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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.

In the deliberations on FY2013 THUD funding during the second session of the 112th Congress, the House passed a THUD bill (H.R. 5972) and the Senate Committee on Appropriations reported out a THUD bill (S. 2322), but this bill was not passed by the Senate. Thus Congress did not enact a separate THUD funding bill prior to the beginning of FY2013.

THUD appropriations for FY2013 were provided through a pair of continuing resolutions (CRs): P.L. 112-175 provided funding from the beginning of FY2013 through March 27, 2013, and P.L. 113-6 provided funding through the end of FY2013. These CRs provided funding at roughly the FY2012 level. These CRs included several exceptions (anomalies) for individual DOT and HUD accounts. P.L. 113-6 also included an across-the board rescission of 0.2%.

FY2013 THUD funding was further reduced by the imposition of a sequester, per the terms of the Budget Control Act. The sequester reduced DOT funding by around $1.6 billion, and HUD funding by around $3 billion.

In terms of final FY2013 THUD funding, Congress enacted $71.3 billion for DOT in FY2013; after the sequester reduction, DOT received around $70.6 billion. Congress enacted $33.4 billion for HUD in FY2013, pre-sequester. Accounting for sequestration, HUD was provided with about $31.4 billion in FY2013.

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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 related 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

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 Approval		Public Law
	House	Senate						House	Senate	
H.R. 5972 (112th Congress) S. 2322 (112th Congress)	June 7, 2012	April 17, 2012	June 20, 2012 H.Rept. 112-541	June 29, 2012	April 19, 2012 S.Rept. 112-157					
H.R. 933 (113th Congress)				March 6, 2013 267-151				March 21, 2013 318-109	March 20, 2103 73-26	P.L. 113-6 March 26, 2013

Source: CRS Appropriations Status Table.

(...continued)

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

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

(in millions of dollars)

Title	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Including 0.2% Across-the-Board Rescissions (ATB)	FY2013: Post-sequester
Title I: Department of Transportation	$71,574	$73,356	$69,664	$70,203	$71,300	$70,354
Title I Discretionary	*$19,505*	*$14,293*	*$17,634*	*$18,104*	*$17,909*	*$17,001*
Title I Mandatory	*$52,069*	*$59,063*	*$52,029*	*$52,099*	*$53,391*	*$53,353*
Title II: Housing and Urban Development	$37,434	$33,555	$33,583	$34,961	$33,416	$31,424
Title III: Related Agencies	$373	$374	$388	$373	$372	NA
Total	*$109,381*	*$107,285*	*$103,635*	*$105,537*	*$105,088*	*NA*
Total Discretionary	*$57,312*	*$48,223*	*$51,606*	*$53,438*	*$51,697*	*NA*
Total Mandatory	*$52,069*	*$59,063*	*$52,029*	*$52,099*	*$53,391*	*NA*

Sources: Table prepared by CRS based on information available in H.Rept. 112-541, S.Rept. 112-157, FY2012 enacted, FY2013, and FY2014 President's Budget, table prepared by HUD (FY2013 HUD post-sequester enacted levels); DOT Operating Plan (FY2013 DOT post-sequester enacted levels). "Total" represents net total budgetary resources. Totals may not add up due to rounding and scorekeeping adjustments. Figures do not include emergency supplemental funding.

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.

FY2013 THUD Funding Consideration During the 112th Congress

The President's FY2013 budget requested $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-passed bill and Senate Committee on Appropriations' bills recommended roughly the same level of funding as in FY2012 (not counting the emergency funding). The House-passed FY2013 THUD bill (H.R. 5972) included 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 Senate THUD bill (S. 2322) proposed to fund the TIGER program and provide a minimal level of funding for high speed rail development ($100 million, compared to the $1.0 billion request). 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; in July 2012, Congress passed surface transportation reauthorization legislation that did restructure DOT's surface transportation program but differed from the Administration proposal.

The President's FY2013 budget requested nearly $34 billion in net new budget authority for 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 requested an increase of more than $512 million compared to FY2012. The difference—a decrease in net budget authority versus 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 threatened to veto the House bill. In part this threat came because of the House's overall discretionary funding level for FY2013, which was below the ceiling allowed for FY2013 under the terms of the 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.

FY2013 appropriations were not enacted before the start of the fiscal year, so Congress enacted a continuing resolution (H.J.Res. 117) providing funding for federal agencies at roughly the FY2012 level for the first six months of FY2013. The 112th Congress adjourned without enacting final FY2013 appropriations.

The Disaster Relief Appropriations Act, 2013

On January 29, 2013, President Obama signed the Disaster Relief Appropriations Act, 2013, into law (P.L. 113-2). The act provided $50.7 billion in supplemental funding and legislative provisions to address both the immediate losses from Hurricane Sandy, as well as to support mitigation for future disasters. The act contained $13.07 billion for DOT, including funding for repairs to public transportation ($10.9 billion) and roads ($2.0 billion).

The act contained $16 billion in funding for HUD, all of which was provided to the Community Development Block Grant (CDBG) program. The law established a number of terms and conditions for the funding that vary from the rules covering the regular CDBG program. In addition, P.L. 113-2 included language to allow HUD to make funding adjustments in the Section 8 Housing Choice Voucher for local public housing authorities affected by the storm.[4]

The Budget Control Act and FY2013 Sequestration

FY2013 discretionary appropriations were considered in the context of the Budget Control Act of 2011 (BCA, P.L. 112-25). The BCA established discretionary spending limits for FY2012-

[4] For more information about the supplemental, see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief*, coordinated by (name redacted) and (name redacted).

FY2021.[5] It allowed for the adjustment of the discretionary limits for several different purposes, including for appropriations designated as being for disaster relief and appropriations designated as emergency requirements.

The BCA also tasked a Joint Select Committee on Deficit Reduction to develop a federal deficit reduction plan for Congress and the President to enact by January 15, 2012. The failure of Congress and the President to enact deficit reduction legislation by that date triggered an automatic spending reduction process established by the BCA, consisting of a combination of sequestration and lower discretionary spending caps that were scheduled to begin on January 2, 2013. However, prior to that date, Congress enacted the American Taxpayer Relief Act of 2012 (ATRA, P.L. 112-240), which made several substantive changes to the BCA, including a delay of the scheduled BCA sequester until March 1, 2013, and a reduction of the total amount scheduled to be sequestered.[6]

The sequestration process for FY2013 required automatic, largely across-the-board spending cuts at the program, project, or activity level to achieve equal budget reductions from both defense and nondefense funding. The level of cuts was to be determined by the Office of Management and Budget (OMB), under terms specified by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the BCA and ATRA.

On March 1, 2013, President Obama ordered the BCA-mandated sequestration. OMB calculated that 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.[7] The majority of DOT's budget was exempted from sequestration per Section 255 of P.L. 99-177 as amended, so the overall reduction in DOT funding was closer to 2%, though because of the exclusions the impact was uneven, with affected accounts being reduced by 5%. Nearly all of HUD's budget is non-exempt discretionary funding,[8] and thus was subject to a 5% reduction in funding for FY2013. These percentages were then applied to the funding levels in place at the time in order to calculate dollar amount reductions for each non-exempt account. According to a report accompanying the order, funding for DOT's programs and activities for FY2013 was reduced by about $1.6 billion; funding for HUD's programs and activities for FY2013 was reduced by about $3 billion as a result of the sequester.[9]

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[5] For more information about the BCA, see CRS Report R41965, *The Budget Control Act of 2011*, by (name redacted), (name redacted), and (name redacted).

[6] For more information about ATRA, see CRS Report R42949, *The American Taxpayer Relief Act of 2012: Modifications to the Budget Enforcement Procedures in the Budget Control Act*, by (name redacted)

[7] Office of Management and Budget, Memorandum for the Heads of Executive Departments and Agencies (M-13-06), "Issuance of the Sequestration Order Pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as Amended, March 1, 2013."

[8] 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 Veterans Administration; and HUD's revolving loan fund accounts are also considered exempt from sequestration.

[9] These totals include the sequester of amounts provided both by the continuing resolution, as well as the emergency supplemental disaster funding provided for DOT's Public Transportation Emergency Relief Program ($10.9 billion) and HUD's CDBG program ($16 billion) in response to Hurricane Sandy. The DOT total does not include a $316 million reduction in transfers to the Highway Trust Fund, which does not affect program funding for FY2013. See "OMB Report to the Congress on the Joint Committee Sequestration for FY2013," March 1, 2013.

The Further Continuing Appropriations Act, 2013

Congress passed H.R. 933, as amended, which included continuing appropriations for THUD and several other federal agencies, on March 21, 2013; it was signed into law on March 26, 2013, as P.L. 113-6. Division F of P.L. 113-6, the Further Continuing Appropriations Act, 2013, provides funding for THUD in Titles I and VIII. Funding is provided generally at the level and under the conditions provided in FY2012, as modified by anomalies, the application of the sequester, and a 0.2% across-the-board rescission in section 3004 of the act.

Anomalies include the following:

- For DOT, adjusting the funding levels of certain accounts changing certain statutory references to reflect provisions of P.L. 112-141, the surface transportation authorization act enacted after passage of FY2012 THUD appropriations.
- Funding increases for some HUD programs. These include the Homeless Assistance Grants, Section 8 tenant-based rental assistance, the Public Housing Operating Fund, and Indian Housing Loan Guarantees.

THUD Funding Trends

Changes in Appropriations Subcommittee Structures Make 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 Request

(in billions of current dollars)

Department	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 Request
DOT[a]	$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.

Note: Figures do not include emergency or supplemental funding.

a. Figures include mandatory funding.

FY2013: Detailed Tables and Selected Key Issues

Title I: Department of Transportation

Table 4 presents an account-by-account summary of FY2013 appropriations for DOT, compared to FY2012.

Table 4. Department of Transportation FY2013 Detailed Budget Table

(in millions of current dollars)

Department of Transportation Selected Accounts	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Operating: Post-sequester
Office of the Secretary (OST)						
Essential Air Service[a]	143	114	114	114	143	136
National Infrastructure Investments	500	500	—	500	499	474
Total, OST	780	783	261	830	781	742
Federal Aviation Administration (FAA)						
Operations	9,653	9,718	9,718	9,698	9,634	9,148
Facilities & Equipment	2,731	2,850	2,750	2,750	2,725	2,588
Research, Engineering, & Development	168	154	149	134	167	159
Grants-in-Aid for Airports (AIP) (limitation on obligations)	3,350	3,350	3,350	3,350	3,343	3,343
Total, FAA	15,902	15,145	15,966	15,932	15,870	15,238

Department of Transportation Selected Accounts	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Operating: Post-sequester
Federal Highway Administration (FHWA) (total)	41,545	42,569	39,883	39,883	40,359	40,321
Federal Motor Carrier Safety Administration (FMCSA)						
Motor Carrier Safety Operations and Programs	248	250	244	248	250	250
Motor Carrier Safety Grants to States	307	330	307	309	309	309
Total, FMCSA	555	580	551	572	560	560
National Highway Traffic Safety Administration (NHTSA)						
Operations and Research	250	338	274	259	250	248
Highway Traffic Safety Grants to States	550	643	502	550	553	553
Total, NHTSA	800	981	776	809	809	801
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	1,415	1,344
System Development	—	4,046	—	—	—	—
Total, FRA	1,632	2,731	2,015	1,758	1,628	1,546
Federal Transit Administration (FTA)						
Formula and bus grants	8,361	—	8,361	8,361	8,461	8,461
Capital investment grants (New Starts)	1,897	—	1,806	2,032	1,951	1,855
Total, FTA	10,550	10,733	10,369	10,705	10,708	10,597
Maritime Administration (MARAD)	349	344	338	387	349	327
Assistance to small shipyards	10	—	—	9	10	9
Pipeline and Hazardous Materials Safety Administration (PHMSA)	201	276	205	224	201	191
Research and Innovative Technology Administration (RITA)	16	—	14	—	16	15
Office of Inspector General	80	84	84	84	80	75

Department of Transportation Selected Accounts	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Operating: Post-sequester
Saint Lawrence Seaway Development Corporation	32	33	33	33	32	31
Surface Transportation Board	28	30	30	28	29	28
DOT Totals						
Appropriation (discretionary funding)	17,942	19,685	17,770	18,240	17,909	17,001
Limitations on obligations (mandatory funding)	52,069	59,062	52,029	52,099	52,652	52,652
Exempt contract authority (mandatory funding)	739	739	739	739	739	701
Total non-emergency budgetary resources, DOT	70,750	73,356	70,538	71,008	71,300	70,354
Emergency appropriations	1,662	—	—	—	13,070	12,417
Subtotal—new funding	72,412	74,230	70,538	71,008	84,370	82,771
Rescissions	-3,886	-57	-135	-135	—[d]	—[d]
Net new discretionary budget authority	19,505	14,294	17,634	18,104	17,909	17,001

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). Information on post-sequester funding levels provided by DOT.

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. Table does not include funding provided under continuing resolutions. The FY2013 figures do not reflect $100 million in mandatory funding.

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.

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

Selected Budget Issues

Program Authorizations

On July 6, 2012, new surface transportation authorization legislation was signed into law. P.L. 112-141, Moving Ahead for Progress in the 21st Century (MAP-21), was enacted after the House had passed, and the Senate Appropriations Committee had reported out, their FY2013 THUD bills. MAP-21 authorizes funding levels similar to those the affected DOT administrations (FHWA, FMCSA, NHTSA, and FTA) received in FY2012, but it made changes to the program structure of several of those DOT agencies.

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 described 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 had 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. Thus, while the FY2012 enacted funding and the appropriation amounts recommended in H.R. 5972 and S. 2322 for FY2013 were 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-passed bill and Senate Committee on Appropriations' bill would have provided roughly the same level of funding as in FY2012 (not counting the emergency funding). The final enacted amount, $70.6 billion, is slightly less (about $100 million) than the FY2012 enacted amount

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.[10] 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.[11] The MAP-21

[10] 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.

[11] 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 (continued...)

legislation enacted in 2012 authorized additional transfers from the general fund to the Highway Trust Fund to keep the fund solvent through FY2014.

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.[12] 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.[13]

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.[14] 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 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.[15]

(...continued)

in FY2014.

[12] Ibid., p. 91.

[13] Ibid., Table 4-3.

[14] 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/).

[15] 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 (name redacted) and (name redacted) (available upon request).

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 have gone to increasing the funding levels of existing surface transportation programs, and the Federal Railroad Administration and the Federal Transit Administration's New Starts transit construction program would have been added to the programs financed by the fund. This proposal reflected, 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.[16] 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. This proposal was not supported by Congress.

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 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.[17]

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-passed bill did not provide 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. This program was not included in the MAP-21 authorization act.[18] The FY2013 enacted bill funded TIGER at the FY2012 level, $500 million; after sequestration reductions and rescission, the program received $474 million.

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[16] 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.

[17] 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.

[18] MAP-21 includes a similar discretionary program, Projects of National and Regional Significance; to be eligible for that program, a project must have eligible project costs expected to be exceed $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.

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,[19] 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 appeared 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).[20] 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 proposed to increase the mandatory funding from $50 million to $100 million; added to the $114 million discretionary funding requested, that would have provided a total of $214 million for the EAS program. This would have been an 11% ($21 million) increase over FY2012.

Both the House-passed bill and the Senate Committee on Appropriations' bill supported the Administration request. The bills also supported 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).[21] The legislation also repealed

[19] 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).

[20] 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.

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

the local participation program, a pilot program established in 2003 under which communities assumed a portion of the cost of their EAS subsidy.

The final FY2013 enacted bill provided $143 million for the program, the same amount as in FY2012; after sequestration reductions and rescission, the program received $136 million.

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 described 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-passed bill did not include 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. The 112th Congress provided no 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; it also provided no funding for the program for FY2012. The final FY2013 enacted funding bill did not provide any funding for the program.

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 pointed to 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.[22] Amtrak's authorized funding level for FY2013 is $2.256 billion.[23]

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-passed bill recommended $1.802 billion.

Table 5 shows the amount of funding appropriated for Amtrak grants in FY2012, requested by the Administration for FY2013, recommended by the House and Senate Committees on Appropriations, and final enacted.

Table 5. Amtrak Grants, FY2012-FY2013

(in millions of dollars)

Grant	FY2012	FY2013 Administration Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Post-sequester
Operating Grants	466	—	350	400	465	442
Capital and Debt Service Grants	952	—	1,452	1,050	950	902
Total Grants	1,418	1,546	1,802	1,450	1,415	1,344

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 was 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 bill included $500 million for this new program. The federal share for projects funded under this program would be up to 80%. This proposal was not included in the enacted bill.

[22] 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).

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

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[24] 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.

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 have provided $2.0 billion, a 2% increase over FY2012 but $200 million less than requested. This would have covered the majority of the costs for existing and pending full funding grant agreements. The House bill would have provided $1.817 billion, $138 million (7%) below the FY2012 level. The final FY2013 enacted bill provided $1.955 billion; after sequestration reductions and rescission, the program received $1.855 billion.

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 6 presents an account-by-account summary of FY2013 appropriations for HUD compared to FY2012.

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

Table 6. HUD FY2013 Detailed Budget Table

(in billions of dollars)

Accounts	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Including Sequestration Reductions
Appropriations						
Management and Administration	1.332	1.349	1.325[a]	1.339	1.329	1.262
Tenant Based Rental Assistance (Sec. 8 vouchers)[b]	18.914	19.074	19.134	19.396	18.909	18.172
Public housing capital fund	1.875	2.070	1.985	1.985	1.871	1.777
Public housing operating fund	3.962	4.524	4.524	4.591	4.253	4.054
Choice Neighborhoods	0.120	0.150	0.000	0.120	0.120	0.114
Family Self Sufficiency[c]	0.000[c]	0.060	0.000[c]	0.000[c]	0.000c	0.000[c]
Native American housing block grants	0.650	0.650	0.650	0.650	0.649	0.616
Indian housing loan guarantee	0.006	0.007	0.006	0.006	0.012d	0.012
Native Hawaiian Block Grant	0.013	0.013	0.000	0.013	0.013	0.012
Native Hawaiian loan guarantee	0.000[e]	0.001	0.000[e]	0.000[e]	0.000[e]	0.000[e]
Housing, persons with AIDS (HOPWA)	0.332	0.330	0.332[a]	0.330	0.331	0.315
Community Development Fund (Including CDBG)	3.308	3.143	3.404	3.210	3.301	3.135
Sec.108 loan guarantee; subsidy	0.006	0.000[f]	0.006	0.000[f]	0.006	0.006
HOME Investment Partnerships	1.000	1.000	1.200	1.000	0.998	0.948
Self-Help Homeownership	0.054	0.000[g]	0.060	0.054	0.053	0.051
Homeless Assistance Grants	1.901	2.231	2.005[h]	2.146	2.029	1.933
Project Based Rental Assistance (Sec. 8) [b]	9.340	8.700	8.700	9.876	9.322	8.872
Housing for the Elderly	0.375	0.475	0.425	0.375	0.374	0.355
Housing for Persons with Disabilities	0.165	0.150	0.165	0.150	0.165	0.156
Housing Counseling Assistance[i]	0.045	0.055	0.045	0.055	0.045	0.043
Manufactured Housing Fees Trust Fund[j]	0.007	0.008	0.004	0.006	0.006	0.006
Rental Housing Assistance[j,k]	0.001	0.000	0.000	0.000	0.001	0.001
FHA Expenses[j]	0.207	0.215	0.215	0.215	0.207	0.196
GNMA Expenses[j]	0.020	0.021	0.021	0.021	0.019	0.018
Research and technology	0.046	0.052	0.052	0.046	0.046	0.044
Fair housing activities[l]	0.071	0.068	0.068	0.068	0.071	0.067
Office, lead hazard control[m]	0.120	0.120	0.120	0.120	0.120	0.114

Accounts	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. (S. 2322/ 112th)	FY2013 Enacted: Pre-sequester, Post-0.2% ATB	FY2013 Enacted: Including Sequestration Reductions
Working capital fund	0.199	0.170	0.170h	0.230n	0.199	0.189
Inspector General	0.124	0.126	0.126	0.125	0.124	0.118
Transformation Initiative	0.050	0.000[o]	0.050	0.043	0.050	0.047
Appropriations Subtotal (Including advances provided in current year for subsequent year)	*44.241*	*44.763*	*44.791*	*46.169*	*44.624*	*42.632*
Rescissions						
Housing Certificate Fund	-0.200	0.000	0.000	0.000	0.000	0.000
TBRA Prior Year Advance Rescission	-0.650	0.000	0.000	0.000	0.000	0.000
Rental housing assistance rescission	-0.232	0.000	0.000	0.000	0.000	0.000
Rescissions Subtotal	*-1.082*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
Offsetting Collections and Receipts						
Manufactured Housing Fees Trust Fund[p]	-0.004	-0.004	-0.004	-0.004	-0.004	-0.004
Federal Housing Administration (FHA)[q]	-5.172	-10.434	-10.434	-10.434	-10.434	-10.434
GNMA	-0.650	-0.770	-0.770	-0.770	-0.770	-0.770
Offsets Subtotal	*-5.826*	*-11.208*	*-11.208*	*-11.208*	*-11.208*	*-11.208*
Total Non-Emergency Budget Authority Provided[r]	**37.334**	**33.555**	**33.583**	**34.961**	**33.416**	**31.424**
Emergency Funding	*0.100*	*0.000*	*0.000*	*0.000*	*16.000*[s]	*15.200*[s]
Total Budget Authority Provided, Including Emergency Funding	**37.434**	**33.555**	**33.583**	**34.961**	**49.416**	**46.624**

Sources: Table prepared by CRS based on H.Rept. 112-541, the House Appropriations Committee report to accompany H.R. 5972 (FY2012 enacted levels); the President's FY2013 budget documents, including HUD Congressional Budget Justifications (FY2013 requested levels); H.R. 5972 and H.Rept. 112-541 (House-proposed levels); S. 2322 and S.Rept. 112-157 (Senate Committee-proposed levels); the FY2014 Senate Appropriations Committee Report, S.Rept. 113-45 (FY2013 enacted levels); and *FY2012 enacted, FY2013, and FY2014 President's Budget,* table prepared by HUD (FY2013 enacted levels, reflecting sequestration).

a. A floor amendment (H.Amdt. 1331) reduced HUD's salaries and expenses by $2 million and provided an additional $2 million for HOPWA.

b. 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.

c. The Family Self Sufficiency program has traditionally been funded in the tenant-based rental assistance account. The President's FY2013 budget requested that a modified version of the program be funded in a separate account. Both the House and Senate bills included funding for this program within the tenant-based rental assistance account, and the Consolidated and Further Continuing Appropriations Act (P.L. 113-6) continued funding through the tenant-based account.

d. 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.

e. Amounts for the Native Hawaiian loan guarantee round to less than $1 million. Enacted levels were $386,000 in FY2012 and $385,000 in FY2013.

f. The President's budget requested a new fee structure for the Section 108 loan guarantee account, which would have eliminated the need for appropriations. S. 2322 adopted this proposal, but it was not enacted.

g. The Self-Help Homeownership Opportunity Program (SHOP) account funds both SHOP 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 included funding for capacity building activities, but under the Community Development Fund account. However, recent appropriations laws have continued to fund both SHOP and capacity building under the SHOP account.

h. A floor amendment (H.Amdt. 1347) reduced HUD's Working Capital Fund by $5 million and provided an additional $5 million for Homeless Assistance Grants.

i. 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 requested $85.9 million for the NFMCP, while the Senate and House bills proposed $80 million, the same as the FY2012-enacted level. Ultimately the Consolidated and Further Continuing Appropriations Act (P.L. 113-6) funded the NFMCP at the FY2012 level of $80 million (prior to reduction by the across-the-board rescission and sequestration).

j. 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.

k. The Rental Housing Assistance 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.

l. 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. In FY2013, pursuant to the Consolidated and Further Continuing Appropriations Act (P.L. 113-6), funding levels were the same as in FY2012, less the 0.2% across-the-board rescission and sequestration.

m. 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).

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

o. The President's budget request proposed that the Transformation Initiative be funded solely by transfers from other HUD accounts.

p. 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.

q. 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 by the end of FY2012. After the budget was released, HUD announced that it no longer expected to need that mandatory funding due to increases in FHA reserves from recent legal settlements with mortgage servicers and higher mortgage insurance premiums. However, HUD was required to make a mandatory transfer of $1.7 billion at the end of FY2013, which is not reflected in this table. For more information, see the "FHA Mutual Mortgage Insurance Fund (MMIF)" section of this report.

r. Total shown reflects amount provided in the bill, not the amount available in the fiscal year. Any difference is attributable to differences in advance appropriations. In FY2013, the amount of advance appropriations provided in the bill was $229 million more than the amount available in the fiscal year as a result of sequester reductions to the advance appropriation provided in FY2012 for use in FY2013. This difference is typically treated as a scorekeeping adjustment by the Congressional Budget Office. The total, sequester-reduced, non-emergency funding available in FY2013, accounting for the scorekeeping adjustment, is $31.196 billion.

s. Provided for CDBG in P.L. 113-2.

Selected Budget Issues

FHA Mutual Mortgage Insurance Fund (MMIF)

FHA's single-family mortgage insurance program is intended to be self-financing. The fees that FHA collects from borrowers are deposited in its insurance fund, the Mutual Mortgage Insurance Fund (MMIF), and have historically been sufficient to cover the expected losses from the loans insured. However, if the MMIF ever does not have enough money to cover expected losses 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 during FY2012.[25] The budget estimated that 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 future losses expected to occur over the life of the loans insured by FHA. The anticipated need for these funds did not mean that FHA was currently out of money; at the time, FHA had about $33 billion in reserves that it could use to pay claims,[26] and those funds would have had to be exhausted before any additional funds from Treasury would have been spent. Rather, the budget included these funds because it was estimated that the funds that FHA had on hand would not be enough to cover all of its expected future losses on insured

[25] 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.

[26] 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.

loans. Any funds drawn from Treasury would have been held in reserve to pay for these expected future losses.

After the FY2013 President's budget was released, HUD stated that it no longer expected to need this funding from Treasury in FY2012. Rather, it expected that it would receive enough money from recent increases in the fees it charges for mortgage insurance and legal settlements to cover any increases in expected losses.[27] Therefore, FHA did not have to draw on its permanent and indefinite budget authority with Treasury in FY2012.

However, FHA did ultimately 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]

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 requested about $600 million less for this account than was provided in FY2012. The President's budget documents acknowledged that the funding level requested would not be sufficient to fund the full 12-month renewal of all of the existing contracts. Instead, the department planned to "short-fund" the contracts, meaning fund them for partial terms (less than 12 months). The budget also requested policy changes, and indicated that the department was pursuing other administrative policy changes that would result in program savings.[29] S. 2322 proposed about $1.2 billion more for the PBRA account than was requested by the President, stating that the committee rejected 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, adopted the President's request for the Section 8 project-based rental assistance account. Ultimately the PBRA account was funded at the FY2012 level ($9.340 billion), less amounts for the 0.2% across-the-board rescission (reducing funding to $9.322 billion[30]), and sequestration (about another $470 million[31]). That amount was

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[27] 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."

[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 MMIF ultimately needed was higher than the amount anticipated in the President's budget.

[29] 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.

[30] S.Rept. 113-45.

[31] Office of Management and Budget, *Report to Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, p. 31, http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjcsequestrationreport.pdf. Note that this reduction is greater than the sequester reduction shown in **Table 6** because it reflects the sequester reduction in the advance appropriation available in FY2013, whereas **Table 6**shows only the advance provided in FY2013 for use in FY2014, which was not subject to a sequester reduction.

not sufficient to "fully fund" PBRA contracts, thus requiring HUD to short-fund contracts in FY2013.

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 requested $3.1 billion for CDF, which was less than the $3.3 billion appropriated in FY2012. S. 2322, the Senate Appropriations Committee-passed bill, recommended $3.2 billion for CDF, approximately $100 million more than the President's request. H.R. 5972, the House-passed bill, proposed $3.4 billion for CDF, almost $300 million more than the President's request and $200 million more than proposed in S. 2322. The FY2013 Consolidated and Further Continuing Appropriations Act (P.L. 113-6) funded CDF at $3.3 billion; after the 0.2% across-the-board rescission and sequestration, the amount available for CDF was approximately $3.1 billion.

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, FY2012-FY2013

(in millions of dollars)

Related Agencies	FY2012 Enacted	FY2013 Request	FY2013 House (H.R. 5972/ 112th)	FY2013 Senate Comm. S. 2322/ 112th)	FY2013 Enacted: Includes 0.2% Rescission but not Sequestration	FY2013 Enacted: Includes Sequestration Reductions
Access Board	7	7	7	7	7	7
Federal Maritime Commission	24	26	25	25	24	23
National Transportation Safety Board salaries and National Transportation Board	102	102	102	102	102	NA[a]
Amtrak Office of Inspector General	21	22	25	19	20	NA[b]
Neighborhood Reinvestment Corporation (NeighborWorks)	215	213	225	215	215	204[c]
United States Interagency Council on Homelessness	3	4	3	4	3	[d]

Sources: Table prepared by CRS based on H.Rept. 112-541, the House Appropriations Committee report to accompany H.R. 5972 (FY2012 enacted levels); the President's FY2013 budget documents, including Congressional Budget Justifications (FY2013 requested levels); H.R. 5972 and H.Rept. 112-541 (House-proposed levels); S. 2322 and S.Rept. 112-157 (Senate Committee-proposed levels); the FY2014 Senate Appropriations

Committee Report, S.Rept. 113-45 (FY2013 enacted levels); and agency operating plans (post-sequestration enacted levels).

Notes: NA means final post-sequester funding levels are not 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 is $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 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).[32]

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 included $213 million for NeighborWorks, a decrease of just over $2 million from FY2012. This included 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 proposed funding NeighborWorks at the same level as FY2012: $135 million for its regular activities and $80 million for the NFMCP. The House-passed bill proposed increasing funding for NeighborWorks to $225 million. Of that amount, $80 million was designated for the NFMCP. The FY2013 Consolidated and Further Continuing Appropriations Act (P.L. 113-6) funded NeighborWorks at the FY2012 level, including funding for the NFMCP, of $215.3 million. The application of the across-the-board rescission in P.L. 113-6 reduced funding to $214.9 million,[33] and sequestration reduced funding to $204.1 million.[34]

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

[33] S.Rept. 113-45.

[34] Neighborhood Reinvestment Corporation, NeighborWorks America Statement of Sources and Uses of Funds Comparison of FY2013 Justification to FY2013 Operating Plan, http://www.nw.org/network/aboutUs/policy/documents/FY2013OperatingPlan.pdf.

Appendix.

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.[35] 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.

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.

[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.

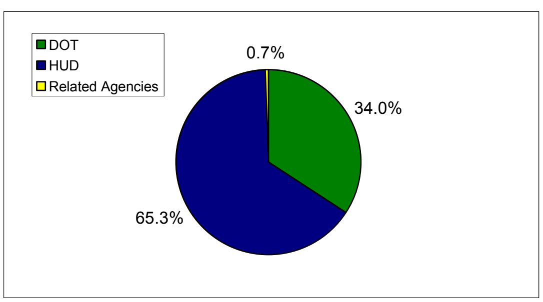
When the Appropriations Committee subcommittees are given their "302(b) allocations"—that is, when the total amount that the Appropriations Committee has to spend for a fiscal year is divided among the subcommittees—that figure includes only net discretionary budget authority (non-emergency appropriations, 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, or offset in some way.

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.

Allocation Across Agencies

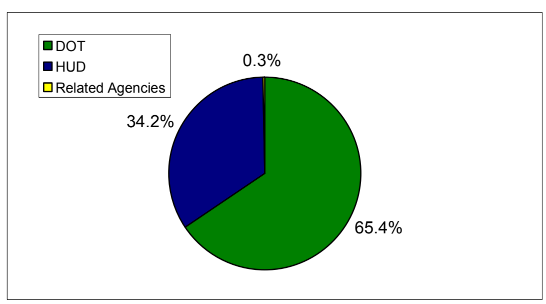
Once the THUD subcommittees receive their 302(b) allocations, they must decide how to allocate the funds across the different agencies within their jurisdiction. As shown in **Figure A-1**, when it comes to net discretionary budget authority (appropriations, less any offsets), the vast majority of funding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



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

Figure A-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 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 A-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 A-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.

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.

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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
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Federal Maritime Commission	(name redacted)	7-....	/redacted/@crs.loc.gov