

CRS Report for Congress

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

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Prepared for Members and
Committees of Congress

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.

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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 \$300 million (less than 1%) over 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 requested increase in funding for DOT came primarily in the highway and transit programs. The request would cut funding for some other transportation programs. Similar cuts were proposed by the Administration for FY2007, and rejected by Congress. Likewise, cuts similar to those proposed for HUD were also proposed by the Administration for FY2007, and were rejected by Congress.

Both the House and Senate Committees on Appropriations have reported out FY2008 THUD appropriations bills that provide more funding for both DOT and HUD than requested by the Administration. The House bill (H.R. 3074) would appropriate a total of \$104.4 billion, \$4.1 billion more than requested, with \$65.5 billion going to DOT and \$38.7 billion going to HUD. The Senate bill (S. 1789) would appropriate a total of \$104.7 billion, \$4.4 billion more than requested, with \$65.7 billion going to DOT and \$38.7 billion going to HUD. Both bills would provide \$235 million to the related agencies.

For DOT, both H.R. 3074 and S. 1789 provide increases in the requested level for highways, transit, Amtrak, and aviation. For HUD, both bills provide increases in the requested level for Section 8 tenant-based rental assistance, Housing for the Elderly, Housing for the Disabled, and the Community Development Block Grant program, and both bills would provide funding for the HUD programs that were slated for elimination in the President's budget.

This report will be updated.

Key Policy Staff

Area of Expertise	Name	CRS Div.	Telephone #
Department of Transportation			
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, National Highway Traffic Safety Administration, Surface Transportation Safety	David Randall Peterman	RSI	7-3267
Department of Housing and Urban Development			
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
Related Agencies			
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 July 18, 2007 the House Committee on Appropriations reported out H.R. 3074, an FY2008 THUD appropriations bill. The committee had approved a draft of the legislation on July 11 and ordered it to be reported. The committee recommended a total \$104.4 billion (after rescissions and other adjustments). This is \$4.4 billion (4%) more than the comparable amount provided for FY2007, and \$4.1 billion (4%) more than requested for FY2008.

On July 16, 2007, the Senate Committee on Appropriations reported out S. 1789, an FY2008 THUD appropriations bill. The committee had approved a draft of the legislation on July 12 and ordered it to be reported. The committee recommended a total of \$104.7 billion (after rescissions and other adjustments). This is \$4.7 billion (5%) more than the comparable amount for FY2007, and \$4.4 billion (4%) more than requested 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 \$300 million (less than 1%) over the net total provided for FY2007.

The DOT request was \$64.5 billion, \$1.3 billion (2%) more than the amount provided for FY2007. This increase was largely for highway (net \$1.7 billion increase) and transit (net \$447 million increase) programs. These increases reflected the increase 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 did not provide the full authorized funding level: it was \$631 million below the authorized level for highway programs and \$309 million below the authorized level for transit programs.

The HUD request was \$35.6 billion, \$1.0 billion (3%) less than the amount provided for FY2007. This reduction reflected 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 noted, "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.”¹

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

The House Committee on Appropriations has reported out H.R. 3074, an FY2008 appropriations bill for THUD. The Senate Committee on Appropriations has also reported out an FY2008 THUD appropriations bill, S. 1789. Both bills reject the Administration’s proposed reductions, and provide increases for both DOT and HUD over both the FY2007 levels and the FY2008 requested levels.

H.R. 3074 would provide a total of \$104.4 billion, \$4.1 billion (4%) more than requested and \$4.4 billion (4%) more than the FY2007 funding. Within that total the bill provides \$65.5 billion for DOT (\$1.1 billion more than requested and \$2.4 billion more than FY2007), \$38.7 billion for HUD (\$3.1 billion more than requested and \$2.0 billion more than FY2007), and \$235 million for the related agencies (\$1 million more than requested and \$12 million more than FY2007).

S. 1789 would provide a total of \$104.7 billion, \$4.4 billion (4%) more than requested and \$4.7 billion (5%) more than the FY2007 level. Within that total the bill provides \$65.7 billion for DOT (\$1.2 billion more than requested and \$2.6 billion more than the FY2007 level), \$38.7 billion for HUD (\$3.1 billion more than requested and \$2.1 billion over the FY2007 level), and \$235 million for the other independent agencies (\$1 million more than requested and \$12 million over the FY2007 level).

Table 1 notes the status of the FY2008 THUD appropriations bill.

¹ United States Department of Housing and Urban Development, *Fiscal Year 2008 Budget Summary*, p. 1.

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	7/10/07	H.Rept. 110-238 7/18/07		S.Rept. 110-131 7/16/07					

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 Committee	FY2008 Senate Committee	FY2008 Enacted
Title I: Department of Transportation	\$63,181	\$64,479	\$65,542	\$65,718	
Title II: Housing and Urban Development	36,633	35,597	38,666	38,744	
Title III: Related Agencies	223	234	235	235	
Total	\$100,038	\$100,310	\$104,444	\$104,697	

Source: The budget tables in H.Rept. 110-238 and S.Rept. 110-131. "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 13 to 10. 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 12. 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 areas 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 110th 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 ^b	FY2004 ^c	FY2005 ^d	FY2006 ^e	FY2007	FY2008 Request
Title I: Transportation ^a	\$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 FY2006 do not reflect emergency appropriations. Figures for FY2008 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 Comm	FY2008 Senate Comm
Office of the Secretary of Transportation	\$171	\$96	\$150	\$160
<i>Essential Air Service^a</i>	<i>109</i>	<i>50</i>	<i>110</i>	<i>110</i>
Federal Aviation Administration (FAA)				
<i>Operations (trust fund & general fund)</i>	<i>8,374</i>	<i>8,726</i>	<i>8,717</i>	<i>8,762</i>
<i>Facilities & Equipment (F&E) (trust fund)</i>	<i>2,516</i>	<i>2,462</i>	<i>2,515</i>	<i>2,517</i>
<i>Grant-in-aid for Airports (AIP) (trust fund) (limit on oblig.)</i>	<i>3,515</i>	<i>2,750</i>	<i>3,600</i>	<i>3,515</i>
<i>Research, Engineering & Development (trust fund)</i>	<i>130</i>	<i>140</i>	<i>140</i>	<i>149</i>
<i>Subtotal, FAA</i>	<i>14,482</i>	<i>14,077</i>	<i>14,622</i>	<i>14,593</i>
Federal Highway Administration (FHWA)				
<i>(Limitation on Obligations)</i>	<i>39,086</i>	<i>39,585</i>	<i>40,216</i>	<i>40,216</i>
<i>(Exempt Obligations)</i>	<i>739</i>	<i>739</i>	<i>739</i>	<i>739</i>
<i>Additional funds (trust fund)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Additional funds (general fund)</i>	<i>23</i>	<i>—</i>	<i>—</i>	<i>40</i>
<i>Rescissions of contract authority</i>	<i>(4,343)</i>	<i>(2,000)</i>	<i>(3,385)</i>	<i>(3,121)</i>
<i>Subtotal, FHWA^b</i>	<i>36,255</i>	<i>37,915</i>	<i>37,565</i>	<i>37,875</i>
Federal Motor Carrier Safety Administration (FMCSA)	517	528	528	531
National Highway Traffic Safety Administration (NHTSA) ^c	821	833	813	813
Federal Railroad Administration (FRA)	1,478	1,081	1,667	1,657
<i>Amtrak</i>	<i>1,294</i>	<i>800</i>	<i>1,450</i>	<i>1,370</i>
Federal Transit Administration (FTA)				
<i>General Funds</i>	<i>1,712</i>	<i>1,550</i>	<i>1,884</i>	<i>1,692</i>
<i>Capital Investment Grants (New Starts)</i>	<i>1,566</i>	<i>1,400</i>	<i>1,700</i>	<i>1,566</i>
<i>Trust Funds</i>	<i>7,263</i>	<i>7,872</i>	<i>7,873</i>	<i>7,873</i>
<i>Subtotal, FTA</i>	<i>8,975</i>	<i>9,422</i>	<i>9,710</i>	<i>9,565</i>
St. Lawrence Seaway Development Corporation	16	17	17	17
Maritime Administration (MARAD) ^d	214	295	292	326

Department or Agency (Selected Accounts)	FY2007 Enacted	FY2008 Request	FY2008 House Comm	FY2008 Senate Comm
Pipeline and Hazardous Materials Safety Administration (PHMSA)				
<i>Pipeline safety program</i>	75	75	79	82
<i>Emergency preparedness grants</i>	14	28	28	28
<i>Subtotal, PHMSA</i>	134	148	154	156
Research and Innovative Technology Administration	8	12	12	12
Office of Inspector General	64	66	66	66
Surface Transportation Board	25	22	25	24
Total, Department of Transportation	\$63,181	\$64,479	\$65,542	\$65,718

Source: Figures are from the Comparative Statement of New Budget Authority tables in H.Rept. 110-238 and S.Rept. 110-131. 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.
- b. 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. The House and Senate committees recommended \$41.0 billion for FHWA for FY2008; rescissions of contract authority resulted in those proposals being scored as \$37.6 billion and \$37.9 billion, respectively.
- c. The House and Senate committees recommended \$836 and \$835 million, respectively, in new funding for NHTSA; those totals were reduced by rescissions of unobligated contract authority.
- 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).² This was \$1.3 billion (2%) more than the \$63.2 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;

² This total includes \$66.9 billion in new appropriations and \$2.4 billion in rescissions.

- 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; and
- a decrease of \$59 million (-54%) in funding for the Essential Air Service Program.

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

Both the House and Senate Committees on Appropriations recommended a higher level of DOT funding than requested by the Administration: \$65.5 billion (\$1.1 billion more) by the House committee and \$65.7 billion (\$1.2 billion more) by the Senate committee. Neither the House nor Senate committee supported the Administration's requested decreases in the various transportation accounts. Nor did their recommendations reflect the proposed restructuring of the FAA budget, as Congress is still considering the reauthorization of the FAA. Among the largest increases over the requested levels were those for the FAA Aviation Improvement Program (\$850 million by the House committee, \$765 million by the Senate committee) and for Amtrak (\$600 million by the House committee, \$570 million by the Senate committee), and the inclusion by both committees of a \$631 million increase in funding for the federal-aid highway program (authorized by the Revenue-Aligned Budget Authority (RABA) mechanism included in SAFETEA-LU).

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.³

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. Reauthorization of the FAA is still under consideration by Congress. (For more information about FAA reauthorization, see CRS Report RL33920, *Federal Aviation Administration Reauthorization: An Overview of Selected Provisions in Proposed Legislation*, coordinated by Bart Elias.)

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.

³ United States Office of Management and Budget, *Budget for Fiscal Year 2008*, pp. 108-110.

The House committee rejected the request for \$175 million for the congestion initiative, noting that DOT has considerable discretion with regard to awarding grants from the FY2007 funding for highway and transit discretionary programs, and that a congestion initiative should be more comprehensive in scope than the Administrative proposal, involving other modes besides highways.

The Senate committee recommended \$136 million for the congestion initiative, but provided the funds from the additional funding produced by the RABA mechanism, rather than by taking money from projects previously designated by Congress.

Reducing Amtrak's Federal Subsidy. For FY2008, the House committee recommended \$1.4 billion for Amtrak — \$475 million for operating assistance and \$925 million in capital assistance and debt service — plus another \$50 million for a matching grant program to encourage state investment in passenger rail. The Senate committee recommended \$1.37 billion for Amtrak — \$485 million for operating assistance and \$885 million for capital assistance and debt service — plus another \$100 million for a matching grant program to encourage state investment in passenger rail. Both committees expressed concerns about Amtrak's failure to reach collective bargaining agreements with the majority of its workforce since the expiration of the previous agreements several years ago, and about the role of freight railroads in Amtrak's poor on-time performance.

The Administration requested \$900 million for Amtrak for FY2008. This was \$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 to a matching grant program to encourage states to invest in intercity passenger rail-related capital improvements. Only \$300 million was 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."⁴ 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."⁵ In previous years, Congress has provided more funding for Amtrak than requested by

⁴ United States Office of Management and Budget, *Budget for Fiscal Year 2007*, p. 222.

⁵ United States Office of Management and Budget, *Budget for Fiscal Year 2008*, p. 110.

the 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 (FAA). The FAA budget provides both capital and operating funding for the nation's air traffic control system, and also provides 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 FY2007.⁶ Most of that reduction would come from the Airport Improvement Program.

The House committee recommended \$14.6 billion for FAA for FY2008. The Senate committee also recommended \$14.6 billion.

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.

The House committee rejected the proposed cut, recommending \$3.6 billion for FY2008, a \$95 million increase over FY2007. The Senate committee likewise rejected the proposed cut, recommending \$3.5 billion, the same amount provided in FY2007.

AIP funds are used to provide grants for airport planning and development, and for projects to increase airport capacity (such as construction of 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.

The House and Senate committees both rejected the proposed decrease. Both committees recommended \$110 million for the program for FY2008.

⁶ 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.

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 have 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 in FY2007.⁷ 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 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.⁸

Both the House and Senate committees recommended \$41.0 billion in new funding for federal highway programs for FY2008, an increase of \$1.1 billion (3%) over the comparable FY2007 amount. This represents the full authorized level for FY2008, as increased by the \$631 million RABA adjustment.

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.

The House committee recommended \$528 million, the authorized level and the amount requested by the Administration. The Senate committee recommended \$531 million.

National Highway Traffic Safety Administration (NHTSA). The Administration requested \$833 million for NHTSA, the amount authorized for

⁷ 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.

⁸ 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.

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.

The House committee recommended \$836 million in new funding, \$3 million more than authorized and requested. The Senate committee recommended \$835 million in new funding, \$2 million more than the level authorized and requested.

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 was in funding for Amtrak, 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.

The House committee recommended \$1.7 billion for FRA, an increase of \$188 million over FY2007 and \$586 million over the Administration request. Aside from \$35 million for a rail line relocation grant program that was authorized in SAFETEA, but not previously funded, and an extra \$1 million for research and development, all of the increase over the Administration request is for Amtrak.

The Senate committee recommended \$1.7 billion for FRA, an increase of \$179 million over the FY2007 funding and \$577 million over the Administration request. All but \$7 million of the increase over the Administration request is related to Amtrak.

Federal Transit Administration (FTA). The Administration requested \$9.4 billion for FTA for FY2008. This was an increase of \$447 million (5%) over the amount provided for FY2007, but was \$309 million below the authorized FY2008 funding. The increase was 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 for New Starts, 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,⁹ and asserted that it had requested enough funding to cover all the New Starts projects that were ready for funding in FY2008, as well as having set aside funding for projects that might become ready for funding during FY2008. The request also included \$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

⁹ 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.

million for FY2008, but that program's regulations had not been finalized as of the publication of the Administration budget request, so the Administration did not expect that the program would be able to make \$200 million in grants in FY2008.

The House committee recommended \$9.7 billion for FTA, the authorized level for FY2008. This is \$701 million more than the FY2007 level and \$288 million more than the Administration request. The committee recommended the \$1.7 billion authorized funding level for the Capital Improvement (i.e. New Starts) program, including the \$200 million authorized funding level for the new Small Starts portion of that program. The committee recommended several recipients for a portion of the Small Starts funding.

The Senate committee recommended \$9.6 billion for FTA, an increase of \$590 million over the FY2007 level and \$143 million over the Administration request, but \$134 million less than the authorized level for FY2008. The primary difference from the House recommendation, and the authorized level, was recommending \$1.566 billion for the New Starts program. This is the same amount provided for FY2007, and \$166 million more than requested for FY2008, but \$134 million less than the FY2008 authorized level. The Senate committee also recommended several recipients for a portion of the funding provided for the Small Starts component of the New Starts program.

Maritime Administration (MARAD). The Administration requested \$295 million for MARAD for FY2008, \$4 million (2%) above the \$291 million enacted for FY2007.¹⁰ 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 the event they are needed for security purposes. A total of \$115 million was requested for Operations and Training, \$4 million (3%) more than the \$111 million provided for FY2007. This program funds the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD's operations.

The House committee recommended \$295 million in new funding for MARAD, \$4 million more than the comparable amount for FY2007 and equal to the amount requested for FY2008. The Senate committee recommended \$330 million in new funding for MARAD, \$39 million more than the comparable FY2007 figure and \$35 million more than requested. The increase is largely due to \$20 million provided in assistance to small shipyards and \$10 million provided for loan guarantees under the Maritime Guaranteed Loan Program; no funding was provided for either of those purposes in FY2007, nor was any requested for FY2008.

¹⁰ 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.

Housing and Urban Development Appropriations

**Table 5. Appropriations:
Housing and Urban Development, FY2007-FY2008**

(budget authority in billions of dollars)

Program	FY2007 enacted ^a	FY2008 request	FY2008 House	FY2008 Senate
Appropriations				
Tenant Based Rental Assistance (includes advanced appropriation) (Sec. 8 vouchers)	\$15.920	\$16.000	\$16.330	\$16.606
Project Based Rental Assistance (Sec.8)	5.976	5.813	6.480	5.813
Public housing capital fund	2.439	2.024	2.439	2.500
Public housing operating fund	3.864	4.000	4.200	4.200
HOPE VI	0.099	0.000 ^f	0.120	0.100
Native American housing block grants	0.624	0.627	0.627	0.630
Indian housing loan guarantee	0.006	0.007	0.007	0.007
Native Hawaiian Block Grant	0.009	0.006	0.009	0.009
Native Hawaiian loan guarantee	0.001	0.001	0.001	0.001
Housing, persons with AIDS (HOPWA)	0.286	0.300	0.300	0.300
Rural Housing Economic Development	0.017	0.000	0.017	0.017
Community Development Fund (Including CDBG)	3.772	3.037	4.180	4.060
Sec.108 loan guarantee; subsidy	0.004	0.000	0.004	0.006
Brownfields redevelopment	0.010	0.000	0.010	0.010
HOME Investment Partnerships	1.757	1.967 ^b	1.757	1.970
Homeless Assistance Grants	1.442	1.586	1.561	1.586
Self-help and Assisted Homeownership	0.049	0.070	0.060	0.070
Housing for the elderly	0.735	0.575	0.735	0.735
Housing for the disabled	0.237	0.125	0.237	0.237
Housing Counseling Assistance ^b	b	0.050 ^b	b	b
Rental Housing Assistance	0.026	0.028 ⁱ	0.028 ⁱ	0.028 ⁱ
Research and technology	0.050	0.065	0.058	0.059
Fair housing activities	0.046	0.045	0.046	0.052
Office, lead hazard control	0.150	0.116	0.130	0.157
Salaries and expenses	0.581 ^c	0.654	0.643	1.206 ^j
Working capital fund	0.195	0.220	0.125	0.175
Manufactured Housing Fees Trust Fund ^d	0.013	0.016	0.016	0.016
Office of Federal Housing Enterprise Oversight ^d	0.066 ^k	0.066	0.066	0.066
FHA Expenses ^d	0.722	0.767	0.745	0.169 ^j

Program	FY2007 enacted ^a	FY2008 request	FY2008 House	FY2008 Senate
GNMA Expenses ^d	0.011	0.011	0.011	0.010 ^j
Inspector General	0.089 ^k	0.088	0.090	0.112
Appropriations Subtotal	39.195	38.263	41.029	40.907
Rescissions				
Housing Certificate Fund (Section 8) rescission	-1.650	-1.300	-1.300	-1.100
HOPE VI rescission	0.000	-0.099 ^f	0.000	0.000
Neighborhood Initiatives (NI) rescission	0.000	-0.050 ^g	0.000	0.000
Economic Developments Initiative (EDI) rescission	0.000	-0.307 ^g	0.000	0.000
Rental Housing Assistance rescission	0.000	-0.028 ⁱ	-0.028 ⁱ	-0.028 ⁱ
Rescissions Subtotal	-1.650	-1.783	-1.328	-1.128
Offsetting Receipts/Program Savings^e				
Manufactured Housing Fees Trust Fund	-0.013	-0.016	-0.016	-0.016
Office of Federal Housing Enterprise Oversight	-0.066 ^k	-0.066	-0.066	-0.066
Federal Housing Administration (FHA)	-0.652	-0.250	-0.250	-0.250
GNMA	-0.181	-0.185	-0.163	-0.163
Legislative Proposals	NA	-0.366 ^h	-0.540	-0.540
Offsets Subtotal	-0.912	-0.883	-1.035	-1.035
Total	\$36.633	\$35.597	\$38.666	\$38.744

Source: Prepared by CRS based on the President's FY2008 Budget documents, HUD Congressional Budget Justifications, H.R. 3074, H.Rept. 110-238, S. 1789, and S.Rept. 110-131.

- 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. Both H.R. 3074 and S. 1789 would continue to fund it as a set-aside within the HOME account. H.R. 3074 would provide \$42 million; S. 1789 would provide \$150 million.
- 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 that are listed further down in **Table 2**.
- 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 in the discussion of the Federal Housing Administration.
- i. The additional \$28 million for rental housing assistance would be fully offset by a rescission of \$28 million in unobligated and recaptured balances from the rental housing assistance account.

- j. S. 1789 proposes to change the way that salaries and expenses are funded. In the past, HUD has transferred funds from FHA and GNMA to cover management and administrative salaries. According to the committee report, the committee has eliminated such transfers and replaced them with direct appropriations to specific salaries and expenses accounts within each HUD mission area in order to provide more transparency. The net funding levels for salaries and expenses and FHA and GNMA administrative costs match the President's request.
- k. The FY2007 emergency supplemental appropriations law (P.L. 110-28) provided \$7 million in additional funding for HUD's Inspector General and authorized over \$6 million in additional funding for the Office of Federal Housing Enterprise Oversight, fully offset by additional OFHEO fees.

Department of Housing and Urban Development Budget and Key Policy Issues

On February 5, 2007, President Bush released his FY2008 budget request, 10 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 more than \$36.6 billion for FY2007. The 110th Congress has enacted a FY2007 supplemental funding bill, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Act (P.L. 110-28), which contains several provisions that made changes to 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 more than \$650 million that could offset the cost of the HUD budget; for FY2008, the amount is estimated to be about \$250 million, although Congress may consider legislative proposals that could increase the 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.)

On July 11, 2007, the House Appropriations Committee approved its version of the FY2008 THUD funding bill (H.R. 3074). The following day, the Senate Appropriations committee approved its version (S. 1789). Both bills would increase funding above the President's request for a number of programs, including Section 8 tenant-based rental assistance, Housing for the Elderly and Housing for the Disabled, and CDBG and both bills would provide funding for the programs that were slated for elimination in the President's budget.

Tenant-Based Rental Assistance (Section 8 Vouchers). The President's budget requests \$16 billion for Tenant-Based Rental Assistance, a slight increase over the \$15.9 billion enacted for FY2007. H.R. 3074 as reported by the House Appropriations Committee would provide \$16.3 billion. The Senate bill would increase funding for Tenant-Based Rental Assistance to \$16.6 billion.

The majority of tenant-based rental assistance funding is dedicated to voucher renewals. 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. H.R. 3074 would adopt a formula similar to the one requested by the President. The House Appropriations Committee notes in the committee report (H.Rept. 110-38) that the committee chose not to use updated data for allocating FY2008 funding because HUD delayed allocating FY2007 funding under the new formula, and therefore the committee wanted to give PHAs additional time to adjust to their FY2007 allocations before changing the formula again. S. 1789 would allocate funding based on PHAs' most recent 12 months of leasing and cost data, with adjustments, similar to the formula used in the FY2007 CR. (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.)

No new vouchers — called incremental vouchers — have been funded since FY2002. Both the House and Senate bills provide funding for new incremental vouchers targeted to certain populations. H.R. 3074 would provide \$30 million for incremental vouchers for certain non-elderly disabled families and homeless veterans. S. 1789 would provide \$105 million for incremental vouchers for homeless veterans and for families with children in the child welfare system or youth transitioning out of foster care.

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%. Both H.R. 3074 and S. 1789 would provide \$200 million more than the President's request for the Operating Fund. (For more information, see CRS Report RS22557, *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. Both H.R. 3074 and S. 1789 would increase funding above the President's requested level for the public housing Capital Fund. H.R. 3074 would fund the account at the FY2007 level (\$400 million above the President's request) and S. 1789 would provide almost \$500 million above the President's request.

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. Both H.R. 3074 and S. 1789 would provide funding for the HOPE VI program and neither bill would rescind FY2007 funding, as requested in the President's budget. H.R. 3074 would fund the program at \$120 million and S. 1789 would fund the program at \$100 million.

Community Development Programs. The President's FY2008 budget recommendation for the formula portion of the Community Development Block Grant (CDBG) is just over \$3 billion, 20% less than the \$3.7 billion appropriated for distribution to entitlement communities and states in FY2007. As reported by the House Appropriations Committee, H.R. 3074, would provide \$3.9 billion for CDBG formula grants. The Senate Appropriations Committee would fund CDBG formula grants at \$3.7 billion.

The Administration's budget also proposes eliminating funding for Brownfields Redevelopment, Section 108 loan guarantees, and Rural Housing and Economic Development Grants. The budget also eliminates funding for the Economic Development Initiatives (EDI) and Neighborhood Initiatives (NI) accounts, used to fund congressionally earmarked projects. The budget characterizes these programs as duplicative of the activities funded by the CDBG formula grant program.

The President's request for no new funding for these accounts was rejected by both the House and Senate Appropriations Committees. The House bill would fund Section 108 loan guarantees at \$3.7 million, Brownfields Redevelopment at \$9.9 million and Rural Housing and Economic Development Grants at the enacted level for FY2007, \$16.8 million. The Senate bill provides \$6 million for Section 108 loan guarantees, \$10 million for Brownfields Redevelopment, and \$17 million for Rural Housing and Economic Development. Both committees also provide funding for EDI and NI earmarks. H.R. 3074 recommends \$160 million for EDI and \$20 million for NI; S. 1789 would provide \$248 million for EDI and \$40 million for NI.

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.

The House Appropriations Committee's HUD spending bill (H.R. 3074) does not include the Prisoner Re-Entry Initiative, and instead proposes to fund the homeless programs at \$25 million less than the President's request — \$1.561 billion. The Senate Appropriations Committee's version of the HUD spending bill (S. 1789) also fails to include the Prisoner Re-Entry Initiative. However, S. 1789 proposes to fund the homeless programs at \$1.586 billion, the same level recommended by the President. Of that amount, \$25 million would fund a new demonstration program to rapidly rehouse homeless families living in shelters. Neither the House nor the Senate bill include the President's proposal to consolidate the competitive grants. However, separate legislation introduced in both the House (H.R. 840) and Senate (S. 1518) propose to consolidate the programs. (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. The House bill (H.R. 3074) would provide just under \$735 million for elderly housing programs, while the Senate bill (S. 1789) would provide \$735 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's budget 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. The House and Senate Appropriations Committees would both provide funding at the FY2007 level.

Federal Housing Administration (FHA). For FY2008, the FHA account is expected to generate \$250 million in offsetting receipts, which is less than the amount of administrative expenses expected to be incurred by the account. This is a significant change from a few years ago when the income to the insurance funds (which was regularly in excess of \$1 billion) exceeded the costs and resulted in negative appropriations for FHA. This decline in offsetting receipts tracks FHAs declining market share.

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 that 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 varying 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 the FHA reform bill (H.R. 1852) as reported in the House.