375	0.475	0.375	0.425
Housing for Persons with Disabilities[g]	0.165	0.150	0.150	0.165
Housing Counseling Assistance[h]	0.045	0.055	0.055	0.045
Manufactured Housing Fees Trust Fund[i]	0.007	0.008	0.006	0.004
Rental Housing Assistance[j]	0.001	0.000	0.000	0.000
FHA Expenses[j]	0.207	0.215	0.215	0.215
GNMA Expenses[j]	0.020	0.021	0.021	0.021
Research and technology	0.046	0.052	0.046	0.052
Fair housing activities[k]	0.071	0.068	0.068	0.068
Office, lead hazard control[l]	0.120	0.120	0.120	0.120
Working capital fund	0.199	0.170	0.230[m]	0.175
Inspector General	0.124	0.126	0.125	0.126
Transformation Initiative-Combating Mortgage Fraud	0.050	0.000[n]	0.043	0.050

Accounts	**FY2012 Enacted**	**FY2013 Request**	**FY2013 Senate Comm.**	**FY2013 House Comm.**
Appropriations Subtotal (Including advances provided in current year for subsequent year)	*44.241*	*44.763*	*46.169*	*44.791*
Rescissions				
Housing Certificate Fund	-0.200	0.000	0.000	0.000
TBRA Prior Year Advance Rescission	-0.650	0.000	0.000	0.000
Rental housing assistance rescission	-0.232	0.000	0.000	0.000
Rescissions Subtotal	*-1.082*	*0.000*	*0.000*	*0.000*
Offsetting Collections and Receipts				
Manufactured Housing Fees Trust Fund[o]	-0.004	-0.004	-0.004	-0.004
Federal Housing Administration (FHA)[p]	-5.172	-10.434	-10.434	-10.434
GNMA	-0.650	-0.770	-0.770	-0.770
Offsets Subtotal	*-5.826*	*-11.208*	*-11.208*	*-11.208*
Disaster Funding[q]				
Disaster CDBG	0.100	0.000	0.000	0.000
Emergency/Disaster Subtotal	*0.100*	*0.000*	*0.000*	*0.000*
Total Budget Authority, Excluding Disaster Funding	**37.334**	**33.555**	**34.961**	**33.583**
Total Budget Authority, Including Disaster Funding	**37.434**	**33.555**	**34.961**	**33.583**

Sources: CRS estimates based on S. 2322, S.Rept. 112-157, H.R. 5972, H.Rept. 112-541, and President's FY2013 budget documents, including HUD Congressional Budget Justifications.

a. The Family Self Sufficiency program has traditionally been funded in the tenant-based rental assistance account. The President's FY2013 budget requests that a modified version of the program be funded in a separate account. Both the House and Senate bills include funding for this program within the tenant-based rental assistance account.

b. Amount rounds to less than $1 million ($386,000).

c. The President's budget requests a new fee structure for this account, which would eliminate the need for appropriations. S. 2322 adopts this proposal.

d. The Self-Help Homeownership Opportunity Program account funds the Self-Help Homeownership Opportunity Program and capacity building activities. In each of the last several years, the President's budget request has proposed not funding SHOP, noting that activities funded under SHOP are also eligible activities under the HOME program. The President's budget request includes funding for capacity building activities, but under the Community Development Fund account. Recent appropriations laws have continued to fund SHOP and to fund capacity building under this account.

e. Within the Homeless Assistance Grants account, the President's budget would provide $286 million for the Emergency Solutions Grants (ESG) and $1.9 billion for the Continuum of Care (CoC) and Rural Housing Stability Assistance (RHS) Programs. S. 2322 would provide $286 million for ESG and $1.8 billion for the CoC and RHS Programs. H.R. 5972 would also provide $286 million for ESG, and would provide $1.65 billion for the CoC and RHS Programs.

f. In FY2012, funding for the Section 202 program was not sufficient to support capital grants to build new units of housing. The President's budget proposal and S. 2322 would continue this trend and provide sufficient funding to renew rental assistance for existing units, but not enough to support new capital grants. In addition, the President's budget proposes to make $100 million available for Section 202 rental assistance to be provided in conjunction with housing built using other sources of funding, such as Low Income

Housing Tax Credits. H.R. 5972 would allow HUD to recoup residual receipts and use these funds to support new capital grants and project rental assistance.

g. Like the Section 202 program, proposed funding levels for the Section 811 program in the President's budget, and S. 2322 would not support capital grants to build new units of housing. Both proposals include funding for Section 811 rental assistance to be provided in conjunction with housing built using other funding sources. H.R. 5972 would provide $96 million for new capital grants and project rental assistance.

h. In addition to HUD's housing counseling assistance program, Congress in recent years has provided funding specifically for foreclosure mitigation counseling to the National Foreclosure Mitigation Counseling Program (NFMCP), administered by the Neighborhood Reinvestment Corporation (also known as NeighborWorks America). NeighborWorks is not part of HUD, but is usually funded as a related agency in the annual HUD appropriations laws. The President's FY2013 budget requests $85.9 million for the NFMCP, while the Senate and House bills would provide $80 million, the same as the FY2012-enacted level.

i. Some or all of the cost of funding this account is offset by the collection of fees or other receipts, shown later in this table.

j. This account is used to provide supplemental funding to some older HUD rent-assisted properties and, when funding is provided, it is typically offset by recaptures. Funding is not requested in this account every year.

k. Fair housing activities consist primarily of grants for the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP). Through FHIP, nonprofit organizations receive grants so that they can help people who have complained of discrimination, investigate complaints, and promote the fair housing laws. FHAP consists of grants to state and local agencies that enforce their own fair housing laws. In FY2012, FHIP received $42.5 million and FHAP $28.0 million. For FY2013, the President's budget proposes $41.1 million for FHIP and $24.6 million for FHAP. S. 2322 would provide $42.5 million for FHIP and $25 million for FHAP. The House bill would provide $42.5 million for FHIP and $23.7 million for FHAP.

l. For more information about lead paint programs, see CRS Report RS21688, *Lead-Based Paint Poisoning Prevention: Summary of Federal Mandates and Financial Assistance for Reducing Hazards in Housing*, by Linda-Jo Schierow.

m. The Senate Appropriations Committee proposal for the Working Capital Fund (WCF) includes $60 million more than the President's budget request. According to the Senate Appropriations Committee Report (S.Rept. 112-157), it would provide this additional funding to the WCF for technology modernization activities in lieu of the President's request for transfer authority to the Transformation Initiative.

n. The Transformation Initiative is also funded from transfers from the budgets of other accounts in the HUD budget.

o. Appropriations language specifies that the overall amount appropriated to the Manufactured Housing Fees Trust Fund is to be made available to HUD to incur obligations under this program pending the receipt of fee income; as fee income is received, the appropriation amount is reduced, so that the final appropriation coming from the general fund is less than the overall appropriated amount. The FY2012 final enacted appropriations law provided $6.5 million for this account; $4 million was to come from fees, and the final appropriation from the general fund could be up to $2.5 million. The President's FY2013 budget requests an appropriation of $8 million, of which $4 million will come from fees and up to $4 million can come from the general fund. The Senate Committee-reported bill would provide $5.5 million, $4 million of which would come from fees and up to $1.5 million of which can come from the general fund. In each case, HUD is directed to make changes to the fees it charges as necessary to ensure that the final fiscal year appropriation is no more than what is specified in the appropriations language. The House bill provides that up to $4 million is to be derived from fees and available to the account with no additional appropriation from the general fund.

p. Amounts shown here reflect the Congressional Budget Office's re-estimate of the President's budget request, so figures may not match those shown in the President's budget documents. The President's budget request initially showed $688 million in mandatory funding needed to make a required transfer of funds between FHA accounts. Since the budget was released, HUD has announced that it no longer expects to need that mandatory funding, due to increases in FHA reserves from recent legal settlements with mortgage servicers and higher mortgage insurance premiums.

q. Under the terms of the Budget Control Act (P.L. 112-25), statutory discretionary spending caps may be adjusted upward by the amounts designated as being for "disaster relief" (up to a certain amount), effectively exempting such designated amounts from the original, or unadjusted, caps.

Selected Budget Issues

FHA Mutual Mortgage Insurance Fund (MMIF)

FHA's single-family mortgage insurance programs have historically been self-financing; the fees collected from borrowers and deposited in its insurance fund, the Mutual Mortgage Insurance Fund (MMIF), have been sufficient to cover the anticipated losses from the loans issued. However, if the MMIF ever does not have enough money to cover claims on defaulted loans, it can draw on permanent and indefinite budget authority with the U.S. Treasury to cover any shortfalls without congressional action.

The FY2013 President's budget showed that, for the first time, HUD anticipated that the MMIF would need to draw on this permanent and indefinite budget authority for $688 million sometime during FY2012.[18] This money would be needed to make a required transfer of funds from the MMIF's secondary reserve account to its primary reserve account, in order to account for an increase in the estimated losses expected to occur over the life of the loans currently insured by FHA. It would not be needed at this time to cover *actual* claims on defaulted FHA-insured loans. FHA currently has about $33 billion in reserves that it can use to pay claims,[19] and these funds would be exhausted before any additional funds from Treasury would be spent.

Since the FY2013 President's budget was released, HUD has stated that it no longer expects to need to draw on Treasury for these funds in the current fiscal year. Rather, it expects that it will receive enough money from recent legal settlements and increases in mortgage insurance premiums to cover any required transfer of funds.[20]

Funding for Project-Based Section 8 Rental Assistance Contracts

The project-based rental assistance (PBRA) account provides funding to administer and renew existing project-based Section 8 rental assistance contracts between HUD and private multifamily property owners. The President's budget requests about $600 million less for this account than was provided in FY2012. The President's budget documents acknowledge that the funding level

[18] Office of Management and Budget, *The Appendix, Budget of the United States Government, Fiscal Year 2013*, *Department of Housing and Urban Development,* p.636, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/hud.pdf.

[19] U.S. Department of Housing and Urban Development, *FHA Single-Family Mutual Mortgage Insurance Fund Programs Quarterly Report to Congress FY2012 Q1*, March 26, 2012, p. 11, available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/rtc/fhartcqtrly.

[20] See, for example, U.S. Congress, Senate Committee on Appropriations, Subcommittee on Transportation and Housing and Urban Development, and Related Agencies, *Hearing on the Proposed Fiscal 2013 Appropriations for the Federal Housing Administration*, 112th Cong., 2nd sess., March 8, 2012, during which Acting FHA Commissioner Carol Galante stated that "So the budget projection in the President's budget was that if there were no additional policy changes, and MIP [mortgage insurance premium] increases, and no additional funds through enforcement actions, and the economics that the projections were based on stay the same and the volumes stay the same, that we could draw $688 million from Treasury. Given the changes ... [t]hose two things, obviously, you know, take away the need for the $688 million ... ".

requested will not be sufficient to fund the full 12-month renewal of all of the existing contracts. Instead, the department plans to fund the contracts for partial terms (less than 12 months). The budget also requests policy changes, and indicates the department is pursuing other administrative policy changes, that will result in program savings.[21] S. 2322 would provide about $1.2 billion more for the PBRA account than requested by the President. S.Rept. 112-157 states that the committee rejects the President's proposal to short-fund Section 8 project-based rental assistance contracts and instead would provide sufficient funding to renew all contracts for 12 months. The House bill, H.R. 5972, adopts the President's request for the Section 8 project-based rental assistance account.

Community Development Block Grants

The Community Development Fund (CDF) funds several community development-related activities, including the Community Development Block Grant (CDBG) program, the federal government's largest and most widely available source of financial assistance supporting state and local government-directed neighborhood revitalization, housing rehabilitation, and economic development activities.

For FY2013, the Administration has requested $2.948 billion for the CDBG formula grants, which is the same amount provided in FY2012. S. 2322 recommends $3.1 billion for CDBG formula grants, which is 5% more than the President's request and the FY2012 funding level. H.R. 5972 proposes $3.3 billion for CDBG formula grants, almost $400 million more than the President's request and over $200 million more than proposed in S. 2322.

Title III: Related Agencies

Table 8 presents appropriations levels for the various related agencies funded within the Transportation, HUD, and Related Agencies appropriations bill.

[21] The full list of program changes are listed in HUD's Congressional Budget Justification, Project-Based Rental Assistance, p. A-3, available at http://portal.hud.gov/hudportal/documents/huddoc?id=project-based-2013.pdf.

Table 8. Appropriations for Related Agencies, FY2012-FY2013

(in millions of dollars)

Related Agencies	FY2012 Enacted	FY2013 Request	FY2013 Senate Comm.	FY2013 House Comm.
Access Board	7	7	7	7
Federal Maritime Commission	24	26	25	25
National Transportation Safety Board salaries and National Transportation Board	102	102	102	102
Amtrak Office of Inspector General	21	22	19	25
Neighborhood Reinvestment Corporation (NeighborWorks)	215	213	215	225
United States Interagency Council on Homelessness	3	4	4	3

Sources: CRS estimates based on S. 2322, S.Rept. 112-157, H.R. 5972, H.Rept. 112-541, and President's FY2013 budget documents.

Selected Budget Issues

NeighborWorks America and the National Foreclosure Mitigation Program

The Neighborhood Reinvestment Corporation, commonly known as NeighborWorks America, is a government-chartered non-profit corporation that supports a variety of community revitalization activities such as generating investment in communities and providing training and technical assistance related to affordable housing. In addition to its regular annual appropriation, since 2008 NeighborWorks has also received additional funding to distribute to housing counseling organizations to use solely for foreclosure prevention counseling. This program is known as the National Foreclosure Mitigation Counseling Program (NFMCP).[22]

In FY2012, NeighborWorks received a total of $215.3 million: a regular annual appropriation of $135 million, of which $5 million was to be used for a multifamily rental housing program, and an additional $80 million for the NFMCP.

The President's FY2013 budget request includes $213 million for NeighborWorks, a decrease of just over $2 million from FY2012. This includes a regular annual appropriation of $127 million, a decrease of more than $8 million from the FY2012 enacted level, and $86 million for the NFMCP. The Senate committee-passed bill would fund NeighborWorks at the same level as FY2012: $135 million for its regular activities and $80 million for the NFMCP. The House committee-passed bill would increase funding for NeighborWorks to $225 million. Of that amount $80 million is provided for the NMFCP.

[22] For more information on the NFMCP, see CRS Report R41351, *Housing Counseling: Background and Federal Role*, by Katie Jones.

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