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SPECIAL REPORT: House FY2007 Science, State, Justice, Commerce Appropriations and California Implications - July 2006

On July 20, 2006, by a vote of 28 to 0, the Senate Appropriations committee approved the Transportation-Treasury-HUD-Judiciary-D.C. spending bill (H.R. 5576). Discretionary spending increased by \$1.1 billion from fiscal year (FY) 2006 to reach \$69.1 billion and \$1.9 billion more than the White House requested. The total appropriation came in at \$140.7 billion, a \$10.2 billion increase from FY 2006.

The following is a quick analysis of the Appropriations from a California perspective, prepared by the California Institute. We apologize for errors or omissions in our discussion, and would appreciate any input or feedback on how to make improvements. The ordering of items generally reflects their appearance in the bill and does not imply relative importance.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

The Federal Aviation Administration (FAA) is responsible for the safety and development of civil aviation and the evolution of a national system of airports. The Senate conference appropriations bill makes a total appropriation of \$14.3 billion for FY 2007 FAA operations, facilities, grants and research and other activities, roughly \$500 million more than the levels appropriated in the 2006 appropriations measure. FAA funding is broken down as follows:

- \$8.36 billion Operations
- \$2.5 billion Facilities and Equipment

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- \$135 million Research, Engineering and Development

- \$3.5 billion Grants in Aid for Airports

Essential Air Services

This appropriation provides additional funding for the Essential Air Service [EAS] program, which was created as a 10-year transition program to continue air service to communities that had received federally mandated air service prior to deregulation of commercial aviation in 1978. The program currently provides subsidies to air carriers serving small communities that meet certain criteria. Communities currently receiving subsidies in California include: Crescent City and Merced.

Terminal Air Traffic Control ([ATCT]/TRACON) Facilities Replacement Program

Under facilities and equipment appropriations, \$2 million is provided in an earmark to support a project at Palm Springs International Airport.

Federal Highway Administration

The Senate bill appropriates \$39.1 billion in obligations for the administration and operation of the Federal Highway Administration (FHWA) in FY 2007, as set by SAFETEA-LU. This is equal to the President's request and a \$3.5 billion increase over FY 2006's enacted level. Of the Federal formula grants for Highway Planning and Construction, the White House's Office of Management and Budget estimates that \$3.1 billion, or 8.8 percent, will go to California.

Transportation Research

The Senate bill provides \$429 million, the same amount at the House version and \$4 million more than FY 2006, to carry out transportation research projects, including intelligent transportation programs, surface transportation research, university transportation research, technology deployment, and appropriate training and education.

Federal Motor Carrier Safety Administration

This program focuses on improving the safety of commercial vehicle operations in the nation's highways. The Senate bill recommends

\$517million for FMCSA programs. Of that, \$223 million is for FMCSA operations and research programs, \$12 million more than enacted in FY 2006. The remaining \$294 million is for grants to states for their safety activities, \$12 million more than the 2006 appropriation.

Border Enforcement Program

Beginning in FY 2002, Appropriations Acts have funded border enforcement and safety related activities associated with implementation of NAFTA, and activities associated with permitting of hazardous materials. Total funding for motor carrier safety border enforcement is set at \$32 million, according to the Senate spending plan, the same amount as in the House version.

National Highway Traffic Safety Administration

The Senate report provides \$819 million for NHTSA, \$3 million less than the House version. Funding will be split with \$572 million (\$588 million in the House bill) directed to support highway traffic safety grants to states, and \$231 million to finance highway traffic safety activities (the remainder going to the National Drive Register). The total level of spending is recommended at a level that is \$13 million higher than that enacted for 2006.

National Railroad Passenger Corporation (AMTRAK)

Amtrak, the nation's major passenger rail service has lost money in every year of its operation since 1971. It escaped bankruptcy in 2003, although it currently services an annual debt of \$300,000,000.

The bill provides \$1.4 billion for Amtrak and includes significant financial and management reforms. This represents about \$100 million more than enacted for FY 2006, \$300 million more than the house proposed and \$500 million more than the President requested.

Federal Transit Administration

The Senate report provides \$8.8 billion to finance FTA activities for FY2007, which is \$342 million more than enacted in FY 2006. FTA support is structured according to the SAFETEA-LU transportation authorization law that funds different accounts entirely from either the General Fund or the Highway Trust Fund (HTF).

Formula Grants

This bill provide a total transit formula and bus grant budget of \$7.2 billion, the same amount as appropriate by the House version, to be split among all formula programs (including Fixed Guideway Modernization grants and the bus discretionary program).

California formula grants are estimated to come in at \$700 million. The following California projects have been identified for “new start” funding:

- Los Angeles Metro Gold Line Eastside Extension, California, 100,000,000
- Mission Valley East LRT Extension, \$806,654
- Oceanside-Escondido Rail Corridor, \$684,040
- Perris Valley Line Metrolink Extension, California, 3,000,000
- BART Extension to San Francisco Airport, \$2,424,694

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

The Department of Housing is budgeted \$36.6 billion under the Senate plan, \$1.3 billion more than the House version and \$2.5 billion above the President’s budget recommendation.

Tenant-Based/Project-Based Rental Assistance

The Senate funds the Tenant-Based Rental Assistance (Section 8 vouchers) at \$15.9 billion, which is \$502 million over FY 2006 funding levels and the same as the President’s budget request. The White House’s Office of Management and Budget (OMB) estimated that at this level of funding California would receive \$2.9 billion, or 18.5 percent, of these Federal formula grants.

Project-Based Rental Assistance (project-based contracts) is funded at \$5.7 billion, \$638 million above last year and the same as the budget request.

Public Housing Capital Fund

The Public Housing Capital Fund provides funding for public housing capital programs, including public housing development and modernization. The Senate recommends a total funding level of \$2.5 billion, an increase of \$21 million above the FY 2006 enacted level and \$282 million above the budget request. Based on the President’s requested amount, OMB estimates that California would receive \$88 million, or 4 percent, of these Federal formula funds.

Public Housing Operating Fund

The Public Housing Operating Fund subsidizes the costs associated with operating and maintaining public housing. This bill recommends \$3.7 billion for the Federal share of PHA operating expenses. This amount is \$96 million above the enacted for FY 2006 and the budget

request. Based on the President's requested amount, OMB estimates that California would receive \$99 million, or 2.77 percent, of these Federal formula grants.

Revitalization of Severely Distressed Public Housing (HOPE VI)

The Revitalization of Severely Distressed Public Housing program, also known as HOPE VI, provides competitive grants to public housing authorities to revitalize entire neighborhoods adversely impacted by the presence of badly deteriorated public housing projects. The bill includes \$100 million for HOPE VI, approximately the same as the FY 06 level and an increase of \$100 million over the budget request which recommended elimination of the program. The House bill eliminated all funding for this program.

Native American Housing Block Grant

The Senate recommends level funding of \$626 million for the Native America Housing Block Grant, which is about a \$2 million increase from the prior year and the same as the President's request.

Community Planning and Development - Housing Opportunities for Persons With AIDS (HOPWA)

The bill allocates level funding of \$295 million for HOPWA, which about \$5.1 million below the budget request and \$8.8 million above FY 2006. With the funds provided, the Department should continue to give priority to creating new housing opportunities for persons with AIDS.

Community Development Fund

The Senate bill funds the Community Development Fund (which feeds the Community Development Block Grant (CDBG)) at \$4.2 billion, an increase of \$37.2 million from the amount provided in FY 2006 and an increase of \$1.2 billion to the President's budget request.

The Committee directed HUD to implement the Economic Development Initiative program in California as follows:

- \$400,000 for the Boys and Girls Club, San Bernardino, California, for repair and renovations of the current facility to provide academic and afterschool programs for at-risk youth in a low income area;
- \$200,000 for the Carl R. Hansen Teen Center, Sacramento, California, for construction of a new teen center facility in the South Natomas area that will expand the capability of serving youth ages 12-18 in a low income area;
- \$250,000 for the city and county of San Francisco, California for Mason Street Housing supportive housing for the homeless;
- \$250,000 for the city of Redding, California for the Stillwater Business Park economic development project;
- \$250,000 for the city of Fresno, California for the Regional Economic Development and Research Center;
- \$250,000 for the Watts Cinema and Education Center, Los Angeles, California, for the Wattstar Theatre and Education Center job creation and economic development project;
- \$200,000 for the county of Fresno, California for the Westside Vocational Training Center.

HOME Investment Partnership Program

The HOME investment partnerships program uses formula allocations to provide grants to States, units of local government, Indian tribes, and insular areas for the purpose of expanding the supply of affordable housing in the jurisdiction. The Senate recommends funding of \$1.9 billion, an increase from FY 2006 appropriations by \$184 million and \$25 million more than requested in the President's budget. Based on the budget request, OMB estimates that California would receive \$275 million, or 14 percent, of these Federal formula grants.

Homeless Assistance Grants

The Committee funds the Homeless Assistance Grants at \$1.5 billion, surpassing FY05 enacted grant levels by \$185 million and \$25 million short of the budget request. The Homeless Assistance Grants are comprised of both formula and competitive grants awarded to states for providing rental assistance, emergency shelter, transitional and permanent housing, and supportive services to homeless persons and families.

Housing for the Elderly

The bill appropriates \$750 million for Housing for the Elderly, \$15.4 million over the enacted FY 2006 and \$204 million above the request for fiscal year 2007.

Housing for Persons with Disabilities

The Senate recommends funding of \$240 million for Housing for Persons with Disabilities, which is about \$3 million above the FY 2006 and \$121 million greater than the budget request.