Special Report – House FY 2012
Transportation, Housing and Urban Development Appropriations and California Implications – November 2011

On September 8, 2011 the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies reported its FY 2012 bill. Because the House is expected to bundle this appropriations bill into a larger appropriations measure, the full House Appropriations Committee is not expected to mark up the bill. The full Committee did release a draft Committee report on which this analysis is based.

The total appropriations for FY2012 includes $55.15 billion in discretionary spending, $19.8 billion below the budget request and $217 million below the FY2011 level. The Report states: "The funding level in this bill reflects the overall fiscal year 2012 discretionary spending total of $1.043 trillion to which the House, Senate, and White House agreed in the recent debt ceiling legislation."

The following is a quick analysis of the bill from a California perspective prepared by the California Institute. The ordering of items generally reflects their appearance in the bill and does not mean to imply any relative importance.


DEPARTMENT OF TRANSPORTATION

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF TRANSPORTATION
California Environmental Quality Act

The Report reads: "The Committee encourages the Department of Transportation to revise existing regulations and work with state transportation agencies to put in place a mechanism to permit California Environmental Quality Act (CEQA) approvals to be acceptable at the federal level so as not to duplicate the same environmental processes through the National Environmental Policy Act (NEPA). California's environmental laws are unique in the Nation as the CEQA is more stringent than the federal guidelines under the NEPA and cover the same basic intent."
Livable Communities Initiative

The Committee recommends no funds, as it also did in FY2011; the budget request was $10 million. The Report states that zoning and planning activities are best and currently conducted at the local level and that no additional federal funds are needed beyond the various existing grant programs for local planning activities.

National Infrastructure Investments

The Committee does not recommend additional funds for this program; the budget request was $526 million. The Report states: "Congress appropriated $526,944,000 for this purpose in fiscal year 2011. While the Committee agrees that the Nation is in desperate need for infrastructure investment and improvements, the Administration has yet to demonstrate or define the process, priority or criteria for how these grants are awarded. Further, for fiscal year 2012, the Committee awaits action by the various authorizing committees of jurisdiction before awarding new funds."

Transportation, Planning, Research, and Development

The Committee recommends an appropriation of $9 million for transportation planning, research and development, which is $799,000 below the FY2011 enacted level and $824,000 below the FY2012 budget request.

Minority Business Center Research Program and Outreach

The Minority Business Resource Center of the Office of Small and Disadvantaged Business Utilization provides assistance to disadvantaged, minority, and women-owned businesses in order to enable them to obtain short-term working capital for DOT and DOT-funded transportation-related contracts. The Committee recommends a total of $922,000 for the minority business resource center, which is $1,000 above the FY2011 enacted level, and the same as the budget request. The Committee recommends a limitation on guaranteed loans of $18.3 million, the same as the budget request and the FY2011 enacted level.

For outreach activities, the Committee recommends $3 million, the same as the FY2011 enacted level and $32,000 below the budget request.

Payments to Air Carriers - Airport and Airway Trust Fund

The Committee recommends that the Essential Air Service (EAS) Program receive FY2012 program funding level of $150 million, including a general fund appropriation of $100 million and $50 million from overflight fee collections. The recommendation is $49.7 million below the FY2011 enacted level and $23.2 million below the budget request. The Committee includes the Department's proposal to limit the EAS program to only those communities being served as of October 1, 2011.

Federal Aviation Administration

The Committee recommends $9.6 billion for operations (including $13 million for commercial space transportation), which is $149 million less than the budget request and $160 million above the FY2011 enacted level. For facilities and equipment, the recommendation is $2.8 billion, an increase of $67 million above the FY2011 and $71 million below the budget request. The recommendation for research, engineering, and development is $175 million, $15 million below the budget request and $5.3 million above the FY2011 enacted level. The Committee also recommends a liquidating cash appropriation of $3.6 billion for grants-in-aid for airports.

Federal Highway Administration

The Report states: "The most recent multi-year surface transportation authorization Act, the Safe,
Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), expired on September 30, 2009. Since that time, the Congress has enacted several short-term extensions that continued to provide contract authority for the FHWA and other surface transportation agencies under the same structure as SAFETEA-LU. However, the current SAFETEA-LU extension will expire at the end of fiscal year 2011. It is unclear what authorization law (or laws) will be effective during fiscal year 2012. Committees in the House and Senate are working on surface transportation authorization legislation, but no bill has been released, as of September 1, 2011. Additionally, neither House nor Senate has passed another short-term extension of SAFETEA-LU. The Administration also is working on a legislative proposal for surface transportation re-authorization, but it has not published a proposal. Given the uncertainty regarding the authorization law, the Committee is in the position of recommending appropriations for a program without defined contours. The Committee therefore provides only minimal bill language that sets the overall obligation limitation for fiscal year 2012, without the additional programmatic and formula adjustments typically found in appropriations bills for the FHWA account.

The Committee recommends a total program level of $27.7 billion for the activities of the FHWA in FY2012, which is $11 billion below FY2011 and $42 billion below the budget request. Included within this is an obligation limitation of $27 billion and $739 million in contract authority that is exempt from the obligation limitation.

The Committee expressed concern that the Congressional Budget Office (CBO) estimates that the Highway Trust Fund, which is estimated to have $14.8 billion at the end of FY2011, will become insolvent if spending is continued at FY2011 levels of over $40 billion. The Committee reluctantly accepts as a ceiling the CBO’s finding that in FY2012 the Highway Trust Fund will only be able to support projects totaling $27 billion; this is $14 billion less than FY2011 and $42.6 billion below the budget request.

The Report states: "The Committee notes there is no clear near-term solution to funding shortages in the Highway Trust Fund. Neither the House nor Senate has proposed a solution to the problem. And the Obama Administration offers no solutions – only proposals to dramatically increase highway spending (to nearly $70.5 billion in fiscal year 2012), with no way to pay for sustained highway spending, much less increased spending."

National Highway Traffic Safety Administration

The Committee recommends $731,072,000 for NHTSA, which is $65,417,000 below fiscal year 2011 and $128,928,000 below the budget request. This level includes both budget authority and limitations on the obligation of contract authority. Of this funding, Operations and Research will receive $232,072,000, the National Driver Register (Highway Trust Fund) will receive $4,000,000, the National Driver Register Modernization is defunded (as was requested in the budget request), and Highway Traffic Safety Grants receive $495,000,000.

Federal Railroad Administration

The Committee recommends $180.8 million for safety and operations, $4.2 million above the FY2011 enacted level and $2.1 million below the budget request. The Committee recommends an appropriation of $35 million for railroad research and development, which is the same as the FY2011 enacted level and $4.9 million below the budget request.

The Committee recommends no funding for the Capital Assistance for High-Speed Corridors and Intercity Passenger Rail Service. The recommendation is the same as the FY2011 enacted level (excluding rescissions), and $8 billion below the budget request.

For AMTRAK, the Committee recommends $227 million for operating grants, which is $334 million below the FY2011 enacted level and $227 million above the budget request.
Federal Transit Administration
The Committee recommends $94,413,000 for FTA's administrative expenses, $45 million for research and university research centers, $1.55 billion for Capital Investment Grants. It does not create new accounts for Transit Formula Grants, Transit Expansion and Livable Communities, Bus and Rail State of Good Repair, or Research and Technology Department, as requested in the budget request. It leaves the accounts to be administered the same way they were in FY2011.

National Transportation Safety Board
The Committee recommends $102 million for the salaries and expenses of the NTSB, an increase of $4.5 million above FY2011 and $4.4 million below the budget request.

Maritime Administration
The Committee recommends $174 million for the Maritime Security Program, equal to the budget request and $348,000 more than the FY2011 enacted level. The Committee recommends an appropriation of $151.8 million for Operations and Training for FY2012; this is $442,000 more than the FY2011 enacted level and $9.650 million less than the budget request.

The Committee also recommends $5.5 million for Ship Disposal, $13 million below the budget request and $9.4 million below the FY2011 funding level. The Committee notes that these funds are meant to be used to dispose of approximately 64 obsolete vessels that are not yet under contract for disposal, including 39 ships in California's Suisun Bay Reserve Fleet site.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
The Report states: "The Committee is deeply dismayed by the lack of transparency HUD provides in their congressional budget justifications, and disappointed it did not follow last year's House report directing HUD to improve their congressional justifications in 2012… As in previous years, the Committee reiterates that the Department must limit the reprogramming of funds between the program, projects, and activities within each account to not more than $500,000 without prior written approval of the Committees on Appropriations."

Management and Administration
The Committee recommends $1,233,415,000 for Management and Administration, $93 million less than the appropriated amount in FY2011 and $116.5 million less that the FY2012 budget request. Of this amount, $494,739,000 is appropriated for the Administration, Operations, and Management account and $20,663,000 for the Executive Direction account.

Public and Indian Housing (PIH)
Tenant-Based
- Transforming Rental Assistance - The Committee does not fund this account; the FY2012 request was $200 million. The Committee "recognizes the need for a long term solution to the problems facing the preservation of the public housing inventory, especially in light of constrained resources in this fiscal year and in the immediate future. However, it would be inappropriate for a demonstration of this magnitude to be initiated through the appropriations process."

- Section 8/Housing Choice Voucher Program - The Committee recommends $18,467,883,000, including $4 billion as an advance appropriation to be made available on October 1, 2012. This amount is $754 million less than the budget request and $97 million more than the FY2011 enacted level. The Committee recommends $17 billion for the renewal costs of Section 8 vouchers, which is equal to the budget request and $474 million more than the FY2011 enacted level. The Committee "reminds the
Department that this program is a budget-based account and must be implemented as such. The renewal demand for this program is considerable and growing each year. In order to responsibly fund PHAs for providing rental assistance to the 2 million families and individuals that rely on this resource, HUD must adhere to the strict principles of budgeting based on rents and inflation, not on the number of units or other expenses."

- **HUD-Veterans Affairs Supported Housing [HUD-VASH]** - The Committee recommends $75,000,000 for incremental voucher assistance, $25,100,000 above the enacted level for 2011 and the same as the budget request.

- **Choice Neighborhood Initiative** - The Committee recommends no funding for this account, as the program is unauthorized. The Committee cites this, as well as the fact that "while awards have been made, very little money has been spent," as reasons to not continue funding begun in 2010 as a demonstration project. The budget request for this program in FY2012 was $250 million, while the FY2011 enacted level was about $100 million.

- **Native American Housing Block Grant** - The Committee recommends $648 million for these grants; the same as FY2011 and $51 million below the budget request. The Committee acknowledges the need for housing in Indian Country and urges funds to be spent in a timely manner; "some tribes and TDHEs have not spent large amounts of block grant funds for several years, resulting in large accumulated balances." The Committee thus included language in the bill that "prohibits tribes with over $20,000,000 in unexpended balances at the beginning of fiscal year 2012 (excluding fiscal year 2011 funds) from receiving additional block grant funds in fiscal year 2012.

**Community Planning and Development-Based**

The Committee recommends $6,992,714,000 for this office, which is $438 million below FY2011 and $1.19 billion below the budget request.

- **Housing Opportunities for Persons with AIDS (HOPWA)** - The Committee recommends $334 million; the same as FY2011 and $670,000 below the budget request.

- **HOME Investments Partnership Program** - The Committee recommends $1.2 billion for this account, which is $406 million below FY2011 and $450 million below the budget request. The Report states: "The Committee's recommended funding level for HOME reflects the Committee's decision to fund other accounts in this bill at higher levels, including other accounts within the Office of Community Planning and Development. The Committee also notes there are serious problems in the HOME program that should be addressed, including mismanagement and ‘outright waste’ of funds."

- **Homeless Assistance Grants** - The Committee recommends funding this grant assistance program at $1.9 billion, which is the same as FY2011 and $470 million below the budget request. The Committee admits "the need to continue implementing the HEARTH Act of 2009 and to continue addressing homelessness, which has increased during the recession… [but] cannot recommend another funding increase … which is better than what is recommended for many other accounts in the bill."

**Housing-Based**

- **Project-Based Rental Assistance** - The Committee provides a total of $9.4 billion for the annual renewal of project-based contracts, of which not less than $289 million is for the cost of contract administrators. This funding level is $171 million above the FY2011 and is equal to the budget request.

- **Housing for the Elderly (Section 202)** - The Committee recommends $600 million for this program for FY2012, which is $200.8 million above the level in FY2011 and $157 million below the request.

- **Housing for Persons with Disabilities (Section 811)** - The Committee recommends $196 million for this account, $46 million above the FY2011 level, and the same as the budget request.

- **Housing Counseling Assistance** - The Committee recommends no funding for housing
counseling, $88 million below the budget request and the same as the level enacted in FY2011. The Report states: "The Fiscal Year 2011 Continuing Resolution eliminated funding … because of the slow expenditure of funds, the ineffective implementation of the program, and the Department's inability to define needs, role and purpose of HUD's involvement in housing counseling."

**Fair Housing and Equal Opportunity Programs**

The Committee recommends $71.8 million for this account, which is $4,000 above the level for FY2011 and $140,000 below the budget request. Of the amount provided, $42.5 million is for the Fair Housing Initiatives Program.