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# Community Development Block Grants: Recent Funding History

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## Summary

The Community Development Block Grant (CDBG) program, administered by the Department of Housing and Urban Development (HUD), under the Community Development Fund (CDF) account, was first authorized by Title I of the Housing and Community Development Act (HCDA) of 1974, P.L. 93-383. During the program's nearly 40-year existence, Congress has allocated approximately \$138 billion to help state and local governments undertake housing, economic development, neighborhood revitalization, and other community development activities. In addition to its annual appropriations, Congress, as events have warranted, has used the program's framework to provide supplemental and special appropriations to assist states and communities in responding to various economic crises and manmade and natural disasters.

This report is a review of the CDF account's funding history from FY2000 to FY2013, as well as current funding in FY2014. It includes a discussion of the three primary components of the CDF account: (1) CDBG formula grants; (2) CDBG-related set-asides and earmarks; and (3) CDBG-linked supplemental and special appropriations. It is intended to provide recent historical background as the 113<sup>th</sup> Congress considers CDF funding levels and composition. For information on CDF appropriation legislation considered during the 113<sup>th</sup> Congress, the reader should consult CRS Report *Community Development Block Grant Funding Issues in the 113<sup>th</sup> Congress*.

From FY2000 to FY2014, total appropriations for the CDF account—excluding special and supplemental appropriations for disasters, mortgage foreclosures, and economic recovery—fluctuated between a high of \$5.112 billion in FY2001 and a low of \$3.008 billion in FY2012. During this period the average grant amount allocated to CDBG entitlement communities (typically metropolitan-based cities and counties) declined by 43.7% from a high of \$3 million in FY2002 to a low of \$1.7 million in FY2012. The decline in the average grant amount is both a function of fewer dollars appropriated and an increase in the number of entitlement communities as more cities and counties achieve the population threshold necessary to be designated an entitlement community. From FY2000 to FY2013, the number of jurisdictions receiving a direct allocation as CDBG entitlement communities increased by 171 (16.9%), from 1,012 to 1,183, while the average allocation for entitlement communities declined by 37.9%.

Short of appropriating additional funds, Congress may consider a number of options intended to address the decline in average CDBG formula allocations. These may include (1) increasing the population threshold for eligibility as a CDBG entitlement community, or (2) encouraging communities receiving less than a designated minimum allocation to enter into cooperative agreements with the urban county in which they are located.

From FY2000 to FY2014, both the number of and appropriations for set-aside programs included in the CDF account have fluctuated significantly. In FY2001 Congress appropriated \$713 million for CDF set-asides, with earmarks under the Economic Development Initiative (EDI) and Neighborhood Initiative (NI) programs accounting for 56% of this total. By FY2013 CDBG-linked set-asides reached a low for the period of \$57 million as other national priorities have supplanted the programs funded under the account, or those activities have been transferred to other accounts or agencies.

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## Introduction

The Community Development Block Grant (CDBG) program, administered by the Department of Housing and Urban Development (HUD), was first authorized by Title I of the Housing and Community Development Act (HCDA) of 1974, P.L. 93-383.<sup>1</sup> Funded through the Community Development Fund (CDF), the program is one of the largest and longest-standing federal block grants in existence, annually allocating billions of dollars in federal assistance to state and local governments in support of neighborhood revitalization, and community and economic development efforts. During the program's 40-year existence, Congress has allocated approximately \$138 billion to assist state and local governments in undertaking housing, economic development, neighborhood revitalization, and other community development activities principally benefitting low- and moderate-income persons. In addition to its annual appropriations, Congress also has used the program's framework to provide additional, supplemental, and special appropriations to assist states and communities in responding to various economic crises and manmade and natural disasters.

In FY2012, the latest year for which data were available at this writing, the CDBG program was the largest source of federal assistance to state and local governments for community development activities and the 19<sup>th</sup>-largest source of grant assistance to states and local governments, ranking behind such programs as Federal Aid to Highways, Transit Assistance, Aid for the Education of the Disadvantaged, School Improvements, Special Education, Medicaid and Medicare, and Temporary Assistance to Children and Families (See **Table 1**).

**Table 1. Grant Assistance to State and Local Governments Actual FY2012 Budget Authority**

(in millions of dollars)

<b>Program<sup>a</sup></b>	<b>FY2012 Appropriation<sup>b</sup></b>
Grants to States for Medicaid (M)	270,724
Federal Aid to Highways (D)	39,144
Child Nutrition Programs (M)	18,284
Accelerating Achievement and Ensuring Equity Education Grants (D)	15,677
Temporary Assistance to Needy Children and Families (M)	16,739
Tenant Based Rental Assistance (D)	18,264
Children Health Insurance Fund (M)	8,659
Special Education (D)	11,730
Children and Families Services Programs (D)	9,550
Federal Transit Administration Formula Grants (M)	9,889
Foster Care and Adoption Assistance (M)	7,008
Special Supplemental Nutrition Program for Women and Children (D)	7,018
Supplemental Nutrition Program (M)	6,888

<sup>1</sup> 42 USC 5301, *et seq*

<b>Program<sup>a</sup></b>	<b>FY2012 Appropriation<sup>b</sup></b>
Education Improvement Program (D)	4,416
Public Housing Operating Fund (D)	3,962
Low Income Home Energy Assistance Program (D)	3,472
Child Support Enforcement (M)	3,836
EPA State and Tribal Assistance Grants (D)	3,568
Unemployment Trust (D)	3,421
<b>Community Development Block Grants (Formula-based assistance) (D)</b>	<b>3,408<sup>c</sup></b>

**Source:** Fiscal Year 2014 Budget of the United States, Analytical Perspective available at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/spec.pdf>.

**Notes:**

- a. (D) denotes discretionary spending whose annual levels are determined by Congress through appropriations acts. (M) denotes mandatory spending whose funding levels are determined by formulas or eligibility criteria already written into law.
- b. Data on FY2013 were not included in the Administration's FY2014 budget request because of the delay in approving FY2013 appropriations.
- c. Includes \$400 million in disaster supplemental appropriations.

This report is a review of the CDF account's funding history from FY2000 to FY2013; as well as current FY2014 funding. It includes a discussion of the three primary components of the CDF account:

- CDBG formula grants;
- CDBG-related set-asides and earmarks; and
- CDBG-linked supplemental and special appropriations.

## CDF Funding Overview

For FY2014, the \$3.1 billion Congress appropriated for activities funded in the CDF account is one of the lowest total amounts approved during the last 15 years. The FY2014 CDF account appropriation will be targeted exclusively to CDBG activities. By contrast, for FY2013, Congress appropriated \$19.308 billion in financial assistance for CDBG-related activities, one of the largest appropriations of the past 15 years. Of this amount, \$3.308 billion was made available for CDBG formula grants with the passage of P.L. 113-6, the Consolidated and Further Continuing Appropriations Act of 2013, while the Disaster Relief Act of 2013, P.L. 113-2, appropriated an additional \$16 billion for disaster relief and recovery activities in response to Hurricane Sandy and other disasters that occurred during 2011, 2012, and 2013. Both acts were subject to sequestration as mandated by the Budget Control Act of 2011 (P.L. 112-25), as amended. According to the Office of Management and Budget (OMB), sequestration resulted in a 5% or

\$965 million reduction in FY2013 appropriations for CDF activities, from \$19.308 billion to \$18.343 billion.<sup>2</sup>

**Figure 1** is a graphic representation of the distribution of the primary components of the CDF account from FY2000 to FY2014.<sup>3</sup> As the graph illustrates, set-asides within the CDF account, including earmarked funds, declined significantly during the period from a high of \$713 million in FY2001 to a low of \$57 million in FY2013. Much of this decline was attributable to the elimination of earmarked projects funded under the Neighborhood Initiative (NI) and Economic Development Initiative (EDI) programs.<sup>4</sup> Conversely, Congress, at its discretion, has used the program's statutory framework to support disaster relief and recovery efforts. The program's framework also has been used to assist cities and states in responding to the 2008 recession. Two specific initiatives were involved: the Neighborhood Stabilization Program (NSP) and additional CDBG-formula funds appropriated through the American Recovery and Reinvestment Act (ARRA). NSP funds were used to help state and local governments acquire, rehabilitate, and resell abandoned and foreclosed homes (see "Supplemental Appropriations" section of this report for additional information). As part of the President's economic stimulus plan enacted under ARRA, Congress provided \$1 billion in CDBG funds for FY2010 in support of job creation and retention activities.

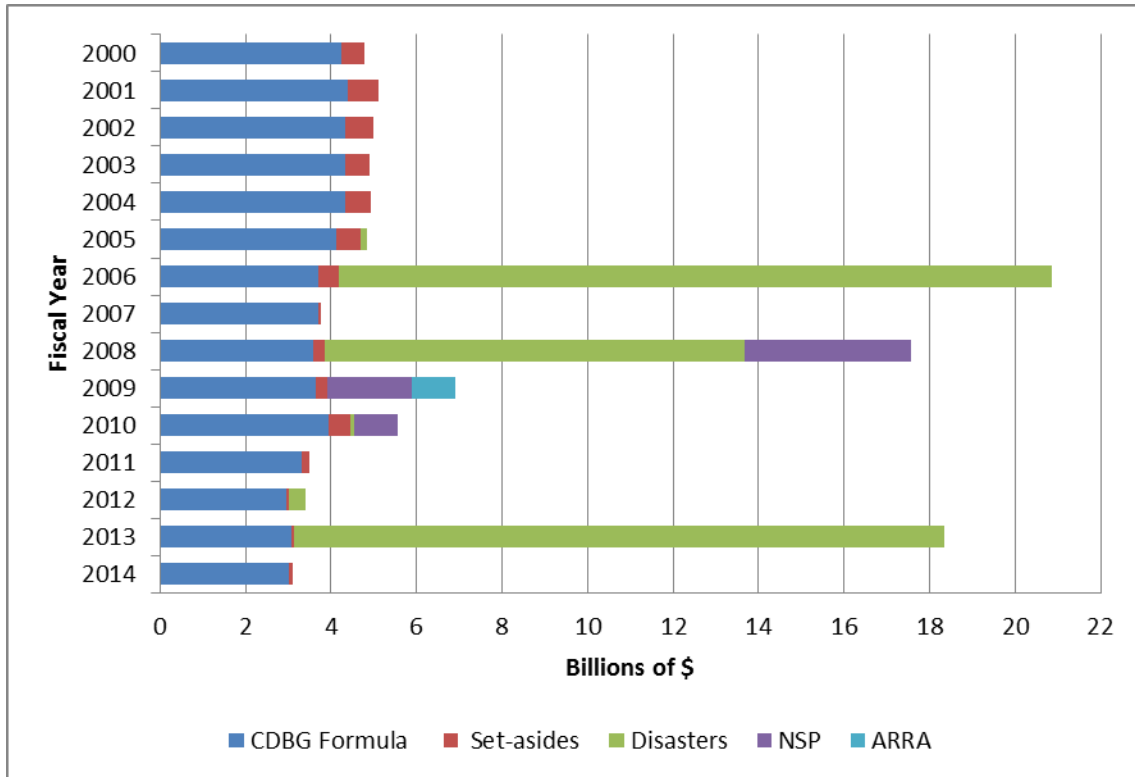
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<sup>2</sup> Executive Office of the President of the United States, Office of Management and Budget, *Report on Sequestration to the Joint Committee Sequestration for Fiscal Year 2013*, Washington, DC, March 1, 2013, p. 31, [http://www.whitehouse.gov/omb/legislative\\_reports](http://www.whitehouse.gov/omb/legislative_reports). The \$965 million included in the OMB report includes (\$165 million reduction in regular appropriations and \$800 million in FY2013 CDBG disaster supplemental funding).

<sup>3</sup> For a complete funding history of the CDBG formula-based component of program (FY1975 to FY2013) see **Appendix B** of this report.

<sup>4</sup> NI and EDI are discussed in more detail in the CDBG-linked set-aside section of this report.

**Figure I. CDF Appropriations: FY2000 to FY2014**



Source: CRS analysis based on Table 2 and HUD Budget Justifications.

From FY2000 to FY2014, total appropriations for the CDF account—excluding supplemental appropriations for disaster relief, mortgage foreclosures (NSP), and economic recovery (ARRA)—fluctuated between a high of \$5.112 billion in FY2001 and a low of \$3.008 billion in FY2012 (see Table 2). The FY2011 appropriation for all programs and activities included in the CDF account was the lowest amount appropriated in more than a decade, while the FY2012 amount for CDBG formula grants awarded to states and entitlement communities was the lowest amount since the \$2.817 billion appropriated in FY1990 (see Appendix B, Table B-1).



**Table 2. CDF Appropriations: FY2000 to FY2014**

(in billions of dollars)

<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013<sup>a</sup></b>	<b>2014</b>
CDBG Formula Grants	4.235	4.399	4.341	4.340	4.331	4.117	3.711	3.711	3.593	3.642	3.948	3.303	2.948	3.078	3.030
Set-asides	0.545	0.713	0.659	0.565	0.603	0.585	0.467	0.061	0.274	0.258	0.502	0.198	0.060	0.057	0.070
<i>EDI &amp; NI earmarks</i>	<i>0.255<sup>b</sup></i>	<i>0.401</i>	<i>0.336</i>	<i>0.301</i>	<i>0.334</i>	<i>0.300</i>	<i>0.356</i>	<i>0.0</i>	<i>0.206</i>	<i>0.185</i>	<i>0.195</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<b>CDF Total</b>	<b>4.780</b>	<b>5.112</b>	<b>5.000</b>	<b>4.905</b>	<b>4.934</b>	<b>4.702</b>	<b>4.178</b>	<b>3.772</b>	<b>3.867</b>	<b>3.900</b>	<b>4.450</b>	<b>3.501</b>	<b>3.008</b>	<b>3.135</b>	<b>3.100</b>
Disaster Recovery	—	—	3.480	—	—	0.150	16.673	—	9.800	—	0.100	—	0.400	15.200	—
NSP	—	—	—	—	—	—	—	—	3.900	2.000	1.000	—	—	—	—
ARRA	—	—	—	—	—	—	—	—	—	1.000	—	—	—	—	—
Supplemental/ Special Funds Subtotal	0.000	0.000	3.480	0.000	0.000	0.150	16.673	0.000	13.700	3.000	1.100	0.000	0.400	15.200	—
<b>Total</b>	<b>4.780</b>	<b>5.046</b>	<b>8.480</b>	<b>4.905</b>	<b>4.934</b>	<b>4.852</b>	<b>20.851</b>	<b>3.772</b>	<b>17.566</b>	<b>6.900</b>	<b>5.550</b>	<b>3.501</b>	<b>3.408</b>	<b>18.335</b>	<b>3.100</b>

**Source:** CRS appropriations reports, HUD Budget Justifications.

a. Amounts reflect 5% sequestration mandated by the Budget Control Act.

b. Total appropriations for EDI and NI, including earmarked funds, were \$286.2 million. This included \$256.2 million for EDI of which \$232 million was for earmarked projects; and \$30 million for NI of which \$23 million was for earmarked projects. EDI original appropriation of \$275 million was subject to a rescission of \$18.8 million.

## CDBG Formula Grants

Of the amount appropriated each fiscal year to carry out CDBG eligible activities, 70% is allocated to cities and urban counties meeting required minimum population thresholds. These communities are identified collectively as “entitlement communities.”<sup>5</sup> The remaining 30% of funds appropriated for CDBG formula distribution is allocated among the 50 states and Puerto Rico for distribution to small or so-called “nonentitlement communities.” Before funds are apportioned between states and CDBG entitlement communities, CDBG funds are first set aside for Indian tribes and insular areas as required by statute.<sup>6</sup>

During recent appropriations cycles, the funding level for the CDBG-formula component of the CDF account has been the focus of debate. Supporters of the program have pressed for increased funding, contending that the program’s appropriations have declined in both current and constant dollars. Supporters noted that this decline or near stagnation in funding has been compounded by the increased number of communities gaining entitlement status and thus eligibility for a direct allocation of a share of funds dispensed to entitlement communities. Entitlement communities have been forced to share an ever-shrinking or stagnant slice of the CDBG formula pie with an ever-increasing number of eligible grant recipients. During the past decade, critics of the program have argued that increased funding has not been justified based on the program’s performance as measured by its PART score<sup>7</sup> and, more recently, the need to reduce domestic discretionary spending as part of a larger effort to reduce the federal budget deficit and the national debt.

As noted in **Table 3**, during the period from FY2000 to FY2013, the average grant amount allocated to CDBG entitlement communities declined by 43.7% from a high of \$3 million in FY2001 and FY2002 to a low of \$1.7 million in FY2012. The total amount appropriated declined annually from FY2001 to FY2006, but increased from FY2008 to FY2010, before resuming a downward trend. For FY2013, the average allocation was 37.9% less than the average allocation in FY2000. The decline in the average grant amount is both a function of lower funding levels and an increase in the number of entitlement communities as more cities and counties achieve the population threshold necessary to be designated an entitlement community. From FY2000 to FY2013, the number of jurisdictions receiving a direct allocation as CDBG entitlement communities increased by 171, from 1,012 to 1,183 (see **Table 3**).

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<sup>5</sup> To qualify for a direct allocation of funds, a city must be located in a metropolitan area, have a minimum population of 50,000 or more persons, or be designated by the Office of Management and Budget as the principal (central) city of a metropolitan area, 42 U.S.C. §5302(a)(4). A county may qualify for a direct allocation by meeting the statutory definition of urban county as outlined at 42 U.S.C. §5302(a)(6) and 42 U.S.C. §5306. Cities and urban counties meeting the minimum population thresholds qualifying them as eligible to receive a direct allocation of CDBG funds are collectively labeled “entitlement communities.” For FY2013, the total number of CDBG entitlement communities was 1,183.

<sup>6</sup> 42 U.S.C. § 5307.

<sup>7</sup> Performance Assessment Rating Tool (PART) “is a questionnaire designed to help assess the management and performance of programs. It is used to evaluate a program’s purpose, design, planning, management, results, and accountability to determine its overall effectiveness.” The last PART assessment undertaken for the CDBG program was FY2003. For additional information on PART, see <http://www.whitehouse.gov/omb/expectmore/part.html>. For a link to the CDBG entitlement program’s FY2003 PART review see <http://www.whitehouse.gov/omb/expectmore/summary/10001161.2003.html>.

**Table 3. Number of CDBG Entitlement Communities and States Average Allocation: FY2000 to FY2013**

(Fiscal Year Allocations)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total allocated to entitlement communities (in millions of \$)	\$2,964	\$3,079	\$3,039	\$3,038	\$3,032	\$2,882	\$2,593	\$2,598	\$2,510	\$2,549	\$2,760	\$2,307	\$2,059	\$2,150
Number of entitlement communities	1,012	1,018	1,023	1,041	1,111	1,117	1,135	1,140	1,151	1,159	1,165	1,168	1,181	1,183
Average entitlement allocation (in millions of \$)	\$2.9	\$3.0	\$3.0	\$2.9	\$2.7	\$2.6	\$2.3	\$2.3	\$2.2	\$2.2	\$2.4	\$2.0	\$1.7	\$1.8
Total allocated to states (in millions of \$)	\$1,271	\$1,320	\$1,302	\$1,302	\$1,299	\$1,235	\$1,111	\$1,113	\$1,076	\$1,093	\$1,183	\$989	\$882	\$921
Number of states + Puerto Rico	51	51	51	51	51	51	51	51	51	51	51	51	51	51
Average state allocation (in millions of \$)	\$24.9	\$25.9	\$25.5	\$25.5	\$25.5	\$24.2	\$21.8	\$21.8	\$21.1	\$21.4	\$23.2	\$19.4	\$17.3	\$18.1

**Source:** CRS analysis based on data from HUD.

**Note:** Data identifying number of entitlement communities were not available before the publication of this report.

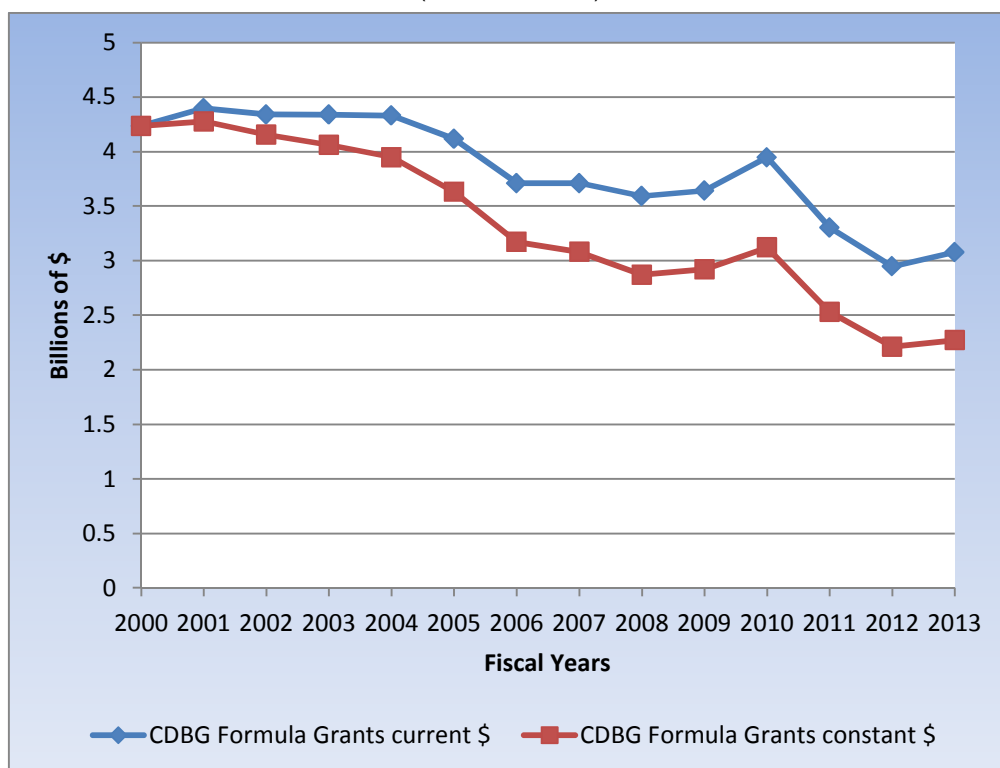
The fluctuations in the both the total grant amount and average annual grant allocation awarded to states and Puerto Rico were less pronounced.

During the period from FY2000 to FY2013 the total amount allocated to states and Puerto Rico for distribution to nonentitlement communities fell from a high of \$1.320 billion in FY2001 to a low of \$882 million in FY2012, a 33% decline in funding. The average grant amount allocated to states declined from a high of \$25.9 million in FY2002 to a low of \$17.3 million in FY2012. In FY2013, \$921 million was allocated among the 50 states and Puerto Rico for distribution to nonentitlement communities, resulting in an average allocation of \$18.1 million. This was 27.5% (\$399 million) less than the \$1.320 billion made available to states and Puerto Rico in FY2001, but 4.4% (\$39 million) more than allocated to states and Puerto Rico for FY2012. (See **Appendix C, Table C-1**, for a distribution of CDBG-formula funds to states, entitlement communities, and insular areas for the period from FY2011 to FY2013).

### Impact of Inflation on CDBG-Formula Allocations

When measured in inflation-adjusted constant dollars, program funding declined by 46.4% from FY2000 to FY2013, from \$4.235 billion in FY2000 to \$2.270 billion in FY2013. As **Figure 2** illustrates, appropriations for CDBG formula grants have fluctuated between \$2.9 billion and \$4.4 billion in current (non-inflation adjusted) dollars during the period from FY2000 to FY2013.

**Figure 2. CDBG Funding in Current and Constant Dollars: FY2000 to FY2013**  
(Base Year 2000)



**Source:** CRS analysis.

**Notes:** Does not include supplemental appropriations.

## **Impact of 2010 Census Data on CDBG Allocations**

The CDBG program allocations are determined via a dual formula using data from the decennial census and the American Community Survey, which is updated periodically. CDBG funds awarded to eligible entitlement communities and states are allocated using the highest yield from one of two statutorily based formulas.<sup>8</sup> For each of the two categories of eligible entitlement communities (metropolitan cities and urban counties), Formula A, the original formula created with the initial passage of the Housing and Community Development Act of 1974, P.L. 93-383, allocates funds based on each metropolitan city and urban county's share of the following weighted factors:

- population relative to the total population for all metropolitan cities or urban counties (0.25);
- poverty relative to total persons in poverty for all metropolitan cities or urban counties (0.50); and
- overcrowded housing relative to the total number of persons living in overcrowded housing conditions for all metropolitan cities or urban counties (0.25).

The second formula, Formula B, enacted with the passage of the Housing and Community Development Amendments of 1977, P.L. 95-128, allocates funds to metropolitan cities and urban counties using the following weighted factors:

- a population growth lag factor<sup>9</sup> intended to measure the extent that a community's population has lagged behind the national average for all metropolitan cities or urban counties since 1960 (0.20);
- each community's share of poverty relative to the total persons living in poverty for all metropolitan cities or urban counties (0.30); and
- housing built before 1940 relative to the total number of housing units built before 1940 for all metropolitan cities or urban counties (0.50).

The distribution of CDBG funds to states is also governed by a similar weighted dual formula system. Formula A uses each state's relative share of population (25%), poverty (50%), and overcrowded housing (25%) in nonentitlement areas to allocate funds. Formula B uses each state's relative share of poverty (20%), housing built before 1940 (50%), and persons living in poverty (30%) in all nonentitlement areas.

## **HUD Study of the Impact of New Data Sources**

The statute governing the administration of the CDBG program requires HUD to use, with respect to each fiscal year, "the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget (OMB)

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<sup>8</sup> 42 U.S.C. §5306.

<sup>9</sup> This factor is intended to measure the extent to which a metropolitan city or urban county's population growth rate has lagged behind the population growth rate for all metropolitan cities or urban counties between the period 1960 and the most recent date that data is available for all metropolitan cities or urban counties.

available ninety days prior to the beginning of such fiscal year.”<sup>10</sup> Starting with the FY2012 allocations, HUD used Census Bureau data from the 2010 Decennial Census and the 2005-2009 American Community Survey (ACS) five-year estimates. The ACS five-year estimates are updated every year, allowing HUD to annually update data sources used to allocate CDBG funds. This allows allocations to reflect recent projected demographic changes.

Prior to the FY2012 allocations, HUD used the 2000 Decennial Census as the data source for poverty, overcrowded housing conditions, and pre-1940 housing stock. In the case of the FY2011 allocations, it also used 2009 population estimates to calculate each community and state’s relative share of the population. Population estimates from 2009 were also used to calculate each entitlement community’s population growth rate relative to the national average for all entitlement communities.

In December 2011, HUD released a study on the impact of the introduction of 2010 Census and ACS data on the allocation of CDBG formula grant funds.<sup>11</sup> In order to analyze the effect the new data sources would have on the distribution of program funds, the study assumed that the number of eligible entities and the program’s appropriations would be held constant from FY2011 to FY2012. This assumption isolates the impact of the change in data sources on the distribution of funds. The following are selected findings from the HUD study:

- Communities that may be most negatively impacted by the change in data sources are more likely to be located in Puerto Rico, the Mid-Atlantic, and Pacific/Hawaii regions. Entitlement communities in these regions were expected to experience a decline of -22.6%, -4.9%, and -3.1%, respectively, in their CDBG allocations due to changes in data sources.
- Entitlement communities positively impacted by the change in data sources are more likely to be located in the Rocky Mountain, Great Plains, and Midwest regions. Entitlement communities in these regions would experience an increase of 9.5%, 6.8%, and 5.3%, respectively, in their CDBG allocations.<sup>12</sup>
- The introduction of new data sources results in principal (central) cities of metropolitan areas and urban counties receiving a greater share of funds (0.2% and 1.2%, respectively), while funding allocated to other entitlement (satellite) cities would decline by -3.1%. According to the report, “[T]hese changes are driven largely by increasing shares of poverty in urban counties, decreasing shares of overcrowding in satellite cities, and increasing shares of pre-1940 housing in principal (central) cities.”<sup>13</sup>
- Two states, New Mexico and Puerto Rico,<sup>14</sup> were expected to experience the largest decline in funding, -27.4% and -27.3%, respectively, as a result of declines in their relative shares of poverty and overcrowded housing.<sup>15</sup>

<sup>10</sup> 42 U.S.C. §5302(b).

<sup>11</sup> Paul Joice, Ben Winter, and Heidi Johnson, *Redistribution Effect of Introducing 2010 Census and 2005-2009 ACS Data into the CDBG Formula*, Department of Housing and Urban Development, Office of Policy Development and Research, Washington, DC, December 2011, [http://www.huduser.org/publications/pdf/cdbg\\_redis\\_eff.pdf](http://www.huduser.org/publications/pdf/cdbg_redis_eff.pdf). See Appendix 1 of the document for a map of HUD’s Administrative Regions.

<sup>12</sup> Ibid. Table 2.9, *Shifting Shares of CDBG Entitlement Funding by Region*, page 15.

<sup>13</sup> Ibid. Executive Summary, p. ii.

<sup>14</sup> 42 U.S.C. §5302(a)(2) includes Puerto Rico in the definition of a state for the purposes of the CDBG program.

The report is available at [http://www.huduser.org/publications/pdf/cdbg\\_redis\\_eff.pdf](http://www.huduser.org/publications/pdf/cdbg_redis_eff.pdf). **Appendix B** of this report includes a comparison of funding allocations for entitlement communities awarded grants in FY2011.

## Implications of Reduced Formula Funding

The FY2013 appropriations for the formula-based components of the CDBG program (entitlement communities and states, and insular areas) totaled \$3.078 billion, which was approximately 6.8% (\$225 million) less than the \$3.303 billion appropriated for FY2011.<sup>16</sup> For FY2012, the CDBG allocations awarded to entitlement communities and states totaled \$2.948 billion. This represented a decline of 10.7% (\$355 million) from the amount allocated in FY2011. The reductions in appropriations for formula grant activities from FY2011 to FY2013 resulted in the average grant amount for entitlement communities declining from \$2 million in FY2011 to \$1.8 million in FY2013 (see **Table 4**). This is a 10.1% reduction in the average grant amount awarded to entitlement communities. The decline in average funding is a result of both lower appropriations and an increase in the number of communities qualifying for entitlement status. The average state allocation declined by 6.7%, from \$19.42 million in FY2011 to \$18.1 million for FY2013. The decline in funding is more pronounced when measured over the last 11 years. In FY2003, the average entitlement allocation was \$2.9 million compared to \$1.8 million for FY2013, a 37.9% decline. During this same period, the average allocation for states declined by 29% from \$25.5 million to \$18.1 million (see **Table 3**).

Supporters of the CDBG program contend that the reduction in funding disproportionately affects low and moderate income households given the statutory requirement that communities allocate at least 70% of the program's funds to activities principally benefitting low and moderate income persons.<sup>17</sup> The FY2012 appropriation for the formula component of the CDBG program is the lowest amount appropriated in more than a decade (see **Table 2**). The reduction in funding for entitlement communities likely will result in entitlement communities delaying some projects and reducing support for others, including activities undertaken by community-based organizations acting as sub-grantees.

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(...continued)

<sup>15</sup> Ibid. p. 28.

<sup>16</sup> The FY2011 amount reflects an across-the-board rescission of 0.2% and a 1% transfer of funds to the Department's Transformation Initiative. See §1119 and §2259 of P.L. 112-10.

<sup>17</sup> The program's authorizing statute and regulations define low and moderate income persons as those persons whose income do not exceed 80% of the median income of the jurisdiction.

**Table 4. Average CDBG Allocation and Percentage Change: 2011 to FY2013**  
(in millions of dollars)

	Number of eligible entities FY2011	FY2011 average allocation	Number of eligible entities FY2012	FY2012 average allocation	Percentage change from FY2011 to FY2012	Number of eligible entities FY2013	FY2013 average allocation	Percentage change from FY2011 to FY2013
Entitlement communities	1,168	\$2.0	1,181	\$1.7	-15.0	1,183	\$1.8	-10.0
States	51	19.4	51	17.3	-10.8	51	18.1	-6.7
Insular areas	4	1.7	4	1.7	0.0	4	1.7	0.0

**Source:** HUD allocations at data at <http://www.hud.gov/offices/cpd/about/budget/budget10/index.cfm> and CRS, based on information included in **Table 3**.

**Note:** FY2014 data were not available before the publication of this report.

### FY2014 Appropriations, P.L. 113-76<sup>18</sup>

On January 17, 2014, President Obama signed the Consolidated Appropriations Act for FY2014, P.L. 113-76, which included \$3.100 billion in funding for the CDF account. Of the total amount appropriated for CDF activities all funds are to be allocated to CDBG entitlement communities (\$2.116 billion), states (\$907 million), insular areas (\$7 million), and Indian tribes (\$70 million to be competitively awarded). As of the date of publication of this report, HUD had not yet allocated funds to eligible entitlement communities and states nor identified the number of jurisdictions eligible for direct allocations as entitlement communities. The FY2014 appropriation for the CDF account reflects two outcomes observed during the previous two appropriation cycles (FY2012 and FY2013):

- With the exception of disaster recovery supplemental funding, Congress has not included funding for other activities beyond the formula-based CDBG program and the competitively awarded Indian tribe CDBG program.
- Second, appropriations for CDBG-formula grants have remained in a narrow band moving between \$2.948 billion (FY2012) and \$3.030 billion for FY2014.

For supporters of the CDBG program the FY2014 funding level represents a reprieve. On July 2, 2013, the House Appropriations Committee reported out H.R. 2610, a bill making appropriations for the Departments of Transportation and Housing and Urban Development Appropriations Act (THUD). H.R. 2610 recommended an appropriation of \$1.697 billion for CDF activities, a 45% reduction in the amount appropriated for FY2013. The Senate Appropriations Committee version of the THUD Appropriations Act for FY2014, S. 1243, recommended \$3.295 billion for activities funded under the CDF account, including \$3.150 billion for CDBG formula grants.

The U.S. Conference of Mayors and other organizations representing state and local governments have consistently opposed any reduction in CDBG funding levels. These groups have argued that cuts in the CDBG would significantly impact the long-term community and economic

<sup>18</sup> For a detailed review of the FY2014 funding proposals and final appropriations for the CDF account, see CRS Report R43208, *Community Development Block Grants: Funding Issues in the 113<sup>th</sup> Congress*, by (name redacted)



development plans of the states and local governments, forcing them to postpone or terminate activities that support private sector economic development and job creation efforts, public facilities, and public services.<sup>19</sup> The proposed funding reduction included in H.R. 2610 also purportedly would have undercut the resources of non-profit organizations serving as CDBG sub-grantees. These entities are involved in managing a range of CDBG-funded public services, facilities, and activities, including homeless shelters, public safety activities, and job counseling.

## **Legislative Options**

The decline in the average grant amount is both a function of fewer dollars appropriated and an increase in the number of entitlement communities. Given the current climate in Congress surrounding the desire to address the national debt and to reduce deficit spending, Congress is unlikely to restore CDBG funding to significantly higher levels. Short of appropriating additional funds that would mitigate both the impact of inflation and the increasing number of eligible communities, Congress may consider a number of options intended to address the decline in average CDBG formula allocations. These may include the following two options.

### **Establish a Minimum Allocation Amount**

The Administration FY2014 budget included a HUD proposal that would have eliminated:

- the grandfathering of communities that no longer meet the minimum population threshold for entitlement status; and
- formula funding to entitlement cities whose annual allocation fails to meet a predetermined minimum amount.

The HUD proposal would have denied direct CDBG funding to any community whose minimum allocation was less than 0.0125% (\$348,875) of the amount that would be allocated to all entitlement communities, assuming congressional approval of the Administration's FY2014 budget request. According to the Administration, 239 communities would have fallen below the threshold and an additional 57 grandfathered communities would have been eliminated because they no longer met the program's population threshold for entitlement status. The two factors would affect 25% of the 1,183 entitlement communities designated as entitlement cities in FY2013. The proposal would have transitioned communities to nonentitlement status over several years ending in 2018.

### **Increase Population Threshold for Eligibility**

The Administration also proposed that the current population thresholds for entitlement community eligibility be increased. Establishing a population threshold higher than the current 50,000 persons for entitlement city status would eliminate direct funding for hundreds of cities. The cities that fail to meet the new higher population thresholds would have their populations and other formula factors included in determining their urban county's calculations. Raising the

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<sup>19</sup> "Mayors Lobbying Senate to Restore CDBG Funding," *Community Development Digest*, February 25, 2011, p. 1; and U.S. Conference of Mayors, "Community Development Block Grants Work for America," February 2011, <http://www.usmayors.org/cdbg/>. National League of Cities, "NLC ACTION ALERT: Community Development Block Grant Recess Strategy," press release, February 2011.

population threshold for entitlement city status to 75,000 persons would potentially eliminate more than half (550) of the 984 cities that qualified for entitlement funding in FY2012.<sup>20</sup>

Although the cities eliminated under the proposal would not receive direct funding, many would be able to become a part of their respective county's CDBG program. Such an arrangement could reduce administrative costs and promote intra-county cooperation. In addition, according to HUD, its proposal would eliminate inefficiency inherent in awarding very small grants since such grants "could only have a small effect." Further, HUD contends that

With larger grants, communities should be able to increase effectiveness by fully funding projects that create jobs or provide adequate funding to pursue comprehensive neighborhood revitalization. Moreover, from an administration standpoint, small grants do not provide communities with sufficient resources needed to properly staff and manage all program requirements needed to run an effective program.<sup>21</sup>

## CDBG-Linked Set-Asides and Earmarks<sup>22</sup>

In addition to the CDBG formula program, the CDF account also has been populated by a number of other programs with smaller appropriation levels, narrower objectives, and fewer direct recipients. Some set-asides included in the account are intended to complement the activities of the larger formula grant program (see **Appendix A** for a full list of set-asides funded under the CDF account). Others are intended to meet other agency objectives, and still others have been earmarked for specific activities or projects. Some observers have contended that a number of these programs have been funded at the expense of the larger CDBG formula grant program, particularly those projects funded as earmarks.

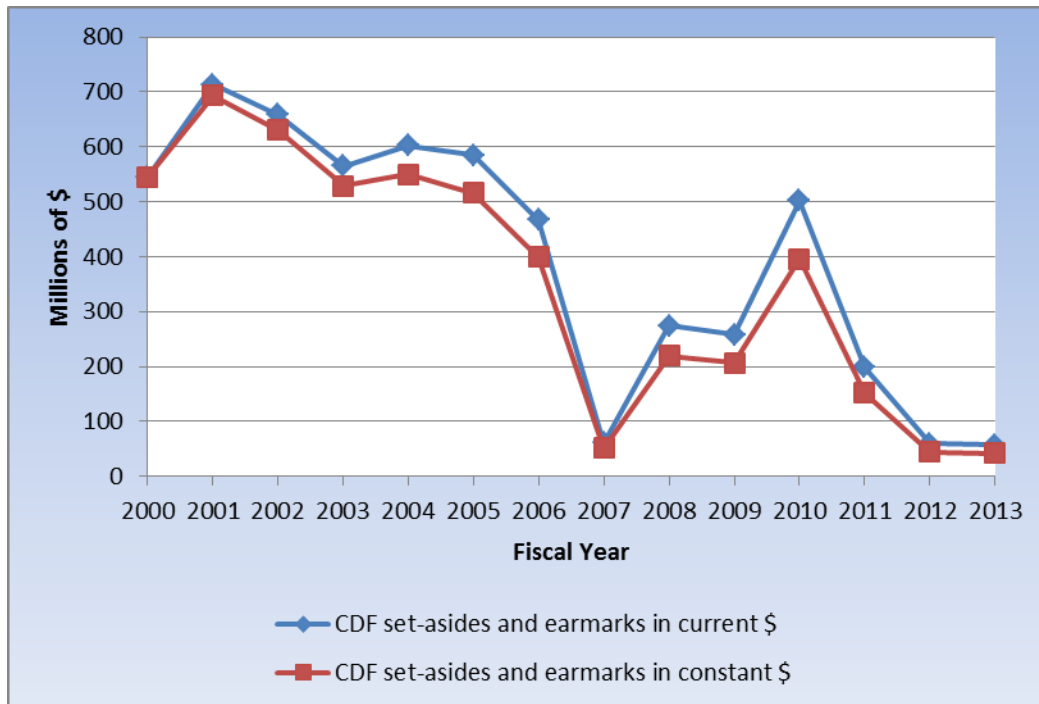
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<sup>20</sup> See Paul Joice, Ben J. Winter, and Heidi Johnson, et al., *Redistribution Effect of Introducing 2010 Census and 2005-2009 ACS Data into the CDBG Formula*, Department of Housing and Urban Development, Office of Policy Development and Evaluation, December 2011, p. 12, [http://www.huduser.org/publications/pdf/cdbg\\_redis\\_eff.pdf](http://www.huduser.org/publications/pdf/cdbg_redis_eff.pdf); and Department of Commerce, Bureau of Census, *Annual Estimates of the Resident Population for Incorporated Places Over 50,000, Ranked by July 1, 2012 Population: April 1, 2010 to July 1, 2012 - United States—Places Over 50,000 Population more information*, American Fact Finder, Washington, DC, July 1, 2012, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

<sup>21</sup> Department of Housing and Urban Development, 2014 Congressional Budget Justifications, Community Planning and Development, Community Development Fund, 2014 Summary Statement and Initiatives, Washington, DC, April 2014, pp. Q2-Q3, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/cfo/reports/2014/main\\_toc](http://portal.hud.gov/hudportal/HUD?src=/program_offices/cfo/reports/2014/main_toc).

<sup>22</sup> Set-asides are funds in a larger appropriations measure that are designated to fund a specific program or activity. Under House and Senate rules, "[A]n earmark is a provision in legislation or report language that is included primarily at the request of a Member, and provides, authorizes, or recommends a specific amount to an entity or to a specific state, locality, or congressional district." For a discussion of disclosure procedures see CRS Report R40976, *Earmarks Disclosed by Congress: FY2008-FY2010 Regular Appropriations Bills*, by (name redacted) and (name redacted).

**Figure 3. CDF Set Asides and Earmarks in Current and Constant Dollars: FY2000 to FY2013**  
(Base Year 2000)



**Source:** CRS analysis.

**Notes:** Does not include disaster supplemental funding.

From FY2000 to FY2013, the number and appropriations for set-aside programs included in the CDF account have fluctuated significantly. In FY2001 Congress appropriated \$713 million for CDF set-asides, with earmarks under the Economic Development Initiative (EDI) and Neighborhood Initiative (NI) programs accounting for 56% of this total.

Both EDI and NI were once competitive grant programs used to award funds to support Section 108 loan guarantees used to help finance large-scale economic and community redevelopment projects (EDI) or to support local community development corporations involved in neighborhood revitalization efforts through the provision of financial support and technical assistance (NI). Starting in FY2001 through FY2010, EDI and NI appropriations were used to fund congressionally earmarked grants in the annual HUD appropriation and accompanying conference report or Congressional Record.

From FY2000 to FY2008, funding for CDBG-related set-asides and earmarks declined by 59.4% when measured in constant FY2000 dollars, but rebounded in FY2009 and FY2010 before declining significantly in FY2011 and reaching a low of \$57 million in FY2013 (see **Figure 3**). The broad swing in the amounts appropriated for CDF set-asides was a result of Congress's decisions

- to move several categorical grant programs into or out of the CDF account, by deciding to no longer fund a program or to transfer selected programs to another account;

- to reduce funding for specific programs; and
- to fund, and at what amount, two programs that were vehicles for congressional earmarks, EDI and NI programs.

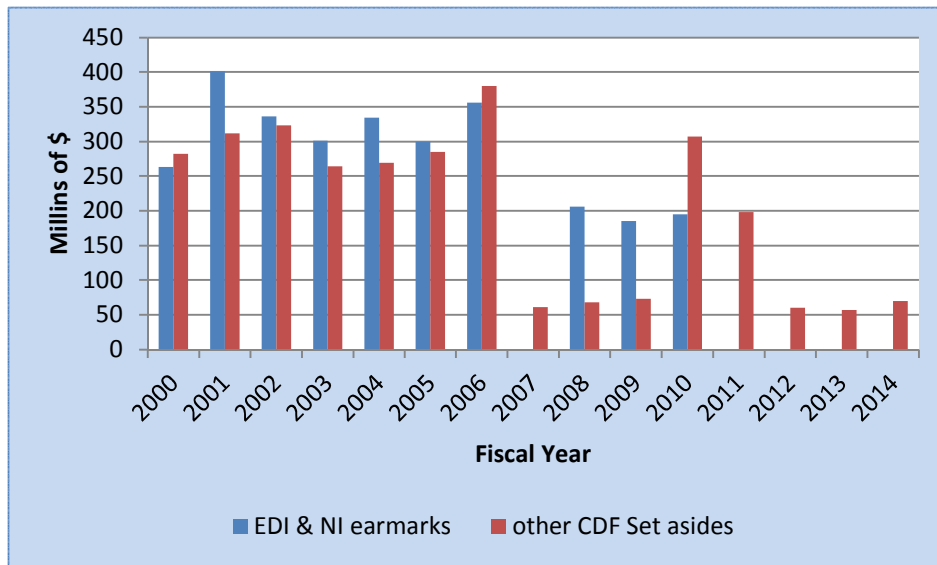
See **Table A-1** in **Appendix A** of this report for a detailed listing of programs included as set-asides in the CDF account during the period from FY2000 to FY2014.

### Earmarks Declining After Dominating Set-Aside Activities

Congressionally earmarked projects funded under the EDI and NI programs were traditionally the dominant elements of CDBG-related set-aside appropriations, particularly from FY2000 to FY2009, with the exception of FY2007. Congress did not appropriate funds for earmarks in the CDF account since FY2011.

The issue of earmarks has been the source of debate in recent Congresses. During the FY2007 appropriations cycle Congress removed all earmarks from the CDF account. Subsequently, both houses of Congress instituted new rules governing earmark requests.<sup>23</sup> In FY2008 and FY2009, EDI and NI earmarks were the dominant components of CDBG-linked set asides programs. As **Figure 4** illustrates, the combined appropriations for EDI and NI in FY2008 and FY2009 were more than twice the amount appropriated for other set-aside activities combined.

**Figure 4. Earmarks and Set Asides: FY2000 to FY2014**



Source: CRS analysis.

<sup>23</sup> For a discussion of disclosure procedures see CRS Report RL34462, *House and Senate Procedural Rules Concerning Earmark Disclosure*, by (name redacted), and CRS Report R40976 *Earmarks Disclosed by Congress: FY2008-FY2010 Regular Appropriations Bills*, by (name redacted) and (name redacted).

## Supplemental Appropriations

When events have warranted, Congress has used the CDBG program's administrative framework and rules to provide supplemental or special appropriations (**Figure 1**). These supplemental funds have been used to

- support local and state government disaster relief, recovery, and mitigation activities following such events as the terrorist attacks of 9/11, the Gulf Coast hurricanes of 2005, and Hurricane Sandy in 2012,<sup>24</sup>
- assist local and state governments in reducing the inventory of abandoned and foreclosed properties (caused by the recent and ongoing mortgage foreclosure crisis) by providing funds to states and selected communities to be used to acquire, rehabilitate, and resell foreclosed properties under the Neighborhood Stabilization Program (NSP),<sup>25</sup> and
- assist local and state governments in supporting private sector job creation in response to the economic recession that began in December 2007, as part of a larger federal effort under the American Recovery and Reinvestment Act (ARRA).<sup>26</sup>

With the exception of CDBG-ARRA funds, which were allocated to all eligible CDBG entitlement communities, disaster relief and NSP funding were allocated only to states or communities meeting specific criteria or eligibility thresholds delineated in the supplemental appropriations legislation.<sup>27</sup>

In the case of CDBG disaster funding, only communities designated as disaster areas by a presidential declaration have received funds, and only if Congress has chosen to provide supplemental appropriations beyond disaster assistance funding typically made available by the Federal Emergency Management Administration (FEMA), the Small Business Administration (SBA) or other agencies.<sup>28</sup>

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<sup>24</sup> For additional information on the use of CDBG funds for disaster relief and recovery see CRS Report RL33330, *Community Development Block Grant Funds in Disaster Relief and Recovery*, by (name redacted).

<sup>25</sup> For additional information on the use of CDBG funds to address the mortgage foreclosure crisis see CRS Report RS22919, *Community Development Block Grants: Neighborhood Stabilization Program; Assistance to Communities Affected by Foreclosures*, by (name redacted).

<sup>26</sup> This was not the first time Congress used the CDBG program framework to create jobs in response to a recession. The Emergency Jobs Appropriations Act of 1983, P.L. 98-8, allocated an additional \$1 billion in CDBG funds to be used for job creation activities in response to a national unemployment rate of 10.7% and what a General Accounting Office (GAO) report characterized as the worst economic recession of the post-World War II era. The report noted that the CDBG program was the most efficient job creation mechanism of the 77 federal programs that received funding under the act. The report, *Emergency Jobs Act of 1983: Funds Spent Slowly, Few Jobs Created*, GAO/HRD 87-1, is available at <http://archive.gao.gov/f0102/132063.pdf>.

<sup>27</sup> Congress funded three rounds of NSP activities. These three rounds have been designated as NSP-1, NSP-2, and NSP-3.

<sup>28</sup> For a list of CDBG disaster supplemental funding see CRS Report RL33330, *Community Development Block Grant Funds in Disaster Relief and Recovery*, by (name redacted).

In the case of the first and third rounds of the Neighborhood Stabilization Program, known as NSP-1 and NSP-3, funds were allocated to states based on the relative number and percentages of mortgage foreclosures, subprime loans, and mortgage delinquencies and defaults. Congress established a minimum grant amount to be awarded to each state of 0.5% of the amount appropriated. Of the amounts allocated to each state under NSP-1 and NSP-3, Congress required each state to dispense a portion of these funds to local governments experiencing high rates of mortgage foreclosures, subprime loans, and mortgage delinquencies and defaults, allowing these communities to directly administer these funds. It further limited the direct allocation of NSP to communities whose allocation met a minimum threshold of \$2 million for NSP-1 and \$1 million for NSP-3 funds. As a result, 309 communities qualified for administration of NSP-1 funds while 268 communities met or exceeded the NSP-3 threshold. NSP-2 funds were awarded competitively to states, local governments, and non-profit organizations. For-profit entities were also allowed to participate as partners with any of the three primary grant recipients of NSP-2 funds.

## **Concluding Observations**

The block grant structure of the program affords entitlement communities and states a great deal of discretion in allocating funds to address local community and economic development needs while addressing the program's national objectives. During the program's 40 years of existence, approximately \$100 billion have been allocated by formula to communities and states to be used to fund housing, public facilities, public service activities, infrastructure, and economic development projects intended principally benefit low and moderate income persons, prevent or eliminate slums or blight, or address an imminent threat to public health and safety.

Congress has expanded the reach of the program by using the program's administrative structure to fund supplemental disaster relief and recovery assistance and as part of wider efforts to address economic recessions and mortgage foreclosure crises. In addition, Congress has in the past used the same account (CDF) that funds the CDBG-formula program to fund additional programs and activities intended to support, not supplant, the CDBG program. According to some observers, this led to "creeping categoricals," that is, the creation of small narrowly targeted programs intended to be used in support of CDBG formula-grant activities. Other observers have countered that the creation and funding of these narrowly targeted programs and projects, particularly earmarked projects, within the same account that funds CDBG-formula grants, siphoned off program resources from the CDBG program. Since 2011, Congress has not appropriated funds for earmarked projects under the CDF account, and the number of other programs authorized under the CD account has declined significantly.

In addition to creeping categoricals, CDBG entitlement grantees have experienced stagnant, if not declining, annual allocations. The average CDBG-formula allocation for FY013 was 37.9% less than the average allocation in FY2000. The decline is both a function of lower funding levels and an increase in the number of entitlement communities as more cities and counties achieve the population threshold necessary to be designated an entitlement community. For the period from FY2000 to FY2013, the number of jurisdictions that received a direct allocation as CDBG entitlement communities increased by 171, from 1,012 to 1,183.

## Appendix A. CDF Set-Asides: FY2000 to FY2014

**Table A-1. CDF Set-Asides from FY2000 to FY2014**

(in millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Indian Tribes	67.0	71.0	70.0	70.5	71.6	68.4	59.4	59.4	62.0	65.0	64.3	64.2	60.0	56.8	70.0
Housing Assistance Council	3.0	2.9	3.3	3.3	3.3	3.3	— <sup>o</sup>	—	—	—	—	—	—	—	—
National American Indian Housing Council	2.2	2.6	2.6	2.4	2.5	2.4	—	—	— <sup>b</sup>	—	—	—	—	—	—
National Housing Dev. Corp.	—	10.0	5.0	5.0	5.0	4.8	— <sup>c</sup>	—	—	—	—	—	—	—	—
National Council of LaRaza	—	—	5.0	5.0	5.0	4.8	— <sup>c</sup>	—	—	—	—	—	—	—	—
Sec. 107 Grants <sup>d</sup>	41.5	45.4	42.5	48.8	51.7	43.4	0.0	—	4.0	5.0	—	—	—	—	—
Hawaiian Homelands	—	—	9.6	—	— <sup>o</sup>	—	—	—	—	—	—	—	—	—	—
University Comm. Fund	— <sup>o</sup>	— <sup>o</sup>	— <sup>o</sup>	— <sup>o</sup>	— <sup>o</sup>	— <sup>o</sup>	— <sup>o</sup>	— <sup>e</sup>	—	—	24.8	—	—	—	—
Resident Opportunity Support Services (ROSS)	55.0	55.0	55.0	— <sup>f</sup>	—	—	—	—	—	—	—	—	—	—	—
Working Capital Fund Info. Tech. transfer	—	15.0	13.8	3.4	4.9	3.4	1.6	1.6	1.5	3.2	—	—	—	—	—
Self-help Homeownership Opportunity (SHOP)	20.0	19.9	22.0	25.1	26.8	24.8	— <sup>c</sup>	—	—	—	—	—	—	—	—
Capacity Building	23.8	28.5	29.0	32.3	34.5	34.2	— <sup>c</sup>	—	—	—	—	—	—	—	—
YouthBuild	42.5	60.0	65.0	59.6	64.6	61.5	49.5	0.0 <sup>g</sup>	—	—	—	—	—	—	—
Sustainable Communities	—	—	—	—	—	—	—	—	—	—	148.5	98.8	—	—	—
Rural Innovation Fund	—	—	—	—	—	—	—	—	—	—	24.8 <sup>h</sup>	—	—	—	—
Alaskan Museum <sup>i</sup>	—	—	—	—	9.9	—	—	—	—	—	—	—	—	—	—
Special Olympics	4.0	—	—	—	—	1.9	—	—	—	—	—	—	—	—	—
Hudson River Park	—	—	—	—	—	30.7	—	—	—	—	—	—	—	—	—



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Salt Lake City Olympic Games Temp. Housing	—	2.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Wellstone Center for Community Building	—	—	—	8.9	—	—	—	—	—	—	—	—	—	—	—
NI	30.0 <sup>i</sup>	43.9	42.0	41.8	43.7	41.4	49.5	—	25.9	19.5	22.1	—	—	—	—
EDI	256.2 <sup>k</sup>	357.3 <sup>l</sup>	294.2	259.3	279.3 <sup>m</sup>	259.9	306.9	—	179.8	165.3	172.8	—	—	—	—
Transformation Initiative	—	—	—	—	—	—	—	—	—	—	L44.5 <sup>n</sup>	35.0	—	—	—
Total CDF Set-Asides	545.2	713.5	659.0	565.4	603.5	585.0	466.9	61.0	273.2	258.3	502.0	198.0	60.0	56.8	70.0

**Source:** CRS, based on information gathered from appropriation reports.

- a. Funded under Section 107 activities.
- b. Transferred to HUD's Public and Indian Housing account.
- c. Transferred to the new Self Help and Assisted Housing account, created with the passage of P.L. 109-148.
- d. Section 107 of the Housing and Community Development Act of 1974, as amended, authorizes the funding of a number of activities including technical assistance; community development demonstration projects; community development work study programs; grants to minority serving institutions of higher education, including Historically Black Colleges and Universities, institutions serving Native Americans, Hispanic-serving institutions, and university-community partnerships.
- e. Prior to FY2007, CDBG-linked university activities were included in Section 107 subaccount. For FY2007, program funds of \$23 million were appropriated under a separate HUD account, Research and Technology.
- f. ROSS appropriations were transferred to HUD's Public Housing Capital Fund account.
- g. Program authority was transferred to the Department of Labor.
- h. Before FY2010, the program was funded under a separate account, Rural Housing and Economic Development.
- i. Added by P.L. 108-199, Section 165.
- j. FY2000 appropriation includes \$23 million in congressional earmarks and \$7 million in competitive grants. All funds after FY2000 were earmarked for projects included in conference reports.
- k. FY2000 appropriation included \$232 million in congressional earmarks and \$24 million in competitive grants. All funds after FY2000 were earmarked for congressionally designated projects. Does not include \$27.5 million in emergency supplemental appropriations.
- l. Includes amounts appropriated under P.L. 106-377 and P.L. 106-554. All funds were earmarked for specific projects.
- m. Includes \$2.990 million added by P.L. 108-199, Section 167.
- n. Subtotal for the Transformation Initiative assumes transfer of 1% of amounts appropriated to programs included in the CDF account.



## Appendix B. CDBG Formula Grants Funding History

**Table B-1** is a tabulation of annual appropriations for the formula component of the CDBG administered by HUD. The table does not include:

- supplemental appropriations in response to presidentially declared disasters;
- special appropriations, including CDBG-related American Recovery and Reinvestment Act (ARRA) or the Neighborhood Stabilization Program (NSP) funds; and
- program set asides and earmarks such as, but not limited to, the Economic Development Initiatives and Indian CDBG funds that also have been funded under the larger Community Development Fund account.

**Table B-1. CDBG Formula-Based Funding History, by Program Component and Fiscal Year**

(in millions of dollars)

Fiscal Year	CDBG Entitlement Program Allocations	CDBG Small Cities/State-Administered Program Allocations <sup>a</sup>	Total CDBG Formula Allocations <sup>b</sup>
1975	2,217	254	2,471
1976	2,363	336	2,699
1977	2,674	423	3,097
1978	2,798	608	3,406
1979	2,752	796	4,548
1980	2,749	955	3,704
1981	2,667	926	3,593
1982 <sup>a</sup>	2,380	1,020	3,400
1983	2,380	1,020	3,400
1984	2,380	1,020	3,400
1985	2,388	1,023	3,411
1986	2,053	880	2,933
1987	2,059	883	2,942
1988	1,973	845	2,818
1989	2,053	880	2,933
1990	1,972	845	2,817
1991	2,203	944	3,147
1992	2,341	1,003	3,344
1993	2,725	1,168	3,893

Fiscal Year	CDBG Entitlement Program Allocations	CDBG Small Cities/State-Administered Program Allocations <sup>a</sup>	Total CDBG Formula Allocations <sup>b</sup>
1994	3,004	1,287	4,291
1995	3,140	1,346	4,486
1996	3,059	1,311	4,370
1997	3,017	1,293	4,310
1998	2,937	1,259	4,196
1999	2,958	1,268	4,226
2000	2,964	1,271	4,235
2001	3,079	1,320	4,399
2002	3,039	1,302	4,341
2003	3,038	1,302	4,340
2004	3,032	1,299	4,331
2005	2,882	1,235	4,117
2006	2,593	1,111	3,704
2007	2,598	1,113	3,711
2008	2,510	1,076	3,586
2009	2,549	1,093	3,642
2010	2,760	1,183	3,943
2011	2,325	973	3,298
2012	2,059	882	2,941
2013	2,150	921	3,071
2014	2,116	907	3,023

**Source:** CRS based on information gathered from appropriations acts.

- a. Total does not include set aside for Indian tribes. The Budget Reconciliation Act of 1982 granted each state the option of directly administering its share of funds awarded to states for use in small (nonentitlement) communities. Amounts in this column include funds that were allocated to states under the HUD-Administered component of the program. In FY1982, 37 states elected to directly administer this component of the program. In FY1983, 47 states and Puerto Rico elected to directly administer this component of the CDBG program. In FY1984, one additional state elected to directly administer the program and, by FY1987, only two states (New York and Hawaii) continued to allow HUD to administer their CDBG small cities allocation. Since FY2000, only Hawaii continues to allow HUD to administer this component of the CDBG program.
- b. Total funding does not include funds allocated to insular areas, including Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Marianas.

## Appendix C. Distribution of CDBG Funds: FY2011 to FY2013

**Table C-1** identifies the FY2011, FY2012, and FY2013 actual distribution of CDBG formula funds awarded to states and entitlement communities, and insular areas. The table presents information at the state level, but each state total includes actual amounts allocated to the state and entitlement communities within each state. The number of formula recipients in each state, including the state itself, is identified in the last three columns of the table by fiscal year. Calculations for the three fiscal years were generated by HUD. The Consolidated Appropriations Act for FY2012, P.L. 112-55, decreased CDBG formula allocations by 10.8% below the amounts allocated to states and entitlement communities for FY2011, while the FY2013 formula allocation for entitlement communities and states increased by 4.6% above the amount appropriated for FY2012. FY2014 was not available before the publication of this report.

**Table C-1. CDBG Formula Grant Allocations to States and Entitlement Communities: FY2011, FY2012, FY2013**

State	FY2011 Actual State and Entitlement Communities Allocations: \$3,297,966,786	FY2012 Actual State and Entitlement Communities Allocations: \$2,941,666,022	FY2013 Actual State and Entitlement Communities Allocations: \$3,078,195,000	Number of Formula Recipients in State FY2011	Number of Formula Recipients in State FY2012	Number of Formula Recipients in State FY2013
Alabama	\$44,562,795	\$39,246,037	\$41,442,145	17	17	17
Alaska	4,340,720	3,843,406	4,212,902	2	2	2
Arizona	49,313,983	46,405,177	47,794,996	17	17	17
Arkansas	25,019,765	23,433,880	24,213,373	15	15	15
California	416,405,347	351,573,471	367,204,607	181	185	186
Colorado	34,036,991	32,933,094	34,636,700	22	22	22
Connecticut	37,855,191	34,325,990	36,596,101	23	23	23
Delaware	6,489,675	6,233,818	6,639,673	4	4	4
District of Columbia	16,328,680	13,904,983	14,344,993	1	1	1
Florida	143,959,449	123,354,155	129,697,668	77	80	80
Georgia	74,356,236	72,331,774	76,045,205	25	27	27
Hawaii	13,652,666	12,204,143	12,768,822	4	4	4
Idaho	11,171,762	10,660,286	11,238,804	8	8	8
Illinois	156,500,801	146,421,200	151,935,462	51	51	51
Indiana	62,939,342	59,842,592	61,982,093	25	25	25
Iowa	37,135,076	32,857,042	33,941,206	12	12	12
Kansas	25,325,915	23,399,317	24,338,366	10	10	10
Kentucky	41,383,633	38,294,674	40,067,528	10	10	10
Louisiana	57,131,650	45,354,000	46,348,983	15	15	15

<b>State</b>	<b>FY2011 Actual State and Entitlement Communities Allocations: \$3,297,966,786</b>	<b>FY2012 Actual State and Entitlement Communities Allocations: \$2,941,666,022</b>	<b>FY2013 Actual State and Entitlement Communities Allocations: \$3,078,195,000</b>	<b>Number of Formula Recipients in State FY2011</b>	<b>Number of Formula Recipients in State FY2012</b>	<b>Number of Formula Recipients in State FY2013</b>
Maine	17,889,167	16,106,214	17,062,380	7	7	7
Maryland	49,389,644	42,440,741	44,793,382	15	15	15
Massachusetts	98,171,023	88,974,486	93,925,552	38	38	38
Michigan	118,346,494	111,620,816	115,122,740	46	46	46
Minnesota	51,888,923	47,038,219	49,510,249	21	21	21
Mississippi	32,081,524	27,513,192	28,054,205	7	7	7
Missouri	60,244,487	56,650,547	58,787,342	17	17	17
Montana	8,325,198	7,347,866	7,859,720	4	4	4
Nebraska	17,196,655	16,398,847	16,935,009	4	4	4
Nevada	\$18,357,637	17,633,337	18,938,400	8	8	8
New Hampshire	11,979,325	10,831,576	11,460,295	6	6	6
New Jersey	91,446,370	77,708,633	81,686,316	58	58	57
New Mexico	19,146,748	14,165,369	\$14,968,528	6	6	6
New York	313,082,305	281,664,304	294,522,938	49	49	49
North Carolina	65,281,862	65,385,998	70,031,817	27	27	27
North Dakota	5,739,254	4,925,059	5,122,113	4	4	4
Ohio	145,724,619	135,321,183	140,901,908	45	45	45
Oklahoma	27,348,173	\$24,942,864	25,908,058	11	11	11
Oregon	32,931,463	\$30,258,808	31,724,263	15	15	16
Pennsylvania	197,939,554	167,973,973	174,853,998	48	48	48
Rhode Island	15,630,053	14,662,008	15,801,243	7	7	7
South Carolina	35,217,977	32,602,287	35,141,542	17	17	17
South Dakota	7,268,635	6,552,541	6,702,236	3	3	3
Tennessee	45,352,207	44,563,668	46,809,673	17	18	18
Texas	231,949,252	215,435,097	222,907,915	78	78	78
Utah	18,657,954	18,142,062	19,288,295	16	17	17
Vermont	7,555,362	6,837,137	7,261,380	2	2	2
Virginia	54,944,504	48,666,534	51,179,967	30	30	30
Washington	55,094,657	48,830,368	51,641,496	31	33	34
West Virginia	22,624,783	19,137,316	19,527,474	9	9	9
Wisconsin	59,757,871	54,535,888	57,716,600	23	23	23
Wyoming	3,826,802	3,196,119	3,395,608	3	3	3
Puerto Rico	99,666,627	66,983,925	\$65,607,852	28	28	28
<b>Formula Subtotal</b>	<b>3,297,966,786</b>	<b>2,941,666,022</b>	<b>3,071,195,000</b>	<b>1,219</b>	<b>1,232</b>	<b>1,234</b>

State	FY2011 Actual State and Entitlement Communities Allocations: \$3,297,966,786	FY2012 Actual State and Entitlement Communities Allocations: \$2,941,666,022	FY2013 Actual State and Entitlement Communities Allocations: \$3,078,195,000	Number of Formula Recipients in State FY2011	Number of Formula Recipients in State FY2012	Number of Formula Recipients in State FY2013
American Samoa	1,133,433	1,158,648	1,035,254	1	1	1
Guam	3,085,838	3,158,206	3,012,933	1	1	1
Northern Marianas	824,363	793,489	968,331	1	1	1
Virgin Islands	1,872,506	1,889,657	1,983,482	1	1	1
<b>Insular Area Subtotal<sup>a</sup></b>	<b>6,916,140</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>4</b>	<b>4</b>	<b>4</b>
Total	3,304,882,926	2,948,100,000	3,078,195,000			
<b>Indian Tribes Subtotal<sup>b</sup></b>	<b>64,200,000</b>	<b>60,000,000</b>	<b>56,862,000</b>			

**Source:** CRS Analysis based on HUD FY2010, FY2011, FY2012 allocation data available at <http://www.hud.gov/offices/cpd/communitydevelopment/budget/>.

- a. 42 U.S.C. 5306(a)(2) requires HUD to set aside \$7 million, as specified 42 U.S.C. 5307(1)(a), for insular areas before allocating funds to states and entitlement communities.
- b. 42 U.S.C. 5306(a)(1) requires HUD to set aside up to 1% of annual amount appropriated for allocation to Indian tribes. From time to time Congress has modified this requirement in annual appropriations acts to set aside a specific amount.

**Note:** FY2014 allocation data were not available before the publication of this report.

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