

# CRS Report for Congress

## Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2008 Appropriations

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

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

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

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

# Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2008 Appropriations

## Summary

The FY2008 Transportation, Housing and Urban Development, and Related Agencies appropriations bill provides funding for the Department of Transportation (DOT), the Department of Housing and Urban Development (HUD), and five independent agencies related to these two departments.

The Bush Administration requested \$100.3 billion (after scorekeeping adjustments) for these agencies for FY2008, an increase of 1% over the \$99.4 billion Congress provided in FY2007. Of that request, DOT would receive \$64.5 billion, \$1.3 billion more than provided in FY2007. HUD would receive \$35.6 billion, \$1.0 billion less than provided in FY2007.

The increase in funding for DOT comes primarily in the highway and transit programs. The request would cut funding for aviation (primarily, a \$764 million cut in grants to airports) and Amtrak (-\$494 million) from their FY2007 levels. Similar cuts were proposed by the Administration for FY2007, and rejected by Congress.

The proposed cuts to HUD's budget are primarily for Community Development Funds (-\$735 million), Housing for the Elderly (-\$160 million), and Housing for the Disabled (-\$112 million). In addition, a total of \$130 million would be cut through the elimination of the HOPE VI, Rural Housing and Economic Development, Brownfields Redevelopment, and Section 108 Loan Guarantees programs. Similar cuts were proposed by the Administration for FY2007, and rejected by Congress.

Both the House and Senate Committees on Appropriations have provided their THUD subcommittees with 302(b) allocations that are roughly \$3 billion more than the equivalent amount requested by the Administration. This, in combination with statements by leadership, makes it appear likely that the committees will recommend more funding than the President requested.

This report will be updated.

## Key Policy Staff

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

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

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# Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2008 Appropriations

## Most Recent Developments

On June 14, 2007, the Senate Committee on Appropriations released the FY2008 302(b) allocations that determine the amount of funding available to each Senate Appropriations subcommittee. The THUD Subcommittee received an allocation of \$51.1 billion,<sup>1</sup> \$3.5 billion (7%) above the comparable FY2007 allocation and \$3.1 billion (6%) above the amount requested by the Administration for FY2008 (and \$400 million more than the House Appropriations Committee's THUD allocation).

On June 11, 2007, the House Committee on Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies marked up a draft of the FY2008 THUD appropriations bill. According to a statement released by the subcommittee, the bill rejected reductions in funding for the Airport Improvement Program, Amtrak, the Community Development Block Grant Program, Section 8 housing vouchers, and housing programs for the elderly and disabled.

On June 5, 2007, the House Committee on Appropriations released the FY2008 302(b) allocations that determine the amount of funding available to each House Appropriations subcommittee. The THUD subcommittee received an allocation of \$50.7 billion, \$3.2 billion (7%) above the comparable FY2007 allocation and \$2.8 billion (6%) above the amount requested by the Administration for FY2008.

## Overview

The President's net FY2008 request for the programs covered by this appropriations bill was \$100.3 billion (after scorekeeping adjustments). This was \$917 million (1%) over the net total provided for FY2007.

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<sup>1</sup> The 302(b) allocations deal with general funds of the treasury. Most of the Department of Transportation funding in the THUD bill comes from trust funds, a category of funding not included in the 302(b) allocations. The Administration's FY2008 budget request for the Department of Transportation includes \$51.6 billion from trust funds, so the THUD subcommittee's 302(b) allocation represents roughly half of the funds available to the subcommittee for FY2008.

The DOT request is \$64.5 billion, \$1.3 billion (2%) more than the amount provided for FY2007. This growth is largely for highway (net \$1.7 billion increase) and transit (net \$447 million increase) programs. These increases reflect the rise in the FY2008 authorized funding level over the FY2007 level for these two programs, which receive almost all of their funding from transportation trust funds. However, the request does not provide the full authorized funding level: it is \$631 million below the authorized level for highway programs and \$309 million below the authorized level for transit programs.

The HUD request is \$35.6 billion, \$1.0 billion (3%) less than the amount provided for FY2007. This reduction reflects the Administration’s continued effort to reduce or eliminate funding for a number of HUD programs that it regards as ineffective or inefficient. Secretary Jackson’s introductory letter to the FY2008 HUD budget summary document notes “In a budget season marked by the President’s goal to continue to support what works and cut the Federal budget deficit, the FY 2008 HUD budget request demonstrates an effort to prioritize funding towards programs with measurable, documented results.”<sup>2</sup>

The Administration’s FY2008 budget request includes some spending reductions that have been proposed by the Administration in previous budgets, without success. These proposed reductions from FY2007 funding include roughly \$1 billion from reductions in several HUD programs and elimination of several programs, and roughly \$1 billion from cuts to several DOT programs. These proposed reductions included:

- DOT’s Airport Grants (-\$764 million), Amtrak (-\$494 million), and subsidies for air service to small communities (-\$59 million) programs;
- HUD’s Community Development Funds (-\$735 million), Housing for the Elderly (-\$160 million), and Housing for the Disabled (-\$112 million) programs; and
- No funding requested for HUD’s HOPE VI, Rural Housing and Economic Development, Brownfields Redevelopment, and Section 108 Loan Guarantees programs (-\$130 million total).

**Table 1** notes the status of the FY2007 Transportation et al. appropriations bill.

**Table 1. Status of FY2008 Transportation, Housing and Urban Development, and Related Agencies Appropriations**

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/11/07									

<sup>2</sup> United States Department of Housing and Urban Development, *Fiscal Year 2008 Budget Summary*, p. 1.

**Table 2** lists the total funding provided for each of the titles in the bill for FY2007 and the amount requested for that title for FY2008.

**Table 2. Transportation, Housing and Urban Development, and Related Agencies Appropriations, FY2007-FY2008**  
(millions of dollars)

Title	FY2007 Enacted*	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Enacted
Title I: Department of Transportation	\$63,146	\$64,479			
Title II: Housing and Urban Development	36,626	35,604			
Title III: Related Agencies	223	234			
<b>Total</b>	<b>\$99,358</b>	<b>\$100,276</b>			

**Source:** A budget table provided by the House Committee on Appropriations. "Total" represents total budgetary resources after scorekeeping adjustments. Totals may not add up due to rounding and scorekeeping adjustments.

## Changing Appropriations Subcommittee Structures

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

In early 2005, the House and Senate Committees on Appropriations again reorganized their subcommittee structures. The House Committee on Appropriations reduced its number of subcommittees from thirteen to ten. This change included combining the Transportation, Treasury, and Independent Agencies subcommittee with the District of Columbia subcommittee; to the resulting subcommittee, in addition, jurisdiction over appropriations for the Department of Housing and Urban Development and the Judiciary, as well as several additional independent agencies, was added. The subcommittee was then known as the Subcommittee on Transportation, Treasury, Housing and Urban Development, The Judiciary, District of Columbia, and Independent Agencies (or TTHUD).

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



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

These changes make year-to-year comparisons of Transportation and Housing and Urban Development appropriation bills complex, as their appropriations appear in different bills in combination with various other agencies. Other factors, such as supplemental appropriations for response to disasters (such as the damage caused by the Gulf Coast hurricanes in the fall of 2005) and changes in the makeup of the Department of Transportation (portions of which were transferred to the Department of Homeland Security in 2004) also complicate comparisons of year-to-year funding. **Table 3** shows funding trends over the five-year period FY2003-FY2007, and the amounts requested for FY2008, for the Departments of Transportation and Housing and Urban Development. The purpose of Table 3 is to indicate trends in the funding for these agencies, so emergency supplemental appropriations are not included in the figures. The agencies generally experienced funding increases during the period FY2003-FY2007.

**Table 3. Funding Trends for Transportation, Housing and Urban Development, and Related Agencies, FY2003-FY2008**  
(billions of current dollars)

Department	FY2003 <sup>b</sup>	FY2004 <sup>c</sup>	FY2005 <sup>d</sup>	FY2006 <sup>e</sup>	FY2007	FY2008 Request
Title I: Transportation <sup>a</sup>	\$55.7	\$58.4	\$59.6	\$59.5	\$63.1	\$64.5
Title II: Housing and Urban Development	31.0	31.2	31.9	34.0	36.6	35.6

**Source:** United States House of Representatives, Committee on Appropriations, Comparative Statement of Budget Authority tables from fiscal years 2003 through 2008. Figures for 2006 do not reflect emergency appropriations. Figures for 2008 are the Administration requested figures from a table provided by the House Committee on Appropriations.

- a. Figures for Department of Transportation appropriations for FY2003 have been adjusted for comparison with FY2004 and later figures by subtracting the United States Coast Guard, the Transportation Security Administration, the National Transportation Safety Board, and the Architectural and Transportation Barriers Compliance Board, and by adding the Maritime Administration.
- b. FY2003 figures reflect a 0.65% across-the-board rescission.
- c. FY2004 figures reflect a 0.59% across-the-board rescission.
- d. FY2005 figures reflect a 0.83% across-the-board rescission.
- e. FY2006 figures reflect a 1.0% across-the-board rescission, but do not reflect emergency supplemental appropriations provided for DOT and HUD. DOT and HUD received emergency funding for response to the effects of the Gulf Coast hurricanes; DOT's total FY2006 funding, including emergency funding, was \$62.3 billion; HUD's total FY2006 funding, including emergency funding, was \$45.5 billion.

## Transportation Appropriations

**Table 4. Department of Transportation Appropriations,  
FY2007-FY2008**

(in millions of dollars; totals may not add)

Department or Agency (Selected Accounts)	FY2007 Enacted	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Enacted
Office of the Secretary of Transportation	\$171	\$96	\$	\$	\$
<i>Essential Air Service<sup>a</sup></i>	59	—			
Federal Aviation Administration (FAA)					
<i>Operations (trust fund &amp; general fund)<sup>b</sup></i>	8,374	—			
<i>Facilities &amp; Equipment (F&amp;E) (trust fund)<sup>d</sup></i>	2,516	—			
<i>Grant-in-aid for Airports (AIP) (trust fund) (limit. on oblig.)</i>	3,514	2,750			
<i>Research, Engineering &amp; Development (trust fund)</i>	130	140			
<i>Subtotal, FAA</i>	14,482	14,077			
Federal Highway Administration (FHWA)					
<i>(Limitation on Obligations)</i>	39,086	39,585			
<i>(Exempt Obligations)</i>	739	739			
<i>Additional funds (trust fund)</i>	—	—			
<i>Additional funds (general fund)</i>	23	—			
<i>Rescissions of contract authority</i>	(3,472)	(1,369)			
<i>Subtotal, FHWA<sup>c</sup></i>	36,255	37,915			
Federal Motor Carrier Safety Administration (FMCSA)	517	528			
National Highway Traffic Safety Administration (NHTSA)	821	833			
Federal Railroad Administration (FRA)	1,478	1,081			
<i>Amtrak</i>	1,294	900			
Federal Transit Administration (FTA)					
<i>General Funds</i>	1,712	1,550			
<i>Capital Investment Grants (New Starts)</i>	1,566	1,400			
<i>Trust Funds</i>	7,263	7,872			
<i>Subtotal, FTA</i>	8,975	9,422			
St. Lawrence Seaway Development Corporation	16	17			
Maritime Administration (MARAD) <sup>d</sup>	214	295			
Pipeline and Hazardous Materials Safety Administration (PHMSA)					
<i>Pipeline safety program</i>	75	75			
<i>Emergency preparedness grants</i>	14	28			
<i>Subtotal, PHMSA</i>	134	148			
Research and Innovative Technology Administration	8	12			
Office of Inspector General	64	66			
Surface Transportation Board	26	23			
<b>Total, Department of Transportation</b>	<b>\$63,146</b>	<b>\$64,479</b>			

**Note:** Figures are from a budget authority table provided by the House Committee on Appropriations. Because of differing treatment of offsets, the figures for “FY2008 Request” will not always match the Administration’s budget figures from other sources. The figures within this table may differ slightly

from those in the text due to supplemental appropriations, rescissions, and other funding actions. Columns may not add due to rounding or exclusion of smaller program line-items.

- a. The total comes from a \$50 million annual authorization for the Essential Air Service program to be funded out of overflight fee collections and an additional amount appropriated for the program.
- a. The change in the structure of FAA's accounts proposed in the FY2008 request does not permit comparison with the amounts provided for the operations and facilities and equipment accounts in FY2007.
- c. FHWA was appropriated \$39.8 billion for FY2007. The \$36.3 billion figure represents the budgetary total after subtraction of a \$3.5 billion rescission of previously provided contract authority and the transfer of \$121 million to NHTSA.
- d. MARAD was appropriated \$291 million for FY2007. The \$214 million figure represents the budgetary total after subtraction of a \$74 million rescission of previously appropriated funds for the National Defense Tank Vessel Program.

## Department of Transportation Budget and Key Policy Issues

The President's FY2008 budget proposed a total of \$64.5 billion for the Department of Transportation (DOT).<sup>3</sup> This was \$1.3 billion (2%) more than the \$63.1 billion enacted for FY2007. The major funding changes requested from the FY2007 enacted levels were

- an increase of \$500 million (1%) in the obligation limitation for highways and \$447 million (5%) for transit, reflecting the authorized levels in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (P.L. 109-59);
- an increase of \$12 million (10%) for the Pipeline and Hazardous Materials Administration, reflecting a requested increase in grants to states for emergency preparedness;
- an increase of \$4 million (55%) for the Research and Innovative Technology Administration;
- a decrease of \$765 million (-22%) in the Federal Aviation Administration's Airport Improvement Program, similar to a requested decrease for FY2007 that was rejected by Congress ;
- a decrease of \$494 million (-38%) in the request for Amtrak, similar to a requested decrease for FY2007 that was rejected by Congress;
- a decrease of \$59 million (-54%) in funding for the Essential Air Service Program; and
- a decrease of \$3 million (-13%) for the Surface Transportation Board.

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

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<sup>3</sup> This total includes \$66.9 billion in appropriations and \$2.4 billion in rescissions.

The Administration's budget for DOT identified three priorities of the FY2008 request: reauthorization of the Federal Aviation Administration (FAA), a new highway congestion initiative, and alteration of Amtrak's spending priorities.<sup>4</sup>

**FAA Reauthorization.** The FAA's authorization expires at the end of FY2007. The Administration's proposal for aviation reauthorization includes reform of the financial structure of the air traffic control system, a reform reflected in the budget request for FAA. The Administration proposal would also change the revenue sources for FAA funding. (For more information about FAA reauthorization, see CRS Report RL33920, *Federal Aviation Administration Reauthorization: An Overview of Selected Provisions in Proposed Legislation.*)

**Highway Congestion Initiative.** The highway congestion initiative would redirect \$175 million (largely from unused funds previously designated by Congress for specific projects) for pilot programs in cities to test comprehensive congestion reduction strategies, including such strategies as congestion pricing, flexible work schedules to reduce the concentration of commuter traffic during peak rush hour periods, and more use of real-time traffic information to encourage drivers to adjust the timing and route of their trips in light of current traffic conditions.

**Reducing Amtrak's Federal Subsidy.** The Administration requested \$900 million for Amtrak for FY2008. This is \$394 million (31%) less than the amount provided in FY2007, and of the \$900 million requested, \$100 million would not go to Amtrak directly, but is for a matching grant program to encourage states to invest in intercity passenger rail-related capital improvements. Only \$300 million is requested for operating assistance; Amtrak received \$490 million in operating assistance in FY2006 and FY2007, as part of a total appropriation of \$1.3 billion.

Amtrak's Board of Directors, whose current members have been appointed by the Bush Administration, submits a separate grant request to Congress each year. For FY2008 the Board requested \$1.5 billion to maintain operations, and \$100 million for a matching grant program to encourage states to make intercity passenger rail-related capital improvements.

For the past several years the Administration has sought to force changes in Amtrak's operations, and in intercity passenger rail policy in general, by requesting less funding for Amtrak than is needed to maintain Amtrak's status quo level of operations, arguing that "only a constrained budget will force Amtrak to change the way it conducts business."<sup>5</sup> In its FY2008 Budget the Administration states that it expects "the Board's newly-installed management to make significant changes required to enable the company to succeed without Federal operating subsidies."<sup>6</sup> In previous years Congress has provided more funding for Amtrak than requested by the

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<sup>4</sup> United States Office of Management and Budget, *Budget for Fiscal Year 2008*, pps. 108-110.

<sup>5</sup> United States Office of Management and Budget, *Budget for Fiscal Year 2007*, p. 222.

<sup>6</sup> United States Office of Management and Budget, *Budget for Fiscal Year 2008*, p. 110.

Administration, though less than requested by Amtrak's Board, while imposing conditions on Amtrak in the annual appropriations bill.

Amtrak is a quasi-governmental corporation that provides intercity passenger rail service throughout the country and operates and maintains rail infrastructure in the Northeast. It operates at a deficit and requires federal support each year to continue its operations. Amtrak's authorization expired at the end of FY2002. Reauthorization efforts since then have been stalled by fundamental disagreements between Congress and the Administration over the future shape of federal intercity passenger rail policy.

**Federal Aviation Administration.** The FAA budget provides both capital and operating funding for the nation's air traffic control system, as well as providing federal grants to airports for airport planning, development, and expansion of the capacity of the nation's air traffic infrastructure. The President's budget requested \$14.1 billion for FY2008, \$1.0 billion less than was provided for FY2007.<sup>7</sup> Most of that reduction would come from the Airport Improvement Program.

**Airport Improvement Program (AIP).** The President's budget proposed a cut of \$764 million to AIP funding, from \$3.5 billion in FY2007 to \$2.8 billion for FY2008. A similar cut was proposed by the Administration for FY2007, but was not supported by Congress.

AIP funds are used to provide grants for airport planning and development, and for projects to increase airport capacity (such as building new runways) and other facility improvements. Some Members of Congress have expressed concern at proposed cuts in the AIP program in the face of forecasts of growth in aviation traffic.

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

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

**Federal Highway Administration (FHWA).** The President's budget requested \$40.3 billion in new funding for federal highway programs for FY2008, an increase of \$600 million (2%) over the comparable level of \$39.7 billion provided

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<sup>7</sup> Total enacted new FY2007 FAA funding was \$15.1 billion. The net total was reduced to \$14.5 billion by a rescission of contract authority.

in FY2007.<sup>8</sup> These increases reflect the originally authorized level of funding provided for surface transportation programs by SAFETEA (P.L. 109-59).

The authorized level of FY2008 highway funding was increased by \$631 million over its original level as a result of higher-than-expected revenues to the Highway Trust Fund, an adjustment provided for in SAFETEA through a mechanism known as Revenue-Aligned Budget Authority, or RABA. The Administration request did not include this additional funding. The DOT Secretary noted that the Highway Trust Account is projected to go into deficit in FY2009 unless some preventive action is taken, and stated that not requesting the additional \$631 million authorized for FY2008 by the RABA adjustment was one of the steps the Administration was taking to forestall the projected FY2009 deficit.<sup>9</sup>

**Federal Motor Carrier Safety Administration (FMCSA).** The Administration requested the authorized level of funding for FMCSA, \$528 million. This is \$11 million (2%) over the amount provided for FY2007. \$300 million of the request is for grants to states to enforce commercial truck and bus safety regulations.

**National Highway Traffic Safety Administration (NHTSA).** The Administration requested \$833 million for NHTSA, the amount authorized for FY2008. This is an increase of \$12 million (1%) over the amount provided for FY2007. \$599 million of this amount is for grants to states for highway safety programs to reduce deaths and injuries from motor vehicle crashes.

**Federal Transit Administration (FTA).** The Administration requested \$9.4 billion for FTA for FY2008. This is an increase of \$447 million (5%) over the amount provided for FY2007, but is \$309 million below the authorized FY2008 funding. The increase is in funds provided to states and localities through formula programs. The requested reduction from the authorized funding level was in the popular New Starts program, which helps fund the construction of new transit projects and extensions to existing transit systems. The Administration requested \$1.4 billion, a decrease of \$166 million (1%) from the FY2007 figure and \$309 million (2%) less than the authorized level of \$1.7 billion. The Administration defended the reduction in New Starts funding by saying that difficult budget choices had to be made<sup>10</sup>, and that it had requested enough funding to cover all the New Starts projects that were ready for funding in FY2008, plus setting aside funding for projects that might become ready for funding during FY2008. The request also includes \$100 million for the newly-created Small Starts portion of the New Starts program, which provides funding for projects whose total cost is less than \$250 million. The Small Starts portion is authorized for \$200 million for FY2008, but that

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<sup>8</sup> The FY2007 enacted figure and FY2008 request were reduced, for accounting purposes, by rescissions of contract authority, resulting in net budgetary totals of \$36.3 billion for FY2007 and \$37.9 billion for the FY2008 request.

<sup>9</sup> Testimony of Mary Peters, Secretary, U.S. Department of Transportation, before the U. S. House of Representatives Committee on Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, March 14, 2007.

<sup>10</sup> Funding for the New Starts Program comes from the General Fund, while almost all other FTA programs are funded from the Mass Transit Account of the Highway Trust Fund.

program's regulations had not been finalized as of early June 2007, so the Administration expects that the program will not be able to make \$200 million in grants in FY2008.

**Federal Railroad Administration (FRA).** The Administration requested \$1.1 billion for FRA for FY2008. This is a decrease of \$400 million (28%) from the \$1.5 billion provided for FY2007. The largest portion of FRA's budget is for support of Amtrak, and virtually all of the proposed reduction is in Amtrak's funding, as discussed above. The next largest portion of FRA's budget is for safety programs intended to reduce railroad accidents. The Administration requested \$148 million, \$2 million (1%) less than provided for FY2007. The other component of the FRA budget is research and development of rail safety improvements. The Administration requested \$32 million for this, \$2 million (6%) less than the \$35 million provided for FY2007.

**Maritime Administration (MARAD).** The Administration requested \$295 million for the Maritime Administration for FY2008, \$5 million (2%) below the \$291 million enacted for FY2007.<sup>11</sup> MARAD supports the maritime transportation sector. The largest components of its budget are the Maritime Security Program and Operations and Training.

The Administration requested \$154 million (identical to the amount provided for FY2007) for the Maritime Security Program. This provides payments of roughly \$2.6 million per ship to retain a fleet of 60 active, militarily-useful, privately-owned vessels to be available to the federal government in case they are needed for security purposes. \$115 million was requested for Operations and Training, \$4 million (3%) more than the \$111 provided for FY2007. This program funds the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD's operations.

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<sup>11</sup> MARAD's FY2007 enacted appropriation was scored at \$214 million, the \$291 million total being reduced by \$76 million in rescissions of previously appropriated funding, primarily from the National Defense Tank Vessel Program.

**Table 5. Appropriations:  
Housing and Urban Development, FY2007-FY2008**  
(budget authority in billions of dollars)

Program	FY2007 enacted <sup>a</sup>	FY2008 request
<b>Appropriations</b>		
Tenant Based Rental Assistance (includes advanced appropriation) (Sec. 8 vouchers)	\$15.920	\$16.007
Project Based Rental Assistance (Sec.8)	5.976	5.813
Public housing capital fund	2.439	2.024
Public housing operating fund	3.864	4.000
HOPE VI	0.099	0.000 <sup>f</sup>
Native American housing block grants	0.624	0.627
Indian housing loan guarantee	0.006	0.007
Native Hawaiian Block Grant	0.009	0.006
Native Hawaiian loan guarantee	0.001	0.001
Housing, persons with AIDS (HOPWA)	0.286	0.300
Rural Housing Economic Development	0.017	0.000
Community Development Fund (Including CDBG)	3.772	3.037
Sec.108 loan guarantee; subsidy	0.004	0.000
Brownfields redevelopment	0.010	0.000
HOME Investment Partnerships	1.757	1.967 <sup>b</sup>
Homeless Assistance Grants	1.442	1.586
Self-help and Assisted Homeownership	0.049	0.070
Housing for the elderly	0.735	0.575
Housing for the disabled	0.237	0.125
Housing Counseling Assistance <sup>b</sup>	b	0.050 <sup>b</sup>
Rental Housing Assistance	0.026	0.000
Research and technology	0.050	0.065
Fair housing activities	0.046	0.045
Office, lead hazard control	0.150	0.116
Salaries and expenses	0.581 <sup>c</sup>	0.654
Working capital fund	0.195	0.220
Manufactured Housing Fees Trust Fund <sup>d</sup>	0.013	0.016
Office of Federal Housing Enterprise Oversight <sup>d</sup>	0.060	0.066
FHA Expenses <sup>d</sup>	0.722	0.767
GNMA Expenses <sup>d</sup>	0.011	0.011
Inspector General	0.082	0.088
<b>Appropriations Subtotal</b>	<b>39.182</b>	<b>38.242</b>
<b>Rescissions</b>		
Housing Certificate Fund (Section 8) rescission	-1.650	-1.300
HOPE VI rescission	0.000	-0.099 <sup>f</sup>
Neighborhood Initiatives (NI) rescission	0.000	-0.050 <sup>e</sup>
Economic Developments Initiative (EDI) rescission	0.000	-0.307 <sup>e</sup>
<b>Rescissions Subtotal</b>	<b>-1.650</b>	<b>-1.755</b>



Program	FY2007 enacted <sup>a</sup>	FY2008 request
<b>Offsetting Receipts/Program Savings<sup>c</sup></b>		
Manufactured Housing Fees Trust Fund	-0.013	-0.016
Office of Federal Housing Enterprise Oversight	-0.060	-0.066
Federal Housing Administration (FHA)	-0.652	-0.250
GNMA	-0.181	-0.185
Legislative Proposals	NA	-0.366 <sup>h</sup>
<b>Offsets Subtotal</b>	<b>-0.906</b>	<b>-0.883</b>
<b>Total</b>	<b>\$36.626</b>	<b>\$35.604</b>

**Source:** Prepared by CRS based on tables provided by the Appropriations Committee, the President's FY2008 Budget documents and HUD Congressional Budget Justifications.

- a. The FY2007 year-long continuing resolution funded most accounts at their FY2006 enacted level; however, the CR specified higher or lower funding levels for some HUD accounts.
- b. Housing Counseling Assistance is typically funded as a set-aside in the HOME account. In FY2007, it was funded at \$42 million within HOME. In recent years, including FY2008, the President's budget has requested that the program be funded in a separate account.
- c. The CR appropriated such sums as may be necessary to fund 50% of the cost of the statutory cost-of-living increase approved for FY2007. The amount shown here may change if estimates of the cost of this provision change.
- d. The cost of these accounts is generally covered (partially, if not fully) by offsetting receipts which are listed at the bottom of the table.
- e. Estimates of offsetting receipts are subject to change.
- f. The President has requested that Congress rescind the amount provided in FY2007 for HOPE VI.
- g. The President's budget requests a rescission of FY2007 EDI and NI funds, but no EDI or NI funds were provided in FY2007.
- h. The President has proposed a series of cost-saving FHA modernization proposals, which are discussed later in this report.

## Department of Housing and Urban Development Budget and Key Policy Issues

On February 5, 2007, President Bush released his FY2008 budget request, ten days before the Congress finished work on the FY2007 spending bills by enacting a revised year-long continuing resolution (P.L. 110-5). The FY2007 CR funded most HUD programs at their FY2006 level, but with decreases for some programs, and increases for other programs. The CR provided HUD with over \$36.6 billion for FY2007. The 110<sup>th</sup> Congress has enacted a FY2007 supplemental funding bill, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Act (H.R. 2206), which contains several provisions that would affect FY2007 funding levels for HUD programs. (For more details, see CRS Report RL33344, *The Department of Housing and Urban Development: FY2007 Budget*, by Maggie McCarty, Libby Perl, Bruce E. Foote, Eugene Boyd, and Meredith Peterson.)

The President's FY2008 budget requests about a billion dollar decrease in funding for HUD. Although the budget calls for increased funding to programs for the homeless, persons with AIDS and first-time homebuyers, several programs are targeted for elimination (HOPE VI, Rural Housing and Economic Development, Brownfields Redevelopment, and Section 108 Loan Guarantees) or funding cuts (Section 202 Housing for the Elderly, Section 811 Housing for the Disabled, the Community Development Block Grant program, Lead Hazard Reduction, Fair Housing programs, and the Public Housing Capital Fund). The FY2008 funding

debate will also be shaped by the ongoing decline in receipts from the Federal Housing Administration (FHA) available to offset the cost of the budget. For FY2007, it was estimated that FHA would generate a net surplus of over \$650 million that could offset the cost of the HUD budget; for FY2008, that amount is estimated to be about \$250 million, although Congress may consider legislative proposals that could increase that amount. (For a more detailed discussion, see CRS Report RL34022, *The Department of Housing and Urban Development: FY2008 Appropriations*, by Maggie McCarty, Libby Perl, Bruce E. Foote, Eugene Boyd, and Meredith Peterson.)

**Tenant-Based Rental Assistance (Section 8 Vouchers).** Since FY2004, Congress has made changes each year in how HUD is to distribute voucher renewal funding to public housing authorities (PHAs). The FY2007 CR did not adopt the same allocation formula that was in place in FY2006. In FY2006, PHAs were funded *based on what they had received* in FY2005, with some adjustments. For FY2007, Congress directed HUD to fund PHAs *based on their actual leasing and costs* from the previous 12 months, with some adjustments. In his FY2008 budget, the President requested that PHAs receive renewal funding using a formula similar to the one in place in FY2006. (For more information, see CRS Report RL33929, *Recent Changes to Section 8 Housing Voucher Renewal Funding*, by Maggie McCarty and CRS Report RL34002, *Section 8 Housing Choice Voucher Program: Issues and Reform Proposals in the 110th Congress*, by Maggie McCarty.)

The President's budget requests \$16 billion for Tenant-Based Rental Assistance, a slight increase over the \$15.9 billion enacted for FY2007.

**Public Housing.** The President's FY2008 budget requests a \$130 million increase in funding for the public housing Operating Fund. In recent years, HUD has not requested, and Congress has not provided, sufficient appropriations to fund all PHAs at 100% of their Operating Fund formula eligibility. Instead, PHAs generally receive some percentage of their eligible budgets, referred to as the proration level. The FY2007 CR provided \$3.8 billion for the Operating Fund, which resulted in a proration of 83%. For FY2008, the President has requested \$4 billion (\$3.99 billion for formula grants), which is estimated to result in a proration level of just over 80%. (For more information, see CRS Report RS22257, *Public Housing: Fact Sheet on the New Operating Fund Formula*, by Maggie McCarty.)

For FY2008, the President is requesting \$2 billion for the Capital Fund, a \$400 million reduction from FY2007 funding. The majority of the reduction would come from the formula grants that HUD provides to PHAs to use to modernize their public housing. The President has again requested that Congress provide no new funds for the HOPE VI program and that Congress rescind the \$99 million provided to the program in FY2007.

**Community Development Fund/Block Grants.** The President's FY2008 budget recommendation for the formula portion of the CDBG is just over \$3 billion, 20% less than the \$3.7 billion appropriated for distribution to entitlement communities and states in FY2007. The Administration's budget also proposes eliminating funding for Brownfields Economic Development Initiatives, Community Development Block Grant Section 108 loan guarantees, and Rural Housing and Economic Development Grants. The budget characterizes these programs as duplicative of the activities funded by the CDBG formula grant program.

**Homeless Programs.** The President's budget for FY2008 would increase funding for the Homeless Assistance Grants by \$144 million above the FY2007 level, to \$1.586 billion. However, \$25 million of the FY2008 requested appropriation would be transferred to the Department of Labor to fund a Prisoner Re-Entry Initiative. As in past years, the Administration has proposed to consolidate the three competitive Homeless Assistance Grants — the Supportive Housing Program (SHP), the Shelter Plus Care (S+C) program, and the Section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings (SRO) program — into one competitive grant. (For more information about the distribution of the Homeless Assistance Grants see CRS Report RL33764, *The HUD Homeless Assistance Grants: Distribution of Funds*, by Libby Perl.)

**Housing Programs for the Elderly and the Disabled.** The President's FY2008 budget proposal for the Section 202 Housing for the Elderly program would reduce funding by almost \$160 million (nearly 29%) from the FY2007 level, to \$525 million. (For more information, see CRS Report RL33508, *Section 202 and Other HUD Rental Housing Programs for the Low-Income Elderly*, by Libby Perl.)

The President's budget, like that for FY2007, proposes to cut funding for the Section 811 Housing for the Disabled program nearly in half. In FY2007, the program was funded at just under \$237 million. In FY2008, the Administration would provide \$125 million for the Section 811 Housing for the Disabled program. The decrease results from the President's proposal to stop funding the capital grants component of the program and to only fund the rental voucher component of the program.

**Federal Housing Administration (FHA).** For FY2008, the net appropriation for FHA is estimated at \$516 million. This is a significant change from a few years ago when the income to the insurance funds exceeded the costs and resulted in negative appropriations for FHA.

The President's FY2008 budget proposes comprehensive reform of the FHA single family insurance program to enable FHA to be more flexible in responding to changes in the mortgage market, and to provide a lower cost alternative to borrowers who might otherwise choose subprime mortgage products or even become the victims of predatory lending. The President's FY2008 budget includes three legislative proposals which are estimated to generate budget savings. The aggregate limit on the number of Home Equity Conversion Mortgages (HECMs) would be removed, and the loan limit for HECMs would be set at 100% of the conforming loan limits rather than vary by area. The National Housing Act would be amended to permit HUD to increase the loan limits on the various multifamily housing programs by up to 170% on an area-by-area basis and by up to 215% on a project-by-project basis. The fee charged by the Government National Mortgage Association (Ginnie Mae) for guaranteeing mortgage-backed securities would be increased by six basis points. These three proposals are estimated to generate \$362 million in budget savings. The President's budget also proposes to move several accounts from the General Insurance/Special Risk Insurance fund to the Mutual Mortgage Insurance fund. Most of these proposals are also included in H.R. 1852 as reported in the House.