Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2014 Appropriations

(name redacted)
Specialist in Housing Policy

(name redacted)
Analyst in Transportation Policy

(name redacted)
Specialist in Housing Policy

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Summary

The House and Senate Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations subcommittees are 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.

The House and the Senate have considered FY2014 funding with significantly different assumed levels of total funding. Following from this, the House and Senate THUD bills were allocated very different levels of discretionary funding for FY2014: $44.1 billion in the House, and $54.0 billion in the Senate, a difference of 23%.

Comparing funding levels proposed for FY2014 with the amounts provided in FY2013 is complex. In FY2013, Congress funded THUD agencies through a full-year continuing resolution, which provided funding generally at the same level as in FY2012, with some exceptions, and which included a 0.2% across-the-board rescission. That funding was subsequently reduced by the imposition of a sequester, which cut discretionary funding levels by around 5%. This reduced THUD funding by roughly $4.6 billion: around $1.6 billion from DOT and $3 billion from HUD.

The Administration requested $76.9 billion for DOT for FY2014. Congress enacted $71.3 billion for DOT in FY2013; after the sequester reduction, DOT received around $70.6 billion. The biggest change in the Administration's request from current funding was a proposal to restructure the Federal Railroad Administration, creating two new programs that would support existing passenger rail service and fund improvements to rail infrastructure. The Administration requested $6.4 billion for those new programs, an increase of roughly $5 billion over the amount currently provided for those purposes. Neither the House nor Senate bills supported that proposal.

The President's FY2014 budget request for HUD included nearly $35 billion in net new budget authority. This amount is an increase over FY2013, as Congress enacted $33.4 billion for HUD in FY2013, pre-sequester and pre-rescission. Accounting for sequestration and the across-the-board rescission, HUD was provided with about $31.4 billion in FY2013. The House bill (H.R. 2610) proposed about $28 billion in net new budget authority, while the Senate bill (S. 1243) proposed about $35 billion.

Congress did not enact any final FY2014 appropriations prior to the start of the fiscal year on October 1, 2013, resulting in a funding lapse and partial government shutdown that lasted until a short-term continuing resolution was enacted on October 17, 2013. Under the terms of that CR (P.L. 113-46), federal departments and agencies, including those typically funded by the THUD appropriations bill, are funded at their FY2013 levels, post-rescission and post-sequestration, back-dated from October 1, 2013, through January 15, 2014. The CR contained several THUD-related anomalies.

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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. 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 highways, transit, and intercity passenger rail infrastructure, while providing regulatory oversight to promote safety for the rail, transit, commercial trucking and intercity bus, 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 U.S. air traffic control system. It 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 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 subcommittees 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), the Neighborhood Reinvestment Corporation (often referred to as 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.

For more about the composition of the THUD funding bill, see **Appendix B**.

Status of the FY2014 THUD Appropriations Bill

Continuing Resolution

Congress did not enact any final FY2014 appropriations prior to the start of the fiscal year on October 1, 2013, resulting in a funding lapse and partial government shutdown (see **Appendix A**) that lasted until a short-term continuing resolution was enacted on October 17, 2013. Under the terms of that CR (P.L. 113-46), federal departments and agencies, including those typically funded by the THUD appropriations bill, are generally funded under the same terms and conditions, and at the same levels, as FY2013, post-rescission and post-sequestration (back-dated to October 1, 2013). The current CR is scheduled to last through January 15, 2014, or enactment of final FY2014 appropriations, whichever comes first. The CR contained several THUD-specific anomalies:

- Section 148 continues HUD's authority to convert certain properties with expiring rental assistance contracts to Section 8 voucher contracts under the Rental Assistance Demonstration.
- Section 149 provides a higher funding level ($9.35 billion) for the Federal Aviation Administration's operations.
- Section 150 extends the deadline for providing access to wireless service in DC's Metrorail system.
- Section 151 sets funding for the Maritime Administration's Maritime Security Program ($186 million).
- Section 152 extends a war risk insurance program that applies to domestic and foreign aircraft.
- Section 153 extends a terrorism-related air carrier liability program.
- Section 154 extends the Secretary of DOT's authority to provide aviation insurance and reinsurance.
- Section 155 authorizes the Secretary of DOT to obligate Highway Administration emergency relief funding from FY2013 in response to flooding in Colorado.

Please note that the remainder of this report is not updated to reflect the short-term CR.

Table 1 provides a timeline of legislative action on the FY2014 THUD appropriations bill, and **Table 2** lists the total funding provided for each of the titles in the bill for FY2013 and the amount requested for that title for FY2014. 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. For more information about the composition of THUD funding, see **Appendix B**.

Table 1. Status of FY2014 Transportation, Housing and Urban Development, and Related Agencies Appropriations

Bill	Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Approval		Public Law
	House	Senate						House	Senate	
H.R. 2610 S. 1243	June 19, 2013	June 25, 2013	June 27, 2013 H.Rept. 113-136		June 27, 2013 S.Rept. 113-45					

Source: CRS Appropriations Status Table.

Note to Reader: Comparison of FY2013 and FY2014 Figures

Due to the complexity of the FY2013 appropriations process, in which the funding levels enacted by Congress were subsequently reduced due to provisions of P.L. 112-25, the Budget Control Act of 2011, as amended (referred to as "sequestration"), comparison of FY2013 enacted funding levels with FY2014 proposed funding levels can be misleading. The primary sources of information for FY2013 funding levels are budget tables included in the House and Senate Appropriation Committees' reports on the House and Senate FY2014 THUD bills. These tables report the funding levels that Congress enacted for FY2013. The subsequent reductions due to sequestration are not shown in those budget tables, but are shown, in some cases, by documents released by the Administration. To make matters more confusing, the House budget table reports slightly different amounts for FY2013 enacted funding than the Senate budget table, because the Senate figures reflect a 0.2% across-the-board reduction that was included at the end of the Consolidated and Continuing Appropriations Act of 2013 (P.L. 113-6), while the House figures do not. In addition, Congress also appropriated $29.1 billion in emergency relief to THUD agencies, as a part of a separate and broader supplemental appropriations act, to respond to the effects of Hurricane Sandy, which are also not included in these committee tables.

The FY2013 figures used in this report

- generally exclude the emergency funding;
- include the FY2013 enacted funding, using the figures from the Senate appropriations table instead of the House appropriations table for enacted FY2013 funding, because the Senate tables reflect the 0.2% across-the-board reduction (ATB) that was part of the final FY2013 appropriations act; and
- present, when available, the post-sequester or operating level, which is the actual amount of funding provided to agencies after the sequester reductions. At the time this report was updated, this information was not available for all of the related agencies funded in the THUD appropriations bill. Please note that estimates from operating plans may also reflect transfers and reprogramming that can affect total funding levels.

Table 2. Transportation, Housing and Urban Development, and Related Agencies Appropriations, FY2013-FY2014

(in millions of dollars)

Title	FY2013 Enacted: Pre-sequester, Including 0.2% Across-the-Board Rescissions (ATB)	FY2013 Enacted: Post-sequester	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)	FY2014 Enacted
Title I: Department of Transportation	$71,300	$70,647	$76,904	$70,264	$73,013	
Title I Discretionary	*$17,909*	*$17,294*	*$16,747*	*$16,051*	*$18,778*	
Title I Mandatory	*$53,391*	*$53,353*	*$60,157*	*$54,213*	*$54,236*	
Title II: Housing and Urban Development	$33,416	$31,424	$34,929	$28,454	$35,013	
Title III: Related Agencies	$372	NA	$368	$347	$375	
Total	$104,422	NA	$111,021	$97,574	$107,541	
Total Discretionary	*$51,770*	*NA*	*$51,603*	*$44,100*	*$54,045*	
Total Mandatory	*$52,652*	*NA*	*$59,418*	*$53,474*	*$53,496*	

Sources: Table prepared by CRS based on information available in *FY2012 enacted, FY2013, and FY2014 President's Budget* funding table prepared by HUD (FY2013 enacted levels); DOT Operating Plan; H.Rept. 113-136 and S.Rept. 113-45. "Total" represents net total budgetary resources.

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. Totals may not add up due to rounding and scorekeeping adjustments. FY2013 figures do not include $13.1 billion in emergency funding for DOT and $16 billion for HUD to respond to the effects of Hurricane Sandy. See: Note to Reader: Comparison of FY2013 and FY2014 Figures

FY2013 THUD Funding and Sequestration

The congressional appropriations process for FY2013 funding for THUD (and other federal agencies) was unusually complex. Funding for the first half of FY2013 was provided through a continuing resolution at roughly the same level as in FY2012. Midway through the year Congress passed P.L. 113-6, a consolidated appropriations act; this bill included several appropriations acts and a continuing resolution providing funding for the remaining federal agencies and departments (including all those typically funded by the THUD appropriations bill) for the rest of FY2013. This act generally funded THUD agencies at their FY2012 levels, with several exceptions (anomalies). It also included a 0.2% across-the-board rescission to the funding provided to federal agencies in the bill.

However, final FY2013 funding was further reduced by an across-the-board reduction, or sequestration, required by the Budget Control Act of 2011 (BCA, P.L. 112-25), as amended by the American Taxpayer Relief Act (ATRA, P.L. 112-240). When Congress failed to take action to reduce future deficits as required by the BCA, automatic cuts required by that act went into effect. On March 1, 2013, President Obama ordered the BCA-mandated sequestration. It required a 7.8% reduction in non-exempt defense discretionary funding, a 5.0% reduction in non-exempt nondefense discretionary funding, a 5.1% reduction for most non-exempt nondefense mandatory funding, and a 7.9% reduction for non-exempt defense mandatory funding. These percentages were then applied to the funding levels in place at the time (the six-month CR) in order to calculate dollar amount reductions for each non-exempt program, project, or activity.

Around two-thirds of total DOT spending comes from the highway trust fund and is exempt from sequestration under Section 255 of P.L. 99-177 as amended, so the overall reduction in DOT funding was closer to 2%. According to a report accompanying the order, funding for DOT's programs and activities for FY2013 was reduced by about $1.6 billion as a result of the sequester.[1] The largest DOT programs subject to the cuts were the Federal Aviation Administration, the Federal Transit Administration's New Starts Program (which provides funding to local governments for new subway and light rail transit lines), and the Federal Railroad Administration's grants to Amtrak. Because the cuts to FAA's funding could have led to disruptions in air travel due to furloughs of air traffic controllers, Congress enacted P.L. 113-9 in April 2013 to allow the DOT to transfer funding from other accounts to avoid controller furloughs.[2]

[1] See "OMB Report to the Congress on the Joint Committee Sequestration for FY2013," March 1, 2013.

[2] See CRS Report R43065, *Sequestration at the Federal Aviation Administration (FAA): Air Traffic Controller Furloughs and Congressional Response*, by (name redacted), (name redacted), and (name redacted).

Nearly all of HUD's budget is non-exempt nondefense discretionary funding,[3] and was thus subject to a 5.1% reduction in funding under the sequestration order. In total, funding for HUD's programs and activities for FY2013 was reduced by about $3 billion as a result of sequestration.[4]

FY2014 THUD Funding and Sequestration

The President's FY2014 budget requested $76.9 billion in new budget resources for DOT. The requested funding was $5.6 billion more than the amount enacted for FY2013 (not counting $13.7 billion in FY2013 emergency funding). The biggest change in the FY2014 request was a request for an additional $5 billion for passenger rail facilities. Both the House and Senate bills declined to support that request. The Senate bill proposed $73.0 billion, $1.7 billion (2%) more than the enacted FY2013 amount. The House bill proposed $70.3 billion, $1.4 billion (2%) less than the enacted FY2013 amount, and $2.75 billion less than the Senate bill. The major differences between the House and Senate bills are that the House bill proposed to zero out the Transportation Investments Generating Economic Recovery (TIGER) grant program (and rescind $237 million of FY2013 funding for that program), would have provided roughly $800 million less for the Federal Aviation Administration's Operations and Facilities & Equipment accounts, would have provided $500 million less for bridge repairs funded by the Federal Highway Administration, would have provided roughly $500 million less for Amtrak and $100 million less for passenger rail grants, and would have provided roughly $350 million less for Federal Transit Administration programs.

The President's FY2014 budget requested nearly $35 billion in net new budget authority for HUD in FY2014. Congress enacted $33.4 billion for HUD in FY2013, pre-sequester, or $31.4 billion post-sequester. The House bill (H.R. 2610) would have provided $28 billion in net new budget authority, while the Senate bill (S. 1243) would have provided just over $35 billion.

In addition to requiring the sequestration discussed earlier in this report, the BCA, as amended by ATRA, also established discretionary spending limits for FY2012-FY2021. Through FY2014, separate caps are established for defense and nondefense spending. If the caps are violated, another sequestration would be ordered in order to bring spending within the caps. For FY2014, both the House and Senate appropriations bills, if enacted, would violate the spending caps and trigger a sequestration. In the House, the overall spending total is in line with the overall BCA cap, but the House's division of spending between defense and non-defense accounts violates the BCA terms, with the defense portion of the budget exceeding its cap. In the Senate, the overall budget total exceeds the overall BCA cap. If either were to become law, without other changes, a budget enforcement sequestration would likely take place. In the case of the House level, the sequestration would only affect defense spending; in the case of the Senate level, both defense and non-defense spending would be affected.

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[3] A very small amount of HUD funding is considered non-exempt mandatory ($3 million); about $250 million in the tenant-based rental assistance account is considered exempt from sequestration because it is administered jointly with the Department of Veterans Affairs; and HUD's revolving loan fund accounts are also considered exempt from sequestration.

[4] This total includes the sequester of amounts provided both by the final FY2014 appropriations law, as well as the emergency supplemental disaster funding provided for the CDBG program in response to Hurricane Sandy ($16 billion).

THUD Funding Trends

Table 3 shows funding trends for DOT and HUD over the period FY2008-FY2013, omitting emergency funding and other supplemental funding, and the amounts requested for FY2014. The purpose of **Table 3** is to indicate trends in regular 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, FY2008-FY2013

(in billions of current dollars)

Department	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013[a] pre-sequester	FY2013 post-sequester	FY2014 Request
DOT[b]	$64.7	$67.2	$75.7	$68.7	$71.6	$71.3	$70.6	$76.9
HUD	37.6	41.5	46.9	41.1	37.4	33.4	31.4	34.9

Source: U.S. House of Representatives, Committee on Appropriations, Comparative Statement of Budget Authority tables from FY2005 through FY2014 request; FY2013 post-sequester figures taken from *FY2012 enacted, FY2013, and FY2014 President's Budget* funding table prepared by HUD and DOT Operating Plan;. Unless otherwise noted, amounts are reduced to reflect across-the-board rescissions and do not reflect emergency appropriations. Figures reflect advance appropriations provided in the bill, rather than advance appropriations available in the fiscal year.

a. Figures reflect 0.2% across-the-board rescission, but do not reflect the FY2013 sequestration.

b. Totals include mandatory funding.

Detailed Tables and Selected Key Issues

Title I: Department of Transportation

Table 4 presents a selected account-by-account summary of FY2014 appropriations for DOT, compared to FY2013.

Table 4. Department of Transportation FY2013-FY2014 Detailed Budget Table

(in millions of current dollars)

Department of Transportation Selected Accounts	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Post-sequester	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Office of the Secretary (OST)					
Essential Air Service	$143	$136	$146	$100	$146
National Infrastructure Investments	499	474	500	(237)	550
Total, OST	780	789	818	240[a]	857

Department of Transportation Selected Accounts	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Post-sequester	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Federal Aviation Administration (FAA)					
Operations	9,634	9,148	9,707	9,522	9,707
Facilities & Equipment	2,725	2,588	2,778	2,155	2,730
Research, Engineering, & Development	167	159	166	145	160
Grants-in-Aid for Airports (AIP) (limitation on obligations)	3,343	3,343	2,900	3,350	3,350
Total, FAA	15,870	15,238	15,551[b]	15,146	15,921
Federal Highway Administration (FHWA) (total)	40,359	40,321	40,995	40,995	41,495
Federal Motor Carrier Safety Administration (FMCSA)					
Motor Carrier Safety Operations and Programs	250	250	259	259	259
Motor Carrier Safety Grants to States	309	309	313	313	317
Total, FMCSA	560	560	572	572	595[c]
National Highway Traffic Safety Administration (NHTSA)					
Operations and Research	250	248	267	256	287
Highway Traffic Safety Grants to States	553	553	562	562	562
Total, NHTSA	809	801	828	818[d]	848
Federal Railroad Administration (FRA)					
High-speed and intercity passenger rail grant program	—	—	—[e]	(2)	100
Rail Service Improvement Program	—	—	3,660	—	—
Amtrak	1,415	1,344	—[f]	950	1,452
Current Passenger Rail Service	—	—	2,700	—	—
Total, FRA	1,628	1,546	6,635	1,163	1,765
Federal Transit Administration (FTA)					
Formula and bus grants	8,461	8,461	8,595	8,595	8,595
Capital investment grants (New Starts)	1,951	1,855	1,982	1,816	1,943
Total, FTA	10,708	10,597	10,910	10,517	10,868

Department of Transportation Selected Accounts	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Post-sequester	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Maritime Administration (MARAD)	349	327	365	324	393
Assistance to small shipyards	10	9	—	—	10
Pipeline and Hazardous Materials Safety Administration (PHMSA)	201	191	255	205	244
Research and Innovative Technology Administration (RITA)	16	15	—[g]	—	—
Office of Inspector General	80	75	86	80	87
Saint Lawrence Seaway Development Corporation	32	31	33	31	33
Surface Transportation Board	29	28	31	29	32
DOT Totals					
Appropriation (discretionary funding)	17,909	17,294	16,747	16,051	18,778
Limitations on obligations (mandatory funding)	52,652	52,652	59,418	53,474	53,496
Exempt contract authority (mandatory funding)	739	701	739	739	739
Total non-emergency budgetary resources, DOT	71,300	70,647	76,904	70,264	73,013
Emergency appropriations	13,070	12,417	—	—	—
Subtotal—new funding	84,370	83,064	76,904	70,264	73,013
Rescissions	—[h]	—[h]	-453	-752	-131
Net new discretionary budget authority	17,909	17,294	16,295	15,298	18,646

Sources: Table prepared by CRS based on information available in S.Rept. 113-45 (for FY2013 enacted, FY2014 Request, and FY2014 Senate), H.Rept. 113-136 (for FY2014 House), and sequester impact information from the DOT (for FY2013 After Sequester Reduction).

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. See: Note to Reader: Comparison of FY2013 and FY2014 Figures

The FY2013 figures do not reflect $100 million in mandatory funding.

a. The House bill would rescind $237 million from the FY2013 funding for OST; for budgetary purposes, this would reduce the discretionary FY2014 figure for OST to $3 million, but OST would have $240 million available in FY2014.

b. The budget proposes a $450 million rescission of contract authority for FAA, which would not reduce the amount available for FY2014 but would reduce the discretionary budget figure to $15,101 million.

c. The Senate bill adds $19 million to help states develop motor carrier data systems.

d. The House bill includes a $153 million rescission of contract authority, which would not reduce funding available in FY2014 but would reduce the NHTSA total, for budgetary purposes, to $665 million.

e. The Administration requested $3.7 billion for a proposed new Rail Service Development Program, which would have included the functions of the High Speed and Intercity Passenger Rail Grant Program.

f. The Administration requested $2.7 billion for a proposed new Current Passenger Rail Service Program, which would have provided funding for Amtrak.

g. The Administration proposed transferring RITA's functions to the Office of the Secretary. The House and Senate bills both agree to this change, and provide $14 million (House) and $15 million (Senate) to the OST for this purpose.

h. Across-the-board rescission of 0.2% already reflected in figures.

Selected Budget Issues

Overall, the FY2014 request totaled $76.9 billion in new budget resources for DOT.[5] The requested funding was $5.6 billion more than enacted for FY2013, and $6.3 billion more than actually received (not counting emergency funding provided in FY2013). The biggest change in the request from current funding is a request for an additional $5 billion for passenger rail grants.

Over and above the $76.9 billion, the Administration also proposed an additional $50 billion for immediate transportation investments; similar proposals have been included in previous years' requests. The House and Senate bills do not support this proposal.

The House bill would provide $70.3 billion for FY2014. The largest source of the difference between the amount requested and the House bill is the Administration's request for almost $5 billion in additional resources for passenger rail development, which the House bill does not provide. Also, the House bill would not only zero out the $500 million TIGER grant program request, but would also rescind $237 million from the TIGER funding provided for FY2013, a $737 million difference from the budget request.

The Senate bill would provide $73.0 billion for FY2014. As with the House bill, the primary difference (in dollar terms) between the Senate bill and the Administration's request is the almost $5 billion in additional funding for passenger rail development, which the Senate bill also omits.

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.[6] 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. In January 2012 the Congressional Budget Office projected that the trust fund would become insolvent around the end of FY2013, given current revenue and expenditure levels.[7] The Moving Ahead for

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[5] This number, taken from the Senate committee report, can vary according to the treatment of offsetting collections, mandatory funding, rescissions, and other budgetary considerations. The DOT's FY2014 Budget Highlights report gives a figure of $77.2 billion.

[6] 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.

[7] Congressional Budget Office, The *Budget and Economic Outlook, Fiscal Years 2012 to 2022*, January 2012, p. 126, (continued...)

Progress in the 21st Century Act, or MAP-21 (P.L. 112-141), enacted in 2012, authorized additional transfers from the general fund to the highway trust fund to keep the fund solvent through FY2014.[8]

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: whether a gallon of gas costs $1 or $4, the highway trust fund receives 18.3 cents for each gallon of gasoline and 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 (as more efficient vehicles are able to travel farther on a gallon of fuel). The Congressional Budget Office has forecast that gasoline consumption will be relatively flat through 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.[9] 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.[10]

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 desired improvements.[11] These reports call for considerably higher levels of spending on transportation infrastructure, by both the federal government and the states.

When the authorization provided by MAP-21 expires at the end of FY2014, Congress will again face policy choices concerning surface transportation. Its options are to reduce the scope of federal highway and transit programs, to increase federal taxes on motor fuels to support the programs as currently authorized, or to obtain funding from other sources, such as the general fund. Over the longer term, increases in vehicle fuel efficiency resulting from previously enacted legislation and greater use of electric vehicles are likely to constrain motor fuel consumption, leaving in question the viability of motor fuel taxes as the principal source of surface transportation funding.[12]

(...continued)

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.

[8] See CRS Report R42762, *Surface Transportation Funding and Programs Under MAP-21: Moving Ahead for Progress in the 21st Century Act (P.L. 112-141)*, coordinated by (name redacted).

[9] Ibid., p. 91.

[10] Ibid., Table 4-3.

[11] 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/).

[12] For more information on the difficulties facing the Highway Trust Fund and alternative proposed revenue sources, see out of print CRS Report R41490, *Surface Transportation Funding and Finance*, by (name redacted) and William J.
(continued...)

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 intended to address two criticisms of the current structure of federal transportation funding: that virtually all of the funding is distributed to state and local governments which select projects based on their individual 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 federal transportation 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 TIGER program provides grants to projects of regional or national significance in various modes on a competitive basis, with recipients selected by the federal DOT.[13]

Congress has continued to support the TIGER program through the annual DOT appropriations acts.[14] There have been four rounds of TIGER grants (from ARRA funding, and from FY2010-FY2012 annual appropriations), with the fifth round (FY2013) in process. The Administration requested $500 million for FY2014, the same amount enacted by Congress in previous years.

The House bill would not provide any funding for the program for FY2014, noting that while "the Nation is in desperate need for infrastructure investment,"[15] the Administration has not defined the selection criteria by which recipients are selected (the House also proposed no funding for the program in FY2013). The House bill would also rescind $237 million from the FY2013 funding.

The Senate bill would provide $550 million.

Essential Air Service (EAS)

The EAS program seeks to preserve commercial 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.

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 also contend that subsidizing air service to smaller

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(...continued)

Mallett, available from the authors.

[13] Although the program is, by description, intended to fund projects of national and regional significance, in practice its funding has gone more toward projects of regional and local significance. In part this is a function of congressional intent, as Congress has directed that a portion of the funding go to projects in rural areas and has set low minimum grant thresholds ($1 million for rural projects); in part it may be a function of the program funding—$500 million is not a great deal of money relative to the cost of projects which will have national and regional impacts, as such projects may cost hundreds of millions of dollars each; and in part it has been a function of the choices of DOT, which has chosen to award grants to dozens of projects each year, with virtually all of the grants for less than $20 million.

[14] Congress continues to refer to the program as "National Infrastructure Investment" in appropriations acts.

[15] H.Rept. 113-136, p. 9.

communities promotes economic development in rural areas. Critics of the program note that the subsidy cost per passenger is relatively high,[16] that many of the airports in the program have very few passengers, and that some of the airports receiving EAS subsidies are little more than an hour's drive from major airports.

In addition to the annual discretionary appropriation for the program, there is a mandatory annual authorization of $100 million financed by overflight fees collected from commercial airlines by the FAA. This funding does not appear in the appropriation budget tables.[17]

The Administration requested $146 million for the EAS program in FY2014. This appears comparable to the $143 million enacted for FY2013, but would actually represent a significant increase, as the mandatory funding portion of the program was $50 million in FY2013. Thus, the total funding provided for the EAS program in FY2013 was $193 million (the $143 million appropriation plus the $50 million mandatory funding).[18] The Administration's FY2014 request would provide a total of $246 million, including the mandatory funding.

Both the House and Senate bills support the Administration request. The bills also supported the request to eliminate a requirement that airlines 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 provision has been included in recent appropriations acts. The House bill also includes a provision prohibiting EAS funding to communities whose rate of subsidy per passenger is greater than $500.

The current FAA 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).[19] The legislation also repealed the local participation program, a pilot program established in 2003 under which some communities assumed a portion of the cost of their EAS subsidies.

High Speed and Intercity Passenger Rail

The budget proposed a total of $6.4 billion for a new National High Performance Rail System program with two grant programs: $2.7 billion for a Current Passenger Rail Service grant program (which would primarily fund maintenance and improvement of existing intercity passenger rail service, i.e., Amtrak) and $3.7 billion for a Rail Service Improvement grant program (which would fund new intercity passenger rail projects as well as some improvements to freight rail). Neither the House nor the Senate bill supported this realignment and funding

[16] 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).

[17] 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.

[18] This does not reflect sequester reduction.

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

increase. The Senate bill would provide $100 million to support improvements to existing passenger rail service and multistate planning efforts.

The 111th Congress (2009-2010) provided $10.5 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. Since then, Congress has provided no additional funding for this program, and in FY2011 rescinded $400 million of the unobligated portion of the $10.5 billion already appropriated.

The $10.1 billion went to the High Speed and Intercity Passenger Rail Grant Program. Despite its name, this program has provided funding mainly to develop intercity passenger rail service with top speeds of 90 or 110 miles per hour. There is only one state, California, that is actively pursuing development of a high speed rail line that would provide dedicated tracks for passenger trains traveling at speeds greater than 150 miles per hour. 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—Current Passenger Rail Service—for which $2.7 billion was requested. This account would fund publicly owned passenger rail asset development and maintenance, primarily Amtrak. Congress enacted $1.415 billion in capital, operating, and debt service grants for Amtrak in FY2013; after sequestration, Amtrak received $1.344 billion.

Amtrak also submits a grant request to Congress each year, separate from the Administration's budget request. Amtrak requested $2.65 billion for FY2014.[20] Most of the difference between Amtrak's request and the amount it received in FY2013 is additional funding for capital improvements and purchase of new rolling stock.

The House bill would provide $950 million for Amtrak for FY2014. The Senate bill would provide $1.45 billion. The difference between the two bills lies primarily in the amount of capital funding they would provide for Amtrak. For operating assistance, the House bill would provide $350 million, the Senate bill up to $390 million; Amtrak requested $373 million. But for capital assistance grants (not including funding for service of Amtrak debts, around $200 million), the House bill would provide roughly $400 million, and Senate bill roughly $860 million; Amtrak requested roughly $2 billion.

Table 5 shows the amount of funding appropriated for Amtrak grants in FY2013, requested by the Administration for FY2014, and recommended by the House and Senate Committees on Appropriations.

[20] Amtrak, *FY2014 Grant and Legislative Request*, March 27, 2013, Table 2; available at http://www.amtrak.com (About Amtrak>Reports and Documents>Grant and Legislative Requests).

Table 5. Amtrak Grants, FY2013-FY2014

(in millions of dollars)

Grant	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Operating: Post-sequester	FY2014 Administration Budget Request	FY2014 Amtrak Independent Budget Request	FY2014 House (H.R. 2610)	FY2014 Senate (S. 1243)
Operating Grants	$465	$442	_	$373	$350	$390
Capital and Debt Service Grants	950	902	_	2,277	600	1,062
Total Grants	$1,415	$1,344	$2,700	$2,650	$950	$1,452

Sources: H.Rept. 113-136, S.Rept. 113-45, Federal Railroad Administration FY2014 Budget Estimate, Amtrak FY2014 Grant and Legislative Request, post-sequester funding information from DOT.

Notes: The Senate bill capped the debt service portion of Amtrak's FY2014 grant at $199 million; the House bill did not specify an amount for debt service. The Administration did not request funding for these accounts, but requested $2.7 billion for a new "Current Passenger Rail Service" account, of which $2.4 billion would go directly to Amtrak, and the remaining $300 to states, but for the purpose of subsidizing their payments to Amtrak for state-supported routes. See: Note to Reader: Comparison of FY2013 and FY2014 Figures

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[21] and extensions to existing lines. There have been two primary components to the program, based on project cost. The New Starts component funds capital projects with total costs over $250 million which are seeking more than $75 million in federal funding; the Small Starts component funds capital projects with total costs under $250 million which are seeking less than $75 million in federal funding. In the transit program reauthorization enacted in 2012, Congress added a third component, Core Capacity. This component will fund expansions to existing fixed-guideway systems that are at or near capacity.

Congress enacted appropriated $1.95 billion for the Capital Investment Grants program in FY2013; after sequestration, the program received $1.85 billion. The Capital Investment Grants program provides funding to large projects over a period of years, meaning that in each year the majority of Capital Investment Grant funding is already committed to existing projects. FTA reports that as a result of the funding reduction in FY2013, it was unable to make any new grants

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

for the first time in 20 years, and was forced to reduce the amount paid to grantees under existing grant agreements.[22]

For FY2014, the Administration requested $1.98 billion for the program. The House bill would provide $1.82 billion; the Senate bill would $1.94 billion. FTA reports that existing grant agreements will account for $1.71 billion.

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 6 presents an account-by-account summary of FY2014 appropriations proposals for HUD, compared to FY2013 enacted levels, both including and excluding the sequester reductions. Pre-sequester FY2013 enacted funding levels are taken from the Senate Appropriations Committee report for FY2014 HUD appropriations (S.Rept. 113-45), which reflect the FY2013 across-the-board rescission, but not the sequestration reduction. Post-sequester funding levels are also provided, taken from estimates prepared by HUD.

[22] Federal Transit Administration, "FY2014 Budget Highlights for FTA's Capital Grant Program" (http://www.fta.dot.gov/documents/NS_FY14_BUDGET_OVERVIEW.pdf).

Table 6. HUD FY2014 Detailed Budget Table

(in billions of dollars)

Accounts	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Including Sequestration Reductions	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Appropriations					
Management and Administration	1.329	1.262	1.339	1.263	1.336
Tenant-based rental assistance (Sec. 8 vouchers)[a]	18.909	18.172	19.989	18.611	19.592
Rental Assistance Demonstration	0.000	0.000	0.010	0.000	0.010
Public housing capital fund	1.871	1.777	2.000	1.500	2.000
Public housing operating fund	4.253	4.054	4.600	4.262	4.600
Choice Neighborhoods	0.120	0.114	0.400	0.000	0.250
Family Self Sufficiency[b]	0.000[b]	0.000[b]	0.075	0.060	0.075
Native American housing block grants	0.649	0.616	0.650	0.600	0.675
Indian housing loan guarantee	0.012	0.012[c]	0.006	0.006	0.006
Native Hawaiian Block Grant	0.013	0.012	0.013	0.000	0.013
Native Hawaiian loan guarantee	0.000[d]	0.000[d]	0.000	0.000	0.000[d]
Housing, persons with AIDS (HOPWA)	0.331	0.315	0.332	0.303	0.332
Community Development Fund (Including CDBG)	3.301	3.135	3.143	1.697	3.295
Sec.108 loan guarantee; subsidy	0.006	0.006	0.000[e]	0.000[e]	0.000[e]
Capacity Building	0.000	0.000	0.020[f]	0.000	0.000
HOME Investment Partnerships	0.998	0.948	0.950	0.700	1.000
Self-Help Homeownership	0.053	0.051	0.000[f]	0.030	0.054
Homeless Assistance Grants	2.029	1.933	2.381	2.088	2.261
Project Based Rental Assistance (Sec. 8) [a]	9.322	8.872	10.272	9.051	10.772
Housing for the Elderly	0.374	0.355	0.400	0.375	0.400
Housing for Persons with Disabilities	0.165	0.156	0.126	0.126	0.126
Housing Counseling Assistance[g]	0.045	0.043	0.055	0.035	0.055
Manufactured Housing Fees Trust Fund[h]	0.006	0.006	0.008	0.007	0.008
Rental Housing Assistance[h,i]	0.001	0.001	0.021	0.021	0.021
FHA Expenses[h]	0.207	0.196	0.127	0.127	0.199
GNMA Expenses[h]	0.019	0.018	0.021	0.019	0.021
Research and technology	0.046	0.044	0.050	0.021	0.048
Fair housing activities[j]	0.071	0.067	0.071	0.056	0.070
Office, lead hazard control[k]	0.120	0.114	0.120	0.050	0.120
Information Technology Fund (formerly Working Capital Fund)	0.199	0.189	0.285	0.100	0.210

Accounts	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Including Sequestration Reductions	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Inspector General	0.124	0.118	0.128	0.124	0.127
Transformation Initiative	0.050	0.047	0.000[l]	0.000	0.000[l]
Appropriations Subtotal (Including advances provided in current year for subsequent year)	*44.624*	*42.632*	*47.592*	*41.230*	*47.676*
Rescissions					
Choice Neighborhoods	0.000	0.000	0.000	-0.120	0.000
TBRA Prior Year Advance Rescission	0.000	0.000	0.000	-0.003	0.000
Rental housing assistance rescission	0.000	0.000	-0.004	-0.004	-0.004
Rescissions Subtotal	*0.000*	*0.000*	*-0.004*	*-0.127*	*-0.004*
Offsetting Collections and Receipts					
Manufactured Housing Fees Trust Fund[m]	-0.004	-0.004	-0.007	-0.007	-0.007
Federal Housing Administration (FHA)[n]	-10.434	-10.434	-11.824	-11.824	-11.824
GNMA	-0.770	-0.770	-0.819	-0.819	-0.819
Offsets Subtotal	*-11.208*	*-11.208*	*-12.650*	*-12.650*	*-12.650*
Total Budget Authority Provided[o]	**33.416**	**31.425**	**34.939**	**28.454**	**35.023**
Emergency Appropriations	*16.000[p]*	*15.200[p]*	*0.000*	*0.000*	*0.000*
Total Budget Authority Provided, Including Emergency Appropriations	**49.416**	**46.625**	**34.939**	**28.454**	**35.023**

Sources: Table prepared by CRS based on S.Rept. 113-45 (FY2013 pre-sequester enacted levels), *FY2012 enacted, FY2013, and FY2014 President's Budget* funding table prepared by HUD (FY2013 post-sequster enacted levels), the President's FY2014 budget documents, including HUD Congressional Budget Justifications (FY2014 request), H.Rept. 113-136 (FY2014 Housing Appropriations Committee), and S.Rept. 113-45 (FY2014 Senate Appropriations Committee).

Note:

a. Amounts shown reflect the amount provided in the bill for both the current year and the amount provided in the bill for the next year in the form of an advance appropriation. The amount available to the account in the fiscal year is actually the amount provided in the bill for the current year plus the advance provided in the prior year. Any differences in advance appropriations are generally reflected as scorekeeping adjustments calculated by CBO.

b. The Family Self Sufficiency program has traditionally been funded in the tenant-based rental assistance account. The President's FY2014 budget requests that a modified version of the program be funded in a separate account. Both the House and Senate bills would also include funding for this program within a separate account.

c. P.L. 113-6 provided increased funding for the Indian Housing Loan Guarantee Program ($12 million, as compared to $6 million in FY2012) to support a higher level of loan commitment authority in FY2013 ($976 million, as compared to $360 million in FY2012). Program activity has been increasing in recent years, and on multiple occasions HUD has had to suspend new mortgage guarantees under the program when it exhausted its available budgetary resources. (It most recently suspended new mortgage guarantees in early March 2013; that suspension lasted until additional budget authority was provided in P.L. 113-6.) P.L. 113-6 also authorized an increase in the guarantee fees that HUD charges under the program; increasing guarantee fees charged to borrowers could reduce the amount of appropriated funds necessary to cover program costs.

d. Enacted and proposed amounts for the Native Hawaiian loan guarantee round to less than $1 million. The enacted level in FY2013 was $385,000. The Senate Appropriations Committee proposes the same level in FY2014.

e. For FY2014, the President requested a new fee structure for the Section 108 loan guarantee program that would make the program self-sustaining without appropriations. Both the House and Senate bills adopted this proposal.

f. The Self-Help Homeownership Opportunity Program (SHOP) account funds both SHOP and capacity building activities. In each of the last several years, including FY2014, 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 a separate account.

g. 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 FY2014 budget requests $77 million for the NFMCP, the House Appropriations Committee would provide $58 million, and the Senate Appropriations Committee would provide $77 million.

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

i. 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.

j. 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 FY2014, the President's budget request proposes to fund FHIP at $44 million and FHAP at $25 million. Neither the House nor Senate Appropriations Committee-passed bills specify the breakdown between FHIP and FHAP.

k. 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 (name red acted).

l. The President's budget and the Senate Appropriations Committee-passed bill propose to fund the Transformation Initiative via transfer from other accounts, $80 million in the case of the President's request and $60 million in the case of S. 1243.

m. 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. 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.

n. 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.

o. Amounts shown reflect the amount provided in the bill for both the current year and the amount provided in the bill for the next year in the form of an advance appropriation. The amount available in the fiscal year is actually the amount provided in the bill for the current year plus the advance provided in the prior year. Any differences in advance appropriations are generally reflected as scorekeeping adjustments calculated by CBO. For FY2013, the total, post-sequester amount available in the fiscal year (excluding the advance provided in FY2013 for use in FY2014 and including the advance provided in FY2012 for use in FY2013) was $31.196 billion.

p. Provided for CDBG in P.L. 113-2. Note that actual amount provided by P.L. 113-2 was $16 billion, but that amount was later reduced to $15.2 billion by sequestration.

Selected Budget Issues

FHA Mutual Mortgage Insurance Fund (MMIF)

The Federal Housing Administration's (FHA's) single-family mortgage insurance program is financed through the Mutual Mortgage Insurance Fund (MMI Fund),[23] which is intended to be supported through fees paid by borrowers rather than through appropriations.[24] However, like all federal credit programs, the MMI Fund has permanent and indefinite budget authority to draw funds from Treasury without further congressional action if it ever needs additional funds to pay for higher-than-expected claims.

In recent years, increased mortgage default rates and falling house prices have increased the amount of losses expected in the future on mortgages that are currently insured under the MMI Fund. This has increased the amount of funds that FHA must hold in reserve to pay for expected future losses, and reduced the amount of additional funds that FHA has available to pay for additional, unexpected increases in future losses.[25]

The FY2014 budget request includes $943 million in mandatory funding for the MMI Fund.[26] These funds might be needed to make a required transfer of funds to the MMI Fund's primary reserve account (which holds funds to pay for expected future losses) from its secondary reserve account (which holds additional funds to pay for unanticipated future losses) in order to cover an increase in the losses that are expected in the future on the loans that are currently insured. If these funds from Treasury are needed, they would not be spent immediately; they would only be spent in the future if the existing funds held in reserve to pay for expected future losses were exhausted.[27]

FHA had until the end of FY2013 to transfer funds from the secondary reserve account to the primary reserve account. FHA did use its permanent and indefinite budget authority to draw $1.7 billion from Treasury at the end of FY2013 in order to make its required transfer of funds between reserve accounts in that year.[28] This marked the first time that the MMI Fund has had to draw funds from Treasury for this purpose.[29]

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[23] FHA also insures mortgages on multifamily properties and healthcare facilities. These mortgages are insured under a separate insurance fund, the General and Special Risk Insurance Fund (GI/SRI Fund).

[24] FHA does receive an annual appropriation to pay for staff salaries, contracts, and administrative expenses.

[25] For more information on FHA's financial status, see CRS Report R42875, *The FHA Single-Family Mortgage Insurance Program: Financial Status and Related Current Issues*, by (name redacted).

[26] *The Appendix, Budget of the United States Government, Fiscal Year 2014*, p. 574, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/hud.pdf.

[27] As of the second quarter of FY2013, the MMI Fund had over $25 billion to pay for expected future losses, and an additional $11 billion to pay for unanticipated future losses, for a total of about $36 billion available to pay claims on defaulted mortgages. See FHA's *Quarterly Report to Congress on the FHA Single-Family Mutual Mortgage Insurance Fund Programs*, FY2013 Q2, page 12, http://portal.hud.gov/hudportal/documents/huddoc?id=MMIQtQ22013FIN07112013.pdf.

[28] The President's FY2014 budget anticipated that FHA would need funds from Treasury to make the required transfer of funds in FY2013, although the amount that the MMI Fund ultimately needed was higher than the amount anticipated in the President's budget.

[29] The FY2013 budget included an estimate that the department would need to draw $688 million for the MMI Fund by the end of FY2012, but FHA was able to avoid drawing these funds due to increases in the fees it charged for new FHA-insured loans and funds it received from legal settlements with mortgage companies.

Eminent Domain Proposals

Some localities throughout the country have begun to explore the possibility of using the power of eminent domain to purchase mortgages with negative equity[30] at current market values (but for an amount less than what the borrower still owes on the mortgage), and then providing a new mortgage to the borrower for a lower principal amount.[31] While some policy makers argue that this would be a way to help borrowers regain equity in their homes and stabilize local housing markets, others have argued that such a proposal undermines private contracts and could have unwelcome consequences for future mortgage lending. Several policy makers who have been concerned about this use of eminent domain have called on government agencies, such as FHA, to explain what kind of policies they might adopt if a local jurisdiction adopted such a program.

The House committee report (H.Rept. 113-136) expressed concern over the possible use of eminent domain to purchase negative equity mortgages, and included instructions to HUD to submit a study on the effects that this possibility could have on housing and mortgage markets. The Senate committee report (S.Rept. 113-45) indicated that the committee would "continue to monitor developments" related to the use of eminent domain, and that it expects FHA to keep the committee informed of any policies it would pursue if an eminent domain proposal moved forward.

Funding for the Community Development Fund

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 FY2014, the Administration requested $3.143 billion for Community Development Fund (CDF) activities, including $2.798 billion for CDBG formula grants to states, entitlement communities, and insular areas and $70 million for Indian tribes. The Administration also requested $75 million for Regional Integration Planning Grants. In FY2013, the total amount available for CDF after application of the 0.2% across-the-board rescission and sequestration was approximately $3.135 billion.[32] The $3.143 billion requested by the Administration is $8 million more than the $3.135 billion appropriated for FY2013, $152 million less than the amount recommended in S. 1243 as reported by the Senate Appropriations Committee, but $1.446 billion more than recommended in H.R. 2610, as reported by the House Appropriations Committee.

Regarding CDBG formula grants, S. 1243, the Senate Appropriations Committee-passed bill, recommended $3.150 billion, which exceeds the President's request of $2.798 billion by $352 million. H.R. 2610, as reported by the House Appropriations Committee, recommended $1.637

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30 Negative equity means that the amount owed on the mortgage is greater than the current value of the home securing the mortgage.

31 For more information on these proposals, see CRS Legal Sidebar Post WSLG187, Legal Questions Abound Proposals to Use Eminent Domain to Acquire Underwater Mortgages, by (name redacted).

32 Final FY2013 estimate for CDF is based on FY2013 appropriations levels available on the HUD Community Planning and Development website, that apply both the 0.2% across-the-board rescission and sequestration. See http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget.

billion for CDBG formula grants, which is $1.161 billion less than the amount requested by the President and $1.513 billion less than the amount recommended in the Senate Appropriations Committee bill. S. 1243, consistent with the Administration's request, included $75 million for Regional Integration Planning Grants. The House bill did not include funding for the program.

Community Development Block Grant Minimum Allocations

The Administration's FY2014 budget request included a proposal that would limit CDBG formula grants to communities meeting a minimum grant allocation. CDBG formula grants are awarded to "entitlement communities," which are defined as metropolitan cities or urban counties that meet certain population criteria. Under the proposal, which has not been formally introduced, a community qualifying for CDBG entitlement status based on the population threshold must also be eligible to receive a minimum grant amount equal to or greater than 0.125% of the amount made available to all entitlement communities in order to qualify for funds. The President's proposal for a minimum allocation would eliminate 239 communities as CDBG entitlement communities based on proposed FY2014 funding of $2.798 billion. The proposal, as outlined in the Administration's FY2014 budget justification, would be phased in over a number of years starting in FY2014 and ending in FY2018. HUD also proposed to eliminate the grandfathering provisions of the CDBG program, which extend entitlement status to communities that no longer meet the minimum population threshold. HUD estimates that an additional 57 communities would no longer meet the population threshold if the proposal to end granfathering were adopted.

According to HUD, some communities that fail to meet the minimum allocation threshold would have the option of entering into a joint agreement with the urban county in which it is located. If an affected local government is not in an urban county, it would have the option of participating in the state-administered CDBG program. The report (S.Rept. 113-45) accompanying the Senate Appropriations Committee-passed bill, S. 1243, included language that rejects the Administration's proposal.

Title III: Related Agencies

Table 7 presents appropriations levels for the various related agencies funded within the Transportation, HUD, and Related Agencies appropriations bill.

Table 7. Appropriations for Related Agencies, FY2013-FY2014

(in millions of dollars)

Related Agencies	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Post-sequester	FY2014 Request	FY2014 House Comm. (H.R. 2610)	FY2014 Senate Comm. (S. 1243)
Access Board	$7	$7	$7	$7	$7
Federal Maritime Commission	24	23	25	24	25
National Transportation Safety Board	102	N/A[a]	103	102	103
Amtrak Office of Inspector General	20	N/A[b]	25	25	21
Neighborhood Reinvestment Corporation (NeighborWorks)	215	204[c]	204	185	215
United States Interagency Council on Homelessness	3	N/A[d]	4	3	4

Sources: Table prepared by CRS based on the FY2014 Senate Appropriations Committee Report, S.Rept. 113-45 (FY2013 enacted levels); agency operating plans (post-sequestration enacted levels); the President's FY2014 budget documents, including Congressional Budget Justifications (FY2014 requested levels); H.Rept. 113-136 (House Appropriations Committee-approved levels); and S.Rept. 113-45 (Senate Appropriations Committee-approved levels).

Note: N/A indicates final FY2013 post-sequester funding levels are not currently publicly available.

a. The sequester reduction calculated by OMB for the National Transportation Safety Board was $5 million. Office of Management and Budget, *Report to Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, p. 66.

b. The sequester reduction calculated by OMB for the National Railroad Passenger Corporation Office of Inspector General was $1 million. Office of Management and Budget, *Report to Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, p. 66.

c. The NeighborWorks FY2013 Operating Plan, available at http://www.nw.org/network/aboutUs/policy/documents/FY2013OperatingPlan.pdf.

d. The sequester reduction calculated by OMB for the Interagency Council on Homelessness was $500,000 or less. Office of Management and Budget, *Report to Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, p. 68.

Selected Budget Issues

NeighborWorks America and the National Foreclosure Mitigation Counseling Program

The Neighborhood Reinvestment Corporation, commonly known as NeighborWorks America, is a government-chartered non-profit corporation that supports a national network of local organizations that engage in a variety of community revitalization and affordable housing activities by providing those local organizations with grants, training, and technical assistance. In addition to receiving an annual appropriation for these activities, 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), and was intended to be a temporary program to address high residential foreclosure rates in recent years.[33]

The President's FY2014 budget requested $127 million for NeighborWorks to support its traditional activities and $77 million for the NFMCP, for a total of $204 million. This is compared to a FY2013 post-sequestration funding level of $128 million for its traditional activities and nearly $76 million for the NFMCP, for a total of $204 million.[34]

The House committee-passed bill proposed $127 million for the regular NeighborWorks appropriation and $58 million for the NFMCP, for a total of $185 million. The Senate committee-passed bill proposed $138 million for the regular NeighborWorks appropriation and $77 million for the NFMCP, for a total of $215 million. The House committee-explained the proposed reduction by noting that the NFMCP funding was not intended to be permanent, and that data show that the rate of foreclosures has begun to decrease (H.Rept. 113-136). The Senate committee proposed to continue funding the NFMCP at a similar level as the prior year. The Senate committee report noted that the NFMCP is not a permanent program, but indicates that it still believes that funding for the program is warranted because foreclosure rates, while falling from their peak, remain high by historical levels (S.Rept. 113-45).

[33] For more information on the NFMCP, see CRS Report R41351, *Housing Counseling: Background and Federal Role*, by (name redacted).

[34] See NeighborWorks America, Fiscal Year 2014 Budget Justification, http://www.nw.org/network/aboutUs/policy/documents/FY2014BudgetJust-FINAL-April2013.pdf.

Appendix A. FY2014 Funding Lapse

FY2014 Funding Lapse and Partial Government Shutdown

The federal government experienced a funding lapse beginning on October 1, 2013, which ended when the Continuing Appropriations Act (P.L. 113-46) was signed into law on October 17, 2013. This funding lapse resulted in a partial "government shutdown"┐ which included the suspension on non-essential government services and the furlough of federal employees who were not excepted. P.L. 113-46 provided funding through January 15, 2014; further appropriations acts would need to be enacted before then to avoid another funding gap. P.L. 113-46 also provided for all federal employees to be retroactively paid as if they had been at work for the shutdown period.

All agencies typically funded by the THUD appropriations act were affected, to varying degrees. Federal agencies were required to submit contingency plans that detail the specific impacts anticipated as a result of the shutdown and which services would be continued and which employees would be exempted.

- The Department of Transportation's shutdown contingency plan can be accessed at http://www.dot.gov/mission/budget/dot-2014-plan-appropriation-lapse.
- The Department of Housing and Urban Development's shutdown contingency plan can be accessed http://portal.hud.gov/hudportal/documents/huddoc?id=HUDContingencyPlan2013.pdf.

Appendix B. 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 technically correct. This is possible because the THUD appropriations bills include 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 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.[35] This is the amount of new funding allocated each year by the appropriations committees. Appropriations are drawn from 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.

Most 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.

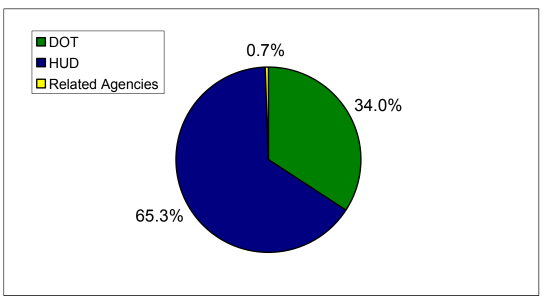
[35] According to *Congressional Quarterly*'s *American Congressional Dictionary*, discretionary appropriations are appropriations not mandated by existing law and therefore made available annually in appropriation bills in such amounts as Congress chooses. The Budget Enforcement Act of 1990 defines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

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, offset in some way.

Allocation across Agencies

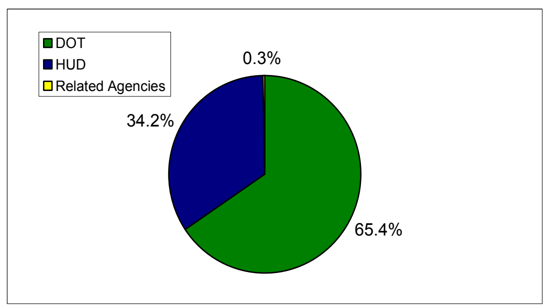
Once the THUD subcommittees receive their 302(b) allocations, they must decide how to allocate the funds across the different agencies within their jurisdiction. As shown in **Figure B-1**, when it comes to net discretionary budget authority (appropriations, less any offsets), the majority of funding allocated by the appropriations subcommittees generally goes to HUD (about two-thirds in FY2013). However, as shown in **Figure B-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 B-1. Allocation of THUD Net Discretionary Budget Authority, FY2012



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

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



Source: 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 subcommittees 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 B-1**, 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 B-1. 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.

The amount of these "budget savings" can vary from year to year, meaning that the "cost" of providing the same level of appropriations may vary as well.

Author Contact Information

(name redacted)
Specialist in Housing Policy
/redacted/@crs.loc.gov, 7-....

(name redacted)
Analyst in Transportation Policy
/redacted/@crs.loc.gov, 7-....

(name redacted)
Specialist in Housing Policy
/redacted/@crs.loc.gov, 7-....

Key Policy Staff

Area of Expertise	Name	Phone	E-mail
Transportation			
General DOT funding, passenger rail, NHTSA, FMCSA, surface transportation safety and security	D. Randall Peterman	7-....	/redacted/@crs.loc.gov
Aviation safety, aviation security, Federal Aviation Administration,	(name redacted)	7-....	/redacted/@crs.loc.gov
Airport Improvement Program, Federal Highway Administration, transportation trust funds	(name redacted)	7-....	/redacted/@crs.loc.gov
Federal Railroad Administration, freight transportation, Maritime Administration, Surface Transportation Board	(name redacted)	7-....	/redacted/@crs.loc.gov

Area of Expertise	Name	Phone	E-mail
Federal Transit Administration, surface transportation policy	(name redacted)	7-....	/redacted/@crs.loc.gov
Housing and Urban Development			
Public Housing, Section 8 rent assistance, (project-based and vouchers), general HUD funding	(name redacted)	7-....	/redacted/@crs.loc.gov
Community Development, including CDBG	(name redacted)	7-....	/redacted/@crs.loc.gov
FHA, HOME, Housing Counseling, NAHASDA	(name redacted)	7-....	/redacted/@crs.loc.gov
Section 202 and Section 811, homelessness assistance, including HOPWA	(name redacted)	7-....	/redacted/@crs.loc.gov
Related Agencies			
Neighborhood Reinvestment Corporation/NeighborWorks	(name redacted)	7-....	/redacted/@crs.loc.gov
Interagency Council on Homelessness	(name redacted)	7-....	/redacted/@crs.loc.gov
United States Access Board	(name redacted)	7-....	/redacted/@crs.loc.gov
Amtrak IG	D. Randall Peterman	7-....	/redacted/@crs.loc.gov
Federal Maritime Commission	(name redacted)	7-....	/redacted/@crs.loc.gov