EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 12, 1995

House passed
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Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as passed by the House. As the Senate develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is $10 billion below the President's request.

The President strongly believes that we must invest in our country's future through supporting programs aimed at encouraging home-ownership, providing adequate housing for low-income individuals, protecting the Nation's air and water supply, and furthering developments in science and technology. The House-passed bill would imprudently cut valuable, proven programs that responsibly further these goals. Further, the bill contains numerous legislative riders that would have serious, adverse consequences, including raising rents on low-income individuals and preventing the enforcement of major environmental laws. Finally, the House-passed bill fails to provide funding for the President's National Service initiative, which would enable America's youth to earn money for an education through service to their country.

For these reasons and others discussed below, the President would veto the bill if it were presented to him as it passed the House.

Corporation for National and Community Service

The House would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the House's decision to eliminate this important initiative and urges the Senate to reconsider and to provide funding at the requested level of $819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration strongly opposes the excessive, overall reduction of over $4.7 billion made by the House to the President's request for HUD. In particular, the Administration is very concerned over the House's cuts in homeless assistance, new incremental housing vouchers, and funding for public housing. The budget can be balanced by FY 2005 while preserving these vital programs and other essential commitments to low-income households and communities.

The House would reduce homeless assistance by $444 million from the FY 1995 level, which would eliminate essential housing and other services to those most in need. By providing no new housing vouchers, the House would break with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. Without the Administration's proposed reforms, the House's reduced level of funding for public housing would not sustain our commitment to the current stock of housing.

The House-passed bill would raise the rental payments of HUD-assisted tenants under Section 8 rental assistance programs by a minimum of 6.7 percent. The House would also impose a new minimum monthly rent on these same tenants of at least $50 per unit. Together, these provisions would increase rents on the average assisted household by $168 per year, and on some of the poorest households by $600 per year. All assisted tenants would face hardship from these higher rents, and some would be forced into homelessness. These and other provisions of the House-passed bill would place the heaviest burden of budget balancing on those least able to bear it.

Additional information on the Administration's objections to the House reductions in HUD programs is contained in the enclosure.

Environmental Protection Agency (EPA)

The Administration strongly opposes the House's 34-percent reduction to the President's request for EPA. This would have a crippling effect on the Government's ability to protect public health and the environment. Further, given the contingent prohibitions concerning the obligation of funds in the Hazardous Substance Superfund and the Water Infrastructure Financing accounts, the House's reduction to EPA could be as much as 63-percent below the request if Congress fails to reauthorize the Superfund program and the Clean Water Act.

Particularly objectionable are the 50-percent cut in enforcement, which would decimate EPA's ability to enforce environmental laws; elimination of funding to help municipalities provide safe drinking water; and the 36-percent reduction in Superfund (assuming reauthorization), which could result in continued exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites.

The Administration finds it unconscionable that the House would fund over $40 million in congressional earmarks that are low environmental priorities while making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

The Administration strongly objects to the numerous legislative "riders" that would essentially overturn existing law. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. The riders would also severely limit the public's right to know what types of dangerous chemicals are being released into the environment near their homes.

Additional information on the Administration's objections to the House reductions in EPA programs and legislative riders is contained in the enclosure.

National Aeronautics and Space Administration

The Administration objects to the House's $330 million, or 25-percent, reduction in funding for the Earth Observing System. This reduction could impact nearly 3,000 jobs at Goddard Space Flight Center and other NASA facilities across the country. The Administration also objects to the provision of the House bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the House's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications program, the Partnership for Next Generation Vehicle (clean car) initiatives, and advanced air traffic technologies.

The Administration would strongly oppose any effort that would terminate or significantly reduce funding for the space station. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical partnerships that the U.S. has developed with Russia, Canada, Europe, and Japan on this important, cooperative project.

Community Development Financial Institutions (CDFIs)

The Administration opposes the House's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the Senate to reconsider and to provide funding at the requested level of $144 million. Without full funding, the CDFI Fund would be unable to provide: $20 million in direct loan subsidies to support over $56 million of direct loans to CDFIs; $72 million in grants, technical assistance, and other financial assistance to CDFIs; and over $46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated $600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the House's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices. In addition, by maintaining CEQ, the Congress would have effective oversight through a statutory agency and a Senate-confirmed Chairperson.

Additional Administration concerns with the bill as passed by the House are contained in the enclosure. We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Christopher S. Bond, and Honorable Barbara Mikulski

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the House's $2.3 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The $720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Administration strongly objects to language of the House bill that would prohibit the use of funds to sign, promulgate, implement, or enforce any requirement or regulation relating to the application of the Fair Housing Act to the business of property insurance. Property insurance discrimination is illegal under the Fair Housing Act. The proposed language would prevent those who have been victims of discrimination by providers of property insurance from seeking government assistance and legal representation.

The House would also cut $30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the House's $821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-

percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- cut personnel funding by over $300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;

- eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the House's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and to eliminate all previous funding. Municipalities need almost $9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the House's $360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the House's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House-passed bill. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the House's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The House's action could eliminate planned funding for over 130 new, long-term cleanup projects and about 130 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either body, and this prohibition could endanger public health by shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the House's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the Senate to delete -- the numerous legislative "riders" that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the House has provided for VA Medical Care, and the decision to restore funding for the Heath Professional Scholarship program. However, the Administration objects to the provision of the House-passed bill that would direct the use of $268 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

Furthermore, the Administration objects to the particular savings provision that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000, regardless of whether it is contained in an appropriation or reconciliation bill. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Finally, the Administration objects to the reduction of $63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

Federal Emergency Management Agency (FEMA)

The Administration objects to the House's decision to reduce the President's request for FEMA Disaster Relief by $84.5 million, or 26-percent. The Administration also objects to the House's failure to provide an additional $806 million in contingent emergency funds requested for Disaster Relief.

Consumer Product Safety Commission (CPSC)

The House-passed bill would fund the CPSC at $40 million, $4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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THE DIRECTOR

November 5, 1995

Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of the Administration's views would be appreciated.

The Administration is committed to balancing the Federal budget. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate Committee 602(b) allocations. The Committees' allocations raise serious concerns about the overall priorities reflected in the appropriations process. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. The House bill is $10.1 billion below the President's request, and the Senate bill is $9.0 billion below the request.

While the Senate-passed bill makes many improvements to the version passed by the House, the Administration strongly opposes several aspects of both versions. The President would veto the bill if it were presented to him as passed by the House or by the Senate.

Corporation for National and Community Service

Both the House- and Senate-passed versions of the bill would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the decision to eliminate this important initiative and urges the conferees to provide funding at the requested level of $819 million. If the program were to be eliminated, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

In general, the Administration prefers the Senate-passed bill to the version passed by the House. The Senate bill would provide higher overall funding for HUD and would make progress in consolidating HUD's functions. The Senate-passed bill also contains provisions critical to the ability of the housing community, particularly public housing agencies, to carry out their missions given significantly reduced funding. The Senate bill also is more oriented toward making work pay and helping families become self-sufficient.

The Administration objects to excessive reductions in HUD funding. The House bill would reduce the President's request for HUD by over $4.7 billion, and the Senate bill by nearly $4 billion. Moreover, these reductions follow rescissions that cut $6.5 billion in FY 1995. After accounting for contract renewals, the Senate version of the bill would impose an additional $1.3 billion post-rescission reduction. The House-passed bill would go even farther, cutting $2.6 billion, or 14.6 percent, from HUD's FY 1995 post-rescission funding.

Most of the cuts and program reforms contained in both versions of the bill are aimed at the most vulnerable populations. Both versions of the bill would also impose deep cuts on programs to develop and preserve affordable housing. The Administration's most important priorities for the conference are to ensure adequate funds to operate public housing, support — edi innovative job creation projects in communities, transform distressed public housing, support multi-family property disposition and preservation programs, and provide for the homeless.

The Administration also strongly objects to the provisions in the House bill that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination, and provisions in the Senate bill that would transfer HUD's responsibilities for enforcing the Fair Housing Act to the Department of Justice and transfer the powers and responsibilities of the Director of OFHEO to the Secretary of the Treasury.

Environmental Protection Agency (EPA)

While the Senate-passed bill represents a significant improvement over the crippling reductions and environmental roll-backs included in the House-passed bill, the Administration strongly opposes both the 34-percent reduction from the President's request for EPA in the House version of the bill and the 23-percent reduction in the Senate. These reductions would significantly hamper the Federal Government's ability to protect public health and the environment.

Particularly objectionable are reductions to EPA's operating programs. The House-passed bill would cut enforcement by 50 percent, decimating EPA's ability to enforce environmental laws, due to a $300 million reduction in salary funding. The Senate level is preferable but not completely satisfactory. Like the House, the Senate version of the bill would virtually eliminate the Environmental Technology Initiative, which helps protect public health and create new jobs. Funds should be restored for this important initiative.

Just as objectionable is the 36-percent reduction in the Superfund program included in both versions of the bill. This reduction could result in continued risk of exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites. A House provision, which would prohibit funding after December 31, 1995, if the statute is not reauthorized, could recklessly shut down the program. We urge the conferees to support the President's request.

The Administration strongly objects to the House's proposed elimination of funding for Drinking Water State Revolving Funds. These funds are needed to help municipalities provide safe drinking water as well as prevent incidents such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people. Although the Administration commends the Senate for providing the requested level of funding for drinking water funding, we remain concerned about the 37-percent reduction in funding for Clean Water State Revolving Funds included in the Senate-passed bill, particularly in light of a $137 billion backlog of wastewater funding needs.

The Administration supports the Senate language allowing performance partnerships and shifting of funds between the Clean Water and Drinking Water State Revolving Funds once the Drinking Water State Revolving Funds are authorized. The Administration appreciates the recent progress that has been made in the Senate on the authorizing legislation.

Finally, the Administration strongly objects to the numerous legislative riders affecting the environment and public health included in both the House- and Senate-passed versions of the bill. The Administration continues to oppose the riders contained in both the House- and Senate-passed versions of the bill. These riders, which overturn existing law, have not had adequate public deliberation or any hearings on their potential national environmental impact.

Community Development Financial Institutions (CDFIs)

The Administration strongly opposes the funding levels assumed by both the House and Senate for this important program. Both the House and Senate would terminate the Community Development Financial Institutions Fund. The Administration strongly urges the conferees to reconsider and to provide full funding for one of the most promising initiatives to aid distressed communities. The requested $144 million appropriation for CDFIs would leverage an estimated $600 million in investments, loans, and financial services.

Veterans Affairs (VA)

The Administration objects to both the House and Senate versions of the bill with respect to the Department of Veterans Affairs. The House would provide $1 billion less than the President's request for VA, while the Senate would provide $1.3 billion less. Both the House and Senate have recommended large cuts in the Medical Care appropriation, which would impede VA's ability to provide quality medical care to thousands of veterans. In addition, large cuts in the Major and Minor Construction appropriations would prevent VA from making necessary improvements to older facilities that no longer meet VA's patient care standards.

Further, both the House and Senate versions of the bill would preclude VA from constructing two new hospitals that are needed to serve veterans, one at Travis Air Force Base in Fairfield, California, and one in Brevard County, Florida. The Administration also objects to the large reductions in the administration of benefits processing in the House version of the bill, that could impede VA's efforts to improve the processing of benefits claims for millions of veterans.

Finally, the Administration strongly objects to the provision in both House and Senate versions of the bill that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of severely disabled veterans for diminished benefits based on their lack of close family and modest accumulation of assets. The Administration opposes the use of appropriations bills in this manner and urges conferees not to include this provision in the conference report.

National Aeronautics and Space Administration (NASA)

The House-passed bill would reduce the President's request for NASA by $588 million, the Senate-passed bill $461 million. The Administration prefers the proposed level of funding for NASA contained in the Senate-passed bill over the level provided by the House, and appreciates the Senate's decision to drop the House provision that would require the Administrator to close NASA centers by FY 1998. In particular, the Administration is pleased with the level of support that the Senate has shown for NASA's Mission to Planet Earth program.

The Administration appreciates the House and Senate's continued support for the space station program. However, the Administration is concerned about the impact that cuts would have on the shuttle program and the effect of delayed obligations -- provided by both the House and Senate -- on the space station. The Congress must realize that the delay of obligations means a delay in the overall space station program. The Administration objects to this delay, not only because of international agreements, but also because of the adverse cost and schedule impacts. By introducing artificial and avoidable delay, the Congress' approach would also run counter to the Administration's policy to streamline this program.

Council on Environmental Quality (CEQ)

The House-passed bill would terminate CEQ. The Administration supports the Senate position that CEQ should not be terminated but strongly opposes the Senate's more than 50-percent reduction to the President's request. A 50-percent reduction would severely hamper CEQ's ability to provide the President with advice on environmental policy issues and carry out its responsibilities under the National Environmental Policy Act, while termination would deprive the President of environmental policy counsel and would represent an inappropriate interference in the organization of the President's policy offices. The Administration urges the conferees to fund CEQ at the President's request.

Additional concerns with the bill as passed by the House and by the Senate are contained in the enclosure. We look forward to working closely with the conferees to address our mutual concerns.

Sincerely,

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable Jerry Lewis, Honorable Louis Stokes, Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Christopher S. Bond, and Honorable Barbara Mikulski

Enclosure
(Conference)

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE AND BY THE SENATE)

The Administration looks forward to working with the conferees to address the following concerns.

Department of Housing and Urban Development

- Public Housing Operating Subsidies. The House-passed bill would dramatically impair the ability of public housing agencies (PHAs) to maintain the Nation's 1.4 million public housing units. The bill would cut public housing operating subsidies and anti-drug funding by almost $700 million, from $3.2 billion in FY 1995 to $2.5 billion in FY 1996. The Senate-passed bill, by contrast, would provide approximately $3.1 billion for these accounts.

  These proposed reductions would curtail maintenance, security, social services, and anti-crime efforts. The inevitable deterioration would prevent PHAs from attracting higher income residents -- a goal shared both by the Administration and Congress. The Administration urges the conferees to provide public housing operating funding at the level of the Senate bill.

- Economic Development. The House-passed bill would provide no funds for the Economic Development Initiative (EDI), while the Senate-passed version of the bill would reduce EDI by $270 million, or 77 percent. EDI is one of the key tools for generating jobs in distressed communities. The Administration urges the conferees to fund this important job creation program at $200 million.

- FHA Multifamily Programs. The House bill would eliminate funding for the FHA multi-family property disposition program, while the Senate version of the bill would provide $261 million for a revised program. The House action would ignore the cost of HUD's mandate to hold and maintain apartment buildings that are not disposed of pursuant to current law and exacerbate the plight of tenants. The Administration urges the conferees to fund the FHA multi-family property disposition program at the levels included in the Senate bill.

- Preservation. The House and Senate versions of the bill would both be deficient in their preservation of the older FHA inventory. Both versions of the bill would offer a new, costly project-based solution for a few properties -- without sufficient protections against displacement. The Administration urges the conferees to appropriate preservation funding levels sufficient to protect eligible tenants from displacement upon pre-payment.

- Distressed Public Housing. The Administration supports efforts by both the House and Senate that would facilitate the demolition of obsolete public housing and reform section 8 project-based housing. The Senate bill's requirements for removal of vacant and obsolete public housing and replacement with tenant-based assistance would be a step in the right direction. The Administration urges the conferees to support the House's proposed funding level of $862 million, and an appropriate public housing transformation as embodied in the Senate's approach.

- Homeless Assistance Program. The House-passed bill would cut homeless assistance by 40 percent from the current funding level of $1.12 billion. The Senate-passed bill would cut homeless assistance by 32 percent, while allowing funding to be distributed to States by formula. These cuts would fall heaviest on the poorest Americans. The Administration urges the conferees to restore funding for homeless assistance to prior-year levels.

  Especially in light of the reductions in homeless funding, the Administration is concerned about the effects on poor families of the failure to continue a 20-year bipartisan commitment to expand the number of people receiving rental assistance. In the face of growing needs, the House would provide no funding for new assistance except to replace obsolete public housing and higher-cost project-based subsidies. The Senate would provide less than one-half of the requested funding and would restrict most funds to those families already receiving some form of housing assistance. At a minimum, conferees are urged to adopt the Senate level, without restrictions.

o <u>Objectionable Riders</u>. The House- and Senate-passed versions of the bill contain several authorization riders that would fundamentally alter the profile of who is served in the Federal public housing and section 8 rental assistance programs. Both would impose a disproportionate burden on those least able to pay.

The Administration is strongly opposed to provisions of the House bill that would raise rents on tenants receiving section 8 assistance. The House bill would increase the rents paid by residents receiving section 8 tenant-based assistance from 30 percent to 32 percent of adjusted income and impose a minimum rent of $50 per month. This would cause great hardship for low-income families. The Administration would advocate maintaining deep income targeting in the event that Federal preferences are lifted for the section 8 tenant-based program.

Both the House- and Senate-passed versions of the bill would gut Title VIII of the Civil Rights Act of 1964, as amended, by the Fair Housing Act. First, the Senate bill would transfer all Fair Housing Act administration and enforcement activities under HUD to the Department of Justice. The Administration strongly opposes this rider and urges the conferees to remove it.

Second, the House bill would ban the Department from enforcing the Fair Housing Act's prohibition on property insurance redlining and eliminate funds for the Fair Housing Initiatives program. The Administration is pleased that the Senate struck the objectionable House language from its bill, and would therefore permit continued enforcement of fair housing laws against any discriminatory redlining by property insurers. The Administration urges the conferees to adopt the Senate's approach to this matter.

The Senate bill would transfer all powers and authorities from the Director of the Office of Federal Housing and Enterprise Oversight (OFHEO) to the Secretary of the Treasury. The Administration believes that there is no basis for changing OFHEO's structure.

Both the House- and Senate-passed versions of the bill both would grapple with the growing cost of section 8 contract renewals. The Senate would continue the Federal government's provision of costly, project-based housing subsidies to private rental housing owners, regardless of high rent levels. The Administration's mark-to-market proposal would reduce costs to the Federal government, enable properties to operate at market levels, and provide tenants with maximum choice and protections.

Environmental Protection Agency

- Superfund. The Administration opposes the House and Senate's proposed $560 million, or 36-percent, reduction to the President's request for Superfund cleanups. This action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites.

  Further, particularly in light of the drastic reductions in proposed funding, the Administration opposes the allocation of funds to specific Superfund activities. With the limited level of funding included in both versions of the bill, EPA would need maximum flexibility to allocate its resources to ensure as efficient and effective a program as possible. The Administration objects to the proposal included in the House-passed bill that would have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

- Wastewater Funding. The Administration objects to the House and Senate's $362 million and $587 million reductions, respectively, to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the House-passed bill might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition. The Administration supports the funding provided in the House-passed version of the bill for communities with special wastewater needs, including those in the Needy Cities program, New Orleans, and Bristol County, Massachusetts. The Administration urges the conferees to include this funding in the final bill.

- Funding Restrictions. The Administration strongly opposes -- and urges the conferees to delete -- the numerous legislative "riders" included in both the House- and Senate-passed versions of the bill. These riders would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact, and would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

  -- virtually shut down the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

  -- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

  -- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

  -- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

- Environmental Technology Initiative. The House-passed version of the bill would eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

- GLOBE. The Administration urges the conferees to restore funding for the GLOBE program, an innovative environmental education project that involves students from around the world in collecting environmental data.

Federal Emergency Management Agency (FEMA)

- Disaster Relief. The Administration regrets the decision of the Senate to eliminate funding for FEMA Disaster Relief. While there are unobligated balances as a result of the recent Northridge Earthquake supplemental, the Administration continues to believe that it is necessary and appropriate to set aside funds each year in anticipation of future disasters.

Office of Consumer Affairs

- The Administration opposes the Senate's decision to terminate the Office of Consumer Affairs. This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help line and a consumer's handbook. The Administration urges the conferees to adopt the level of funding provided in the House-passed bill.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 25, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Hatfield (R), Oregon; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate 602(b) allocations and must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is over $9 billion below the President's request.

While the Committee mark makes many improvements to the House-passed bill, the Administration strongly opposes several aspects of the Committee bill. The President would veto the bill if it were presented to him as reported by the Committee.

Corporation for National and Community Service

The Committee bill would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the Senate to provide funding at the requested level of $819 million. If the program were to be eliminated, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

Compared to the House-passed bill, the Committee bill represents substantial progress on overall funding levels for HUD, and some progress in the consolidation of HUD's functions. The bill contains a series of provisions that would provide incentives to work to poor families receiving housing assistance, and help the Department and public housing authorities weed out the most distressed projects.

However, the Administration strongly opposes the excessive overall reduction of $4 billion made by the Committee to the President's request for HUD and is especially concerned over cuts in new incremental housing vouchers and homeless assistance. The Administration urges continuation of the 20-year bipartisan commitment to meet low-income housing needs by expanding the number of people receiving rental assistance. The Committee bill would provide less than one-half of the requested funding for new assistance. Moreover, the use of these funds would be largely restricted to families already receiving some form of assistance, and spending would be deferred until FY 1997. By the end of FY 1996, the effect of this delay would be a five-percent reduction in the number of families assisted.

The Committee bill would also reduce grants to assist communities in providing services to the homeless by $360 million, or 32 percent, relative to the FY 1995 level. The Administration is particularly troubled that funds would be severely reduced at the very moment that Congress, for the first time, would allow the funds to be distributed to States by formula.

As drafted, the Committee's proposal to convert severely distressed, obsolete public housing developments to tenant-based assistance would vest too much discretion in public housing authorities, with the likely outcome that most of the distressed housing would not be converted. Instead, the Secretary should have authority to require the conversion of public housing to vouchers in these limited cases as well as to recapture budget authority for those units and reuse it for replacement assistance.

The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination. See attachment for further details.

Environmental Protection Agency (EPA)

While the Committee bill contains significant improvements over the crippling reductions and environmental roll-backs included in the House bill, the Administration opposes the 23-percent overall reduction to the President's request for EPA. This reduction would significantly hamper the Federal

Government's ability to protect public health and the environment.

Particularly objectionable is the 36-percent reduction in the Superfund program, which could result in continued risk of exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites. The Administration is also concerned about the Committee's 37-percent reduction in funding for Clean Water State Revolving Funds in light of a $137 billion backlog of wastewater funding needs.

In addition, the Administration strongly objects to the proposed reductions to the President's investment program for climate change, Montreal Protocol, and environmental technology. The 74-percent reduction in the climate change programs (including elimination of the "green programs"), would undermine EPA's highly successful voluntary and cooperative energy efficiency programs, which are integral to the Nation's effort to reduce air pollution and stabilize greenhouse gas emissions. The elimination of Montreal Protocol funding would slow efforts to restore the ozone layer, with major public health impacts. The reduction of more than 80-percent to environmental technology would virtually eliminate this program that is designed to reduce environmental control costs and stimulate U.S. export markets for environmental technology.

While less numerous than in the House-passed bill, the Administration objects to the Committee's inclusion of legislative riders in the bill. The Administration opposes the use of appropriations bills to overturn existing law in order to cater to special interests without any hearings on the national environmental impact of these riders.

<u>Veterans Affairs</u>

The Administration has serious concerns about the Committee's overall funding recommendation for the Department of Veterans Affairs (VA), which is $1.3 billion below the President's request and almost $400 million below the level provided by the House bill. Over $1 billion of the Committee's cut would come from VA's medical programs, primarily Medical Care and Major Construction. The $511 million cut in Medical Care would impede VA's ability to provide quality medical care to thousands of veterans. The cut of $517 million in Major and Minor Construction would prevent VA from making necessary improvements to older facilities that no longer meet VA's patient care standards. It would also preclude VA from constructing two new hospitals, one at Travis Air Force Base in Fairfield, California, and one in Brevard County, Florida.

The Administration also strongly objects to the provision that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. See attachment for further details.

National Aeronautics and Space Administration (NASA)

The Administration prefers the Committee's proposed level of funding for NASA over the level provided by the House-passed bill. In particular, the Administration is pleased with the Committee's support for NASA's Mission to Planet Earth program. However, the Administration is concerned about the impact that the Committee's additional cuts would have on the shuttle program and the effect of delayed obligations on the space station. The Congress must realize that the delay of obligations means a delay in the overall station program. The Administration objects to this delay, not only because of international agreements, but also because of the adverse cost and schedule impacts. By introducing artificial and avoidable delay, the Committee's approach would also run counter to the Administration's policy to streamline this program.

The Administration would strongly oppose any amendment that would terminate, significantly reduce, or restrict funding for the space station, particularly with respect to cooperation with Russia. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical international partnerships that the U.S. has developed on this important, cooperative project.

Community Development Financial Institutions (CDFIs)

The Administration strongly urges the Senate to reconsider the Committee's decision to terminate one of the most promising initiatives to aid distressed communities. The requested $144 million appropriation for Community Development Financial Institutions would leverage an estimated $600 million in investments, loans, and financial services.

Council on Environmental Quality (CEQ)

The Administration supports the Committee's view that CEQ should not be terminated but strongly opposes the more than 50-percent reduction to the President's request. Such a reduction would severely hamper CEQ's ability to provide the President with advice on environmental policy issues and carry out its responsibilities under the National Environmental Policy Act.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE SENATE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

Department of Housing and Urban Development

o Fair Housing. The Administration strongly opposes the proposed transfer of all Fair Housing Act administration and enforcement activities to the Department of Justice. HUD's housing and investigatory expertise are critical to the efficient, sensitive handling of fair housing complaints and in settling disputes before they reach litigation. Developing a new organization at the Department of Justice would be duplicative and costly. The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination. Since the enactment of regulations that explicitly prohibit discrimination in the provision of property insurance, four Federal district courts and two circuit courts have concluded that the Fair Housing Act applies to property insurance. Exempting an entire industry from coverage under the Fair Housing Act is an extremely troublesome precedent and seems especially unwarranted given continued evidence of red-lining.

o Mark-to-Market. The Committee bill includes a demonstration designed to test methods of limiting costs for FHA-insured and assisted multi-family properties. In contrast to the Administration's Mark-to-Market proposal, the demonstration as currently drafted would replace the current over-subsidization of many FHA-insured assisted projects with a more costly approach. The demonstration would provide a new debt service subsidy to owners, ensuring them a profit regardless of market conditions. This is the opposite of the Administration's approach, which would expose properties to the market and give residents market power. A new subsidy program to preserve certain multi-family projects as low-income housing is similarly flawed. Delaying the effect of these provisions until the following fiscal year would avoid the immediate scoring problem but would fail to correct the underlying problems of excessive cost and poor incentives.

- o <u>Office of Federal Housing Enterprise Oversight</u>. The Committee bill would transfer the functions of the Office of Federal Housing Enterprise Oversight (OFHEO) from the Department of Housing and Urban Development to the Treasury. OFHEO's responsibilities for overseeing the activities of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), and ensuring their safety and soundness, are important to the stability of the Nation's housing finance system. There are no savings associated with the transfer because OFHEO is funded by assessments from Fannie Mae and Freddie Mac. In its present form, OFHEO is small, cost-effective, task-specific, and talented. There is no basis for changing its structure.

<u>Department of Veterans Affairs</u>

- o <u>Compensation for Incompetent Veterans</u>. The Administration objects to the savings provision that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of severely disabled veterans for diminished benefits based on their lack of close family and modest accumulation of assets.

<u>Environmental Protection Agency</u>

- o <u>Superfund</u>. The Administration opposes the Committee's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Further, particularly in light of the drastic reductions in proposed funding, the Administration opposes the Committee's allocation of funds to specific Superfund activities. With the limited level of funding recommended by the Committee, EPA would need maximum flexibility to allocate its resources to ensure as efficient and effective a program as possible.

- o <u>Drinking Water State Revolving Funds</u>. The Administration is concerned that the Committee bill would transfer $500 million in new budget authority and $225 in budget authority from prior years to the Clean Water State Revolving Funds if the Drinking Water State Revolving Funds are not authorized by December 31,

1995. The Administration does not oppose this transfer by a date certain. However, the date specified in the Committee bill is too soon, given the lack of action on drinking water legislation in this Congress.

- <u>Wastewater Funding</u>. The Administration objects to the Committee's $587 million, or 37-percent, reduction to the President's request for Clean Water State Revolving Funds. This program provides a permanent source of wastewater funding that can generate four times the original level of funding over a twenty-year period. Municipalities still have needs for water quality protection that will require $137 billion in funding. The Administration also objects to the elimination of funding for communities with special wastewater needs, including those in the Needy Cities Program, New Orleans, and Bristol County.

- <u>GLOBE Program</u>. The Administration urges restoration of funding for the GLOBE program, an innovative environmental education project that involves students from around the world collecting environmental data.

<u>Federal Emergency Management Agency (FEMA)</u>

- <u>Disaster Relief</u>. The Administration regrets the decision of the Committee to eliminate funding for FEMA disaster relief. While there are unobligated balances as a result of the recent Northridge Earthquake supplemental, the Administration continues to believe that it is necessary and appropriate to set aside funds each year in anticipation of future disasters.

<u>Office of Consumer Affairs</u>

- The Administration opposes the termination of the Office of Consumer Affairs. This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help line and a consumer's handbook.

U.S. Department of Housing and Urban Development
Status of Extreme Funding and Authorizing Provisions in the FY 1996 Appropriations Debate
January 3, 1995

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on December 6, 1995)
Raises Rents on the Elderly, the Disabled, Working Families and the Poor. Imposes minimum rent of $50 plus utilities for both public housing and Section 8 assisted households, causing 600,000 families to experience onerous rent increases, estimated to amount to $463/year. Also raises rent paid by residents receiving Section 8 rental assistance from 30 to 32 percent of adjusted income, taking away an estimated $140 per year from low-income and working households.	FY 1996 House VA-HUD Appropriations Subcommittee Bill	No longer requires minimum rents of $50 or an increase in the Section 8 tenant rent contribution from 30 to 32 percent of income. Instead, gives PHAs and private landlords the *option* to impose a minimum rent of $50 to families living in public housing and assisted housing. requires $25 minimum rent w/ option for up to $50...
Relaxes Enforcement of Insurance Redlining. Bars HUD's enforcement of the Fair Housing Act with respect to property insurance.	FY 1996 House VA-HUD Appropriations Bill	Eliminates rider.
Transfers the functions of OFHEO to Treasury. Transfers the functions of the Office of Federal Housing Enterprise Oversight to the Treasury Department. oversees Fannie Mae, Mac	FY 1996 House VA-HUD Appropriations Bill	Eliminates rider.
Eliminates Fair Housing Enforcement. Eliminates funding for the Fair Housing Initiatives Program (FHIP), the Nation's only funding for private fair enforcement efforts.	FY 1996 House VA-HUD Appropriations Bill	Gives the Secretary the discretion to fund FHIP at levels up to $30 million.
Halves Funding for Homeless Programs. Cuts the funding for homeless assistance programs by 50 percent, from $1.12 billion in FY 1995 to $576 in FY 1996.	FY 1996 House VA-HUD Appropriations Subcommittee Bill	Funds homeless programs at $823 million.

November 21, 1995

FY 1996 HUD/VA Appropriations Conference
Outstanding Concerns:

Funding Levels

- **Economic Development Initiative:** The Conference bill completely zeroes out the EDI account. The Senate-passed bill funded this account at $80 million as a set-aside within CDBG. The FY 1995 level of funding for this account was $350 million. The EDI program is a critical economic development tool for revitalizing distressed communities and should be restored to $200 million.

- **Salaries and Expenses:** The Conference bill reduces the Department's staffing account to $962.5 million, approximately $40 million below the President's request. This will inhibit HUD's ability to undertake significant reorganization, training, and relocation of staff as the Agency downsizes and reinvents its operations. The Department firmly believes that an additional $20 million is necessary.

- **Distressed Public Housing:** The Conference bill provides only $280 million to enable the Department to dramatically reform public housing through demolition and site revitalization. This is a reduction of $220 million, or approximately 44 percent, below the level in the Senate-passed bill, and below the FY 1995 appropriation.

Harmful Riders

- **HUD's Office of Fair Housing:** The Conference bill retains the Senate provision transferring all functions related to the Fair Housing Act (Title VIII of the Civil Rights Act of 1964, as amended) to the Department of Justice effective April 1, 1997, provided that enforcement resources are transferred as well. The Department continues to object to this provision as an assault on civil rights enforcement, detrimental to HUD's mission of implementing a national housing policy, and a needless and waste of funds and time.

- **Elimination of Rental Assistance for vulnerable households:** The Conference bill eliminates federal preferences in the tenant-based Section 8 program without providing a substitute, such as income targeting. This will mean significantly less rental housing assistance made available for families with worst-case housing needs.

- **Minimum Rents:** The Conference bill provides PHAs ~~and owners~~ with the discretion to set minimum rents of up to $50 per month. A minimum rent of $50 per month would increase rents by an average of $400 per year for the most vulnerable

This was fixed

households with the lowest incomes, particularly those living in low-wage and low-benefit states. The Department believes that, ~~especially since private owners of housing assisted with Section 8 are not governed by boards that represent the interests of the local community,~~ this minimum rent discretionary provision should be eliminated.

- **Micromanagement:** The Conference bill singles HUD out for arbitrary and unnecessary staffing reductions, by requiring: 1) the elimination of one Assistant Secretary position, 2) capping Schedule C employees at a total of 77, and 3) capping non-career SES employees at a total of 20. Neither provision results in any meaningful cost savings.

- **Elimination of Critical Formulas:** The Conference bill fails to allow homeless and drug elimination funding to be allocated by formula, in contrast to the Senate-passed bill and the Department's proposed Reinvention. Formulas in these two areas would allow the Department to consolidate the funding and administration of disparate programs, and would provide states and localities with the appropriate authority to determine how best to administer and distribute funding.

- **English Only:** The Conference bill contains a provision barring HUD from using appropriated funds to impose sanctions or penalties against jurisdictions for declaring English as the official language. This will negate the inhibit the Department's ability to take action to remedy discrimination arising from such a restriction, and will restrict the Department's ability to ensure that information about all HUD programs and rules is adequately provided to all potential participants.

Funding cuts are severe for the entire Department: The entire Department has been hit with severely reduced funding levels, with the aggregate appropriation representing a 32 percent cut from FY 1995 pre-Rescission levels and an 8 percent cut from FY 1995 post-Rescission levels (both, after accounting for renewal of prior year Section 8 obligations).

HIGHLIGHTS OF FY 1996 VA/HUD APPROPRIATIONS CONFERENCE

December 8, 1995

(Dollars in Millions)

Program	FY 1995 Pre-Rescission	FY 1995 Post-Rescission	FY 1996 Request	FY 1996 House Appropriations	FY 1996 Senate Appropriations	FY 1996 Appropriations Conference
PH Modernization	$ 3,700	$ 2,885	$ 3,763	$ 2,500	$ 2,510	$ 2,500
PH Development	598	300[1]	600	0	0	0
Indian Housing Development	282	202	282	100	200	160
Distressed Public Housing (Hope VI/Site Revitilization)	500	500	500	0	500	280
PH Operating Subsidies	2,900	2,900	2,900	2,500	2,800	2,800
PH Drug Elimination Grant	290	290	290	0	290	290
PH Service Coordinators	30	30	30	17	0	0
PH Supportive Services	N/A	N/A	N/A	0	[80] [CDBG set-aside]	[53] [CDBG set-aside]
Housing Counseling	50	12	50	12	[12] [PH Supportive Service set-aside]	[12] [CDBG set-aside]
Section 8 Incremental Rental Assistance	2,786	800	565	862	240	400[2]
Section 8 Contract Renewals	2,536	2,159	4826	4,642	4,350	4,350
Section 8 Amendments	N/A	710	610	610	500	610.5
CDBG	4,600	4,600	4,600	4,600	4,600	4,600
HOME	1,400	1,400	1,400	1,400	1,400	1,400
Economic Development Initiative (EDI)	[350] [Sec. 8 set-aside]	[300] [Sec. 8 set-aside]	250	0	[80] [CDBG set-aside]	0
Section 108 Loan Limit	2,054	2,054	2,000	1,000	1,500	1,500
Section 108 Credit Subsidy	N/A	N/A	N/A	10.5	15.75	31.75
Youthbuild	48	40	N/A	0	[40] (CDBG set-aside)	[20]

Program	FY 1995 Pre-Rescission	FY 1995 Post-Rescission	FY 1996 Request	FY 1996 House Appropriations	FY 1996 Senate Appropriations	FY 1996 Appropriations Conference
202 Elderly	1,279	892[3]	N/A	(folded into $1.4 b special needs housing fund with 811/ HOPWA)	780[4]	780
811 Disabled	387	259[3]	233	(folded into $1.4 b special needs housing fund with 202/HOPWA)	233[4]	233
Lead-Based Paint	100	15	100	10	75	65
Indian Housing Loan Guarantee	3	3	3	3	3	3
Homeless Assistance Grant	1,120	1,120	1,120	676	760	823
HOPWA	186	171	186	(consolidated into $1.4 billion special needs housing fund with 202/811)	171	171
MF Property Disposition	555	555	Shift to mandatory	0	261	261
Preservation	175	175	105	[$200 of reprogramming]	624 (deferred till FY 1997)	624
FHA MF Credit Subsidy	188	188	188	70	100	85
LMSA	150	2	0	0	0	0
Flexible Subsidy	50	42	0	0	0	0
Fair Housing Initiatives Program/Fair Housing Assistance Program (FHIP/FHAP)	33	33	45	30 (House eliminates FHIP; funds only FHAP)	30 (to be allocated by the Secretary)	30 (Senate Approach)
Salaries and Expenses	955	954	1,017	952	981	962.6
Total Discretionary (all programs, including those not listed above)	**$ 26,100**	**$ 19,607**	**$ 24,500**	**$ 19,528**	**$ 20,500**	**$20,400**
Section 8 Contract Renewals	(2,536)	(2,159)	(4,826)	(4,642)	(4,350)	(4,350)

Program	FY 1995 Pre-Rescission	FY 1995 Post-Rescission	FY 1996 Request	FY 1996 House Appropriations	FY 1996 Senate Appropriations	FY 1996 Appropriations Conference
TOTAL FOR "NON-OBLIGATORY SPENDING" [5]	$ 23,564	$ 17,448	$ 19,674	$ 14,886	$ 16,150	$16,050

[1] Funds were reduced from prior year commitments as well as from the FY 1995 account in order to meet the rescission target.

[2] In the past, Section 8 incremental certificates were used solely to expand the total number of households receiving federal housing assistance. In contrast, the FY 1995 rescission bill and the FY 1996 Appropriations conference report target incremental rental assistance for specific national priorities including relocation of public housing to facilitate demolition, replacement of demolished public housing, settlement of litigation, and to faciliate the de-mixing of disabled households from elderly public housing.

[3] Request reflects savings from the reduction of contract terms from 20-years to 5-years and the recalculation of tenant rent contribution; the number of units would remain at FY 1995 levels.

[4] Appropriations support the same number of units as FY 1995 post-rescission levels = 9,654 units for 202 housing; 2,915 units for 811 housing (although up to 20% of 811 funds can be used for vouchers, which would, if used, support even greater number of units). Amendment carryovers from previous years allows for lower FY 1996 appropriations to support the same number of housing units.

[5] Total reflects HUD's program budget, less the need to renew expiring Section 8 contracts. Supporting expiring Section 8 project-based rental assistance is not a new activity; it is maintaining assistance for low-income families currently living in private rental housing. Starting in FY 1996, the number of expiring Section 8 rental assistance will increase dramatically, reflecting the faster turnover from the shortening of contract terms from 5 years in the past to 4 years in FY 1994, 3 years in FY 1995, two years in FY 1996 and beyond. In addition, LMSA contracts are being reduced to one-year terms in 1996. The $2.2 billion increase in Section 8 contract renewals in FY 1995 and FY 1996 reflects the need to support contracts for 446,000 rental units that are due in 1996. In short, other HUD programs are penalized at the expense of supporting ongoing Section 8 contracts. Thus, the Total presents a more honest assessment of funding for HUD's program activities that are less obligatory in nature.

HIGHLIGHTS OF FY 1996 VA/HUD APPROPRIATIONS CONFERENCE
December 6, 1995
(Dollars in Millions)

Program	FY 1995 Pre-Rescission	FY 1995 Post-Rescission	FY 1996 Request	FY 1996 House Appropriations	FY 1996 Senate Appropriations	FY 1996 Appropriations Conference
PH Modernization	$ 3,700	$ 2,885	$ 3,763	$ 2,500	$ 2,510	$ 2,500
PH Development	598	300[1]	600	0	0	0
Indian Housing Development	282	202	282	100	200	160
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PH Service Coordinators	30	30	30	17	0	0
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HUD Reinvention Plan: Protecting Older Americans

Under the reinvention plan, HUD will ensure that the housing needs for older Americans will continue to be met. Not only will housing construction, supportive services, and counseling continue as eligible activities under the AHF, but HUD has also established a 30 percent set-aside -- nearly $1 billion -- for all non-profits, including the traditional sponsors of elderly housing.

Special protections are also created for low-income seniors who live in public housing as the Department transitions from project-based to tenant-based assistance. Localities will be given the option to preserve elderly public housing developments as project-based developments if the majority of residents wish to stay. Those who wish to use their portable certificates must comport to a schedule which ensures that sufficient cash flow exists in order to preserve the property as a low-income housing resource for the elderly. In addition, based upon reflected needs in the Consolidated Plan, housing authorities may use up to 15 percent their housing certificates to be transferred into the AHF for project-based housing developments for elderly and other special needs populations.

The AHF builds upon the success of the HOME program in providing affordable housing for older Americans and persons with disabilities. For instance, the City of Sunnyvale, CA and the County of Santa Clara joined together to construct a new single room occupancy development in downtown Sunnyvale. Using a combination of HOME funds, Federal low-income housing tax credits, and other private resources, the city has built three-story wood and stucco buildings with fully furnished studios, community rooms, a physical fitness room and a social service office. About 40 percent of the residents are low-income older Americans; the rest are predominantly single mothers with children. They will pay from $234 to $378 a month in rent in a high cost area where the fair market rents range from $678 and $773 per month.

AHF => Affordable Housing Fund => Housing Production / Rehab Block Grant (Expansion of HOME)

FINAL FY 1996 OMNIBUS APPROPRIATIONS
April 25, 1996
(Dollars in Millions)

Program	FY95 (Pre Recession)	FY 1995 (Post Rescission)	FY96 Request	FY 1996 House Approps Bill	FY 1996 Senate Approps Bill	FY96 Conf. Report 12/6/95	Final Omnibus Appropriations
Modernization	3,700	$ 2,885	3,763	$ 2,500	$ 2,510	$ 2,500	2,500
– Top				[15]	0	[15 (CDBG set-aside)	[15] (CDBG set-aside)
– TA				0	[30]	[20]	[20]
PH Development	598	300 *	600	0	0	0	0
Indian Housing Development	282	202	282	100	200	160	160
Hope VI/Site		500	500	0	500	280	480
Incremental		830	565		240 (non-incremental)	400 (non-incremental)	400 (non-incremental)
PH Operating Subsidies	2,900	2,900	2,900	2,500	2,800	2,800	2,800
PH Drug Elimination Grant	290	290	290	0	290	290	290
PH TA Grants						[10]	[10]
– Operation Safe Home						[2.5]	[2.5]
PH Supportive Services	N/A			0	[80] (CDBG set-aside)	[53] (CDBG set-aside)	[53] (CDBG set-aside)
– Service Coordinators	30	17	30	17	0	0	0
Housing Counseling	50	12	50	12	[12] (PH Supportive Service set-aside)	[12] (CDBG set-aside)	[12] (CDBG set-aside)

Prog	FY95 (Pre Recession)	FY 1995 (Post Rescission)	FY96 Request	FY 1996 House Approps Bill	FY 1996 Senate Approps Bill	FY96 Conf. Report 12/6/95	Final Omnibus Appropriations
Section 8 Contract Renewals	2,536	2,159	4826	4,642	4,350	4,350	4,007.8
Section 8 Amendments	N/A	735	610	610	500	610.5	610.5
CDBG	4,600	4,600	4,600	4,600	4,600	4,600	4,600 50 supp
CDBG Special Purpose Grants		44		19.5	27	27	27
TA		[10.5]		0	0	0	0
Insular Areas		[7]				[7]	[7]
Historically Black Colleges and Univ.		[8]				[6.5]	[6.5]
Work Study (includ. Hispanic instit.)		[9]				[6]	[6]
Community Outreach Partnership		[7.5]				[7.5]	[7.5]
Community Adjustment Planning						N/A	N/A
CDBG Set Asides						[53]	[53]
Indian tribe grants				48	60	[50]	[50]
HAC				2	2	[2]	[2]
NAIHC				1	1	[1]	[1]
Colonias				0	10%	10%	10%

Program	FY95 (Pre Recession)	FY 1995 (Post Rescission)	FY96 Req[illegible]	FY 1996 House Approps Bill	FY 1996 [illegible] Approps Bill	FY96 [illegible] Report 12/6/95	Final Omnibus Appropriations
HOME	1,400	1,400		1,400	1,400	1,400	1,400
EDI	350	350	250	0	[80](CDBG set	[0]	[50]
Section 108 Loan Limit	2,054	2,054	2,000	1,000	15.75	1,500	1,500
Section 108 Credit Subsidy	N/A	N/A		10.5		31.75	31.75
Youthbuild	48	38		0	[40] (CDBG set-aside)	[20]	[20]
202 Elderly	1,279	857		(folded into $1.4 billion special needs housing fund with 811/ HOPWA)	780**	780	830[1]
811 Disabled	387	259	233	(folded into $1.4 billion special needs housing fund with 202/HOPWA)	233**	233	258[2]
Lead-Based Paint	100	15	100	10	75	65	65
Homeless Assistance Grant	1,120	1,120	1,120	676	760	823	823
HOPWA	186	171		(consolidated into $1.4 billion special needs housing fund with 202/811)	171	171	171
MF Property Disposition	555	555	Shift to mandatory	0	261	261	192
Preservation	175	175	105	[$200 from reprogramming]	624 (deferred till FY 1997)	624 plus IRP (200)	624 plus IRP (200)
FHA MF Credit Subsidy	188	188	188	69	100	85	85

Program	FY95 (Pre Recession)	FY 1995 (Post Rescission)	FY96 Request	FY 1996 House Approps Bill	FY 1996 Senate Approps Bill	FY96 Conf. Report 12/6/95	Final Omnibus Appropriations
LMSA	150	2	0	0	0	0	0
Flexible Subsidy	50	42	0	0	0	0	0
FHIP/FHAP	33	33	45	30 (House eliminates FHIP; funds only FHAP)	30 (Combined)	30 Senate Approach	30
Inspector General				47.3	48.85	47.85	47.85
Research & Technology		41.7	42	34	34	34	34
Salaries and Expenses	5	955	1,017	952	931	962.5	962.5
Systems Development						[5]	[5]
Total Discretionary (all programs, including those not listed above)	26,100	$ 19,607	24,500	$ 19,528	$ 20,500	$20,400	
Section 8 Contract Renewals	(2,536)	(2,159)	4,826	(4,642)	(4,350)	(4,350)	(4,007.8)
TOTAL FOR "NON-OBLIGATORY SPENDING" ***	23,564	$ 17,448	19,674	$ 14,886	$ 16,150	$16,050	

* Funds were reduced from prior year commitments as well as from the FY 1995 account in order to meet the rescission target.

** Appropriations reflect savings from the reduction of contract terms from 20-years to 5-years and the recalculation of tenant rent contribution; units would remain at FY 1995 levels

*** The Total reflects HUD's program budget, less the need to renew expiring Section 8 contracts. Supporting expiring Section 8 project-based rental assistance is not a new activity; it is maintaining assistance for low-income families currently living in private rental housing. Starting in FY 1996, the number of expiring Section 8 rental assistance will increase dramatically, reflecting the faster turnover from the shortening of contract terms from 5 years in the past to 4 years in FY 1994, 3 years in FY 1995, two years in FY 1996 and beyond. In addition, LMSA contracts are being reduced to one-year terms in 1996. The $2.2 billion increase in Section 8 contract renewals in FY 1995 and FY 1996 reflects the need to support contracts for 446,000 rental units that expire or become due in 1996. In short, other HUD programs are penalized at the expense of supporting ongoing Section 8 contracts. Thus, the Total presents a more honest assessment of funding for HUD's program activities that are less obligatory in nature.

1. Additional $50 million is for increased contract terms only, NOT additional units assisted.

2. Additional $25 million is for increased contract terms only, NOT additional units assisted.

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON VA, HUD AND INDEPENDENT AGENCIES

Preliminary Analysis

and

Comparison to the President's Budget Plan

July 14, 1995

(Updated)

FYI

WEINSTEIN
BURKE
BOSTROM
REED
MCCOWN
SCHMIDT
WALDMAN
FORTUNA

→ RETURN TO JSA

VA, HUD, INDEPENDENT AGENCIES APPROPRIATIONS: PRESIDENT'S FY 1996 REQUEST VS. REPUBLICAN FY 1996 EXPECTED ACTION

Cuts programs under its jurisdiction by about $9 billion below the President's request for 1996 -- ***28 percent*** of the $32 billion that Congress plans to cut in non-defense discretionary spending.

	PRESIDENT'S 10-YEAR BUDGET	REPUBLICAN CUTS
National Service	Provides $819 million in 1996 for AmeriCorps, Learn and Serve and related national service.	Eliminates AmeriCorps, Learn and Serve, and related programs.
AmeriCorps	Increases to $430 million in 1996, giving another 21,000 young Americans the opportunity to serve their communities and earn an education award.	Eliminates AmeriCorps. Nearly 50,000 young middle-income Americans will lose the opportunity to serve their communities.
Learn and Serve	Increases to $60 million in FY 1996, creating 140,000 new opportunities for children, adolescents, and college students to help their communities while developing a service ethic.	Eliminates Learn and Serve. 580,000 children, adolescents, and college students will be unable to participate in Learn and Serve.
HUD Budget	Provides $24.3 billion and restructures HUD to devolve responsibilities to States and localities within a framework of national goals.	Provides $19.1 billion ($5.2 billion below the President's request and $6.4 billion below 1995).
HUD Homeless Assistance	Includes $1.12 billion in 1996 for a new homeless assistance fund to help communities develop continuum-of-care systems to reduce homelessness.	Cuts 1996 HUD homeless funding almost in half, to $576 million.
HUD Vouchers	Adds over 500,000 voucher subsidies over 7 years.	Provides *no* funding for incremental housing vouchers other than to renew outstanding ones, and 50,000 fewer vouchers than the President's request.
HUD Public Housing	Provides $8.1 billion in 1996 for public housing capital and operating funds, enough to reduce a backlog of capital needs and tear down or reconfigure the worst projects.	Cuts 1996 funding by 37 percent, or $3 billion, and repeals the requirement that rents be set at 30 percent of a household's income.
EPA Budget	Continues Administration's strong support for EPA by providing $.1 billion over 1995.	Cuts EPA's budget by 33 percent reduction below fiscal 1995.
Superfund Clean-ups of Toxic Wastes	Increases Superfund cleanups of toxic waste dumps by $130 million.	Cuts spending by 30 percent below 1995; bars cleanup of any more sites.
NASA Budget	Restructures NASA using a balanced Space Station and science program that does not close any research centers.	Provides $13.5 billion ($0.7 billion below the President's request and $0.6 billion below 1995).

OVERVIEW

The Subcommittee mark would cut programs under its jurisdiction by about $9 billion below the President's request for 1996 -- 28 percent of the $32 billion that Congress plans to cut in non-defense discretionary spending.

The Subcommittee mark attacks the President's priorities on several fronts:

. It virtually eliminates funding for the President's investment programs over which it has jurisdiction:

-- It eliminates national service programs.

-- It eliminates Community Development Financial Institutions.

-- It slashes the Environmental Protection Agency (EPA) by a third.

-- It cuts funding for HUD homeless programs in half.

. The Subcommittee also includes legislative provisions that have not been debated through the necessary authorization and hearing process and have no place in appropriations bills:

-- It limits EPA's implementation of the Clean Air and Clean Water Acts.

-- It restructures NASA.

-- It imposes substantial rent increases on tenants in public and private HUD-assisted housing.

NATIONAL SERVICE

Subcommittee:

- Eliminates AmeriCorps, Learn and Serve, and related programs.

  -- [In a related matter, the Labor-HHS Subcommittee mark also cuts the other piece of national service: It cuts VISTA programs by almost 60 percent and the senior volunteer programs by about one-third].

- The VA/HUD cuts will mean:

  -- Nearly 50,000 young, middle-income Americans will lose the chance to serve their communities through AmeriCorps in locally-identified areas of crucial need and earn an educational award to help pay for college or other training.

  -- Another 580,000 children, adolescents, and college students will be unable to participate in Learn and Serve, helping communities solve problems while also developing the ethic of service.

President:

- Provides $819 million in 1996 for AmeriCorps, Learn and Serve and related national service opportunities.

  -- For AmeriCorps, 1996 funding would provide another 21,000 young Americans with the chance to help meet locally-determined needs and earn an educational award.

  -- For Learn and Serve, 1996 funding would provide 140,000 additional service opportunities to help children, adolescents, and college students develop the service ethic while contributing to their communities.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

The Subcommittee allocation for HUD is $19.1 billion ($5.2 billion below the President's request and $6.4 billion below 1995).

Homeless Assistance.

<u>Subcommittee</u>:

. Cuts 1996 HUD homeless funding almost in half, to $576 million, and

. Cuts FEMA Emergency Food and Shelter Assistance, which supports local homeless programs, by $30 million, to $100 million.

These cuts will:

. Combined with large cuts in low-income housing subsidies (below), will increase the numbers of homeless,

. Deny communities help needed to create transitional and longer-term housing options for the homeless, and

. Reduce emergency services.

<u>President</u>:

. Would provide $1.12 billion in 1996 for a new, homeless assistance fund to help communities develop continuum-of-care systems to reduce homelessness.

. The President and HUD have made cutting the number of homeless, who number 600,000 on any given night, a major priority.

Vouchers.

<u>Subcommittee</u>:

. Provides *no* funding for incremental housing vouchers other than to renew outstanding ones, and

. Provides 50,000 fewer vouchers in 1996 than the President's request.

<u>President</u>:

. Adds over 500,000 voucher subsidies over 7 years.

Public housing.

Subcommittee:

. Would cut 1996 funding by 37 percent, or $3 billion, to repair, rehabilitate, and modernize housing projects and provide annual subsidies to operate and maintain 1.4 million units for the low-income and elderly.

-- These cuts will force Public Housing Authorities to under-maintain and abandon projects or cut security and services.

. Would repeal the requirement that rents be set at 30 percent of a household's income.

-- Many PHAs would raise rents on poorest families, forcing some into homelessness and others to use most of their cash income for rent.

President:

. Would provide $8.1 billion in 1996 public housing capital and operating funds, enough to:

-- Reduce a backlog of capital needs,

-- Tear down or reconfigure the worst projects, and

-- Prepare for a proposed transition to portable assistance, giving choices to public housing residents.

Public and assisted housing tenants.

Subcommittee:

. Requires public housing and Section 8 residents to pay minimum rent of $50 plus utilities.

-- If enacted immediately, this would increase rents paid by 600,000 public housing and Section 8 families by average of over $460 per year.

. Increases rents paid by residents who get Section 8 vouchers from 30 to 32 percent of adjusted income.

-- This would take away $140 per year from the average assisted family.

. Suspends caps on tenant rent in public housing.

President:

. Includes rent reforms to encourage public and assisted housing recipients to move towards self-sufficiency, but

. Would not arbitrarily impose higher rent burden on low-income tenants.

FHA multifamily mortgage insurance programs.

Subcommittee:

. Would eliminate all credit subsidies for multifamily mortgage insurance:

-- Denying support, each year, for over 56,000 low and moderate income rental units, and

-- Exacerbating shortage of affordable housing.

. In New York State, insurance would not be available for 8,400 housing units.

. In southern California, insurance would not be available for 4,100 housing units.

President:

. Provides $188 million in credit subsidies in 1996 to help finance multifamily housing.

ENVIRONMENTAL PROTECTION AGENCY:

The Subcommittee allocation for EPA is $4.9 billion ($2.5 billion below the President's request and $2.4 billion below 1995).

EPA budget.

Subcommittee:

. Cuts EPA's budget by 33 percent below 1995, jeopardizing public health by quashing enforcement of pollution control rules and blocking new protections.

President:

. Continues Administration's strong support for EPA by providing a net $.1 billion increase over 1995.

Operating Program.

Subcommittee:

. Cuts EPA's pollution control and enforcement programs by $450 million.

-- The over 50 percent cut in enforcement would decimate EPA's ability to enforce environmental laws.

-- The cuts could necessitate layoffs of several thousand workers.

President:

. Proposes 14 percent increase for EPA's operating programs, the backbone of the nation's efforts to protect the environment.

Drinking Water State Revolving Funds.

Subcommittee:

. Provides no funds in 1996 and eliminates $225 million in prior-year funding not included in H.R. 1944's $1.1 billion rescission:

-- This $225 million was restored to H.R. 1944 in response to the President's veto.

President:

. Proposes $500 million to establish new state revolving funds to help municipalities provide clean, safe drinking water.

-- That will help prevent problems such as the cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000.

-- It will most affect the 30 million people served by a system that violated a drinking water standard in the past year.

Superfund Clean-ups of Toxic Wastes.

Subcommittee:

. Would cut spending by 30 percent below 1995 and prohibit cleanups of additional sites.

-- This would eliminate planned funding for 70 long-term site cleanups and 200 cleanups to address immediate public health threats, subjecting hundreds of thousands of citizens to continued exposure to dangerous chemicals.

. Proposes that taxpayers pay for all cleanups, not polluters who created the dumps.

President:

. Proposes a $130 million increase for Superfund cleanups of toxic waste dumps.

Overriding Environmental Laws.

Subcommittee:

. Includes legislative "riders" to overturn existing law without any hearings on their environmental impact.

-- They block or rescind numerous rules to protect public health, including those to ensure safe water, food, and air.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:

The Subcommittee allocation for NASA is $13.5 billion ($0.7 billion below the President's request and $0.6 billion below 1995).

Science and Technology Programs.

<u>Subcommittee</u>:

. Significantly cuts NASA's S&T programs.

-- Cancels $2 billion unmanned Cassini mission to Saturn and replacement airborne infrared telescope.

. Cassini cut will have a major impact on Jet Propulsion Lab and Cal Tech in California, and could cost 4,000 jobs across the nation.

-- Significantly cuts NASA's contribution to several Administration technology initiatives, including High Performance Computing and Communications, Clean Car, and research improvements in air traffic control.

-- Proposes to close three NASA research centers by 1988 in Maryland, Alabama, and Virginia, affecting 10,000 civil service jobs and 13,000 contractor jobs.

<u>President</u>:

. Provides $14.3 billion in 1996 and restructures NASA using a balanced Space Station and science program that does not close any research centers.

PRELIMINARY ANALYSIS OF

FY 1996 HOUSE SUBCOMMITTEE APPROPRIATIONS BILL

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

July 12, 1995

THE SITUATION TODAY: HOUSING NEEDS ARE GROWING WORSE

Demand for Housing is Rising ...

The Nation's worst-case housing needs are rising to their greatest level ever -- to 5.6 million households in 1993.

These very low-income households pay more than 50 percent of income for rent or live in severely substandard housing.

The numbers of households experiencing worst-case housing needs skyrocketed between 1989 and 1993 alone, by an additional 600,000 households, far outpacing the growth of subsidized housing assistance during that period.

Families with children are the fastest growing worst-case housing needs population:

More than 8 percent of America's children live in these households.

2.3 million of families with worst case housing needs have one or more children.

In addition, homeless households total about 600,000 on any given night. These households are not included in worst-case housing needs estimates.

... While the Supply of Housing is Dropping

As of 1993, there is a shortage of at least 4.7 million affordable housing units.

In 1993, 1.4 million eligible households were on waiting lists for subsidized privately-owned housing, and 900,000 were on public housing waiting lists.

HUD PLAYS A SIGNIFICANT ROLE IN PROVIDING AFFORDABLE HOUSING

Today HUD programs support affordable, decent, safe and sanitary housing in virtually every community in the nation.

3,300 public housing agencies operate some 1.4 million units

Thousands of private and nonprofit owners operate over 1.9 million units of assisted housing.

Over 1.5 million households receive Section 8 vouchers or certificates, making housing affordable in the private market.

Thousands of nonprofit sponsors operate 312,000 units of elderly housing under the Section 202 program and 44,000 units of housing built or acquired for persons with disabilities.

Since its inception, FHA multifamily has insured loans to support the construction of 4.1 million units in 38,000 properties.

Since the mid- and late-1980's, newer housing resources (e.g. the low income housing tax credit, the HOME program and the McKinney homeless programs) have helped produce hundreds of thousands of affordable housing units.

HUD currently assists 4.7 million households living in public housing and receiving Section 8 rental assistance.

36% of the households served are elderly
15% are persons with disabilities
43% are families with children
The median income of these households is $8,000
40% of families have earned income.

HOUSE APPROPRIATIONS SUBCOMMITTEE FY 1996 BILL
Overview of Adverse Impacts on HUD

The Subcommittee bill reduces HUD's budget by 27% from the FY 1995 funding level.

> HUD's Budget would be reduced by $7 billion, from $26.1 billion in FY 1995 to $19.1 billion in FY 1996.

The Subcommittee bill targets its deepest cuts at vulnerable populations: the poorest residents in public and assisted housing, the homeless, poor and working families and the elderly.

The Subcommittee bill imposes deep cuts on housing programs that develop, preserve and maintain affordable housing.

The Subcommittee bill will devastate community revitalization efforts.

The Subcommittee bill will arbitrarily micromanage HUD's ability to administer its various responsibilities.

HOUSE APPROPRIATIONS SUBCOMMITTEE'S FY 1996 BILL
HUD FY 1995 BUDGET VS. FY 1996 HOUSE SUBCOMMITTEE MARK
July 12, 1995

Dollars in Millions

Program	FY 1995 Budget	House Appropriations Subcommittee's FY 1996 Mark
Public and Indian Housing		
Operating Subsidies	$2,900	$2,500
Modernization	3,700	2,500
PH Development	600	0
HOPE VI	500	0
Drug Elimination Grant	290	0
Indian Housing Development	282	100
PH Replacement Vouchers	0	862
Incremental Rental Assistance	2,700	0
Section 8 Contract Renewals	3,300	4,900
Community Development		
CDBG	4,600	4,600
Section 108 Loan Guarantee Limit	[2,054]	[500]
HOME	1,400	1,400
Homeless	1,120	576
HOPWA	186	1,000 (House creates a special needs housing fund to support housing for the elderly, disabled, and persons with HIV/AIDS.)
Housing		
202 Elderly	1,279	(see above special needs housing)
811 Disabled	387	(see above special needs housing)
MF Property Disposition	555	0
Preservation	175	[$200 of reprogramming]
FHA MF Credit Subsidy	188	0 (one-year moratorium)
Fair Housing		
FHIP/FHAP	33	30 (House eliminates FHIP; funds only FHAP)
Salaries and Expenses	955	955

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Targets Deepest Cuts At Most Vulnerable Low Income Families

The Subcommittee bill raises rents on the poorest public and assisted housing residents.

The bill suspends the Brooke amendment in public housing, which has capped tenant rent contributions since 1969.

PHAs would be forced to raise rents on tenants in order to cover the operating deficits caused by the reduction in federal operating subsidies (see below).

The bill also requires public housing and Section 8 residents to pay a minimum rent of $50 plus utilities. If enacted immediately, this would increase the rents paid by approximately 600,000 public housing and Section 8 families by an average of $463 per year.

Setting a minimum rent would have disparate geographic effects. For example, an AFDC family of three with no other income in Texas would have to pay 40 percent of its $188 gross monthly AFDC benefit for rent.

The bill also increases the rents paid by residents receiving Section 8 vouchers from 30 percent to 32 percent of adjusted income.

This would cause great hardship for low-income families who are least able to bear such expenses; the average voucher family has an income of a little under $8000 a year. An increase to 32 percent of adjusted income takes away an additional $140 per year from these families.

The bill compounds severe reductions in other Federal programs serving many of the same poor families.

The budget resolution already assumes $100 billion in unspecified savings from means-tested entitlement programs, including the Earned Income Tax Credit, AFDC, SSI, Food Stamps, child care and child nutrition programs. Taken together, these changes would hurt millions of poor families.

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Targets Deepest Cuts At Most Vulnerable Low Income Families (cont.)

The Subcommittee bill guts state and local efforts to address homelessness.

The bill reduces current funding for the **McKinney homeless programs** by $540 million, from $1.12 billion to $580 million.

These cuts would fall heaviest on the poorest Americans; a national sample found that the average monthly household income among homeless persons was less than $200, regardless of household composition.

Lower funding would also undermine the progress that has made by States and localities in developing comprehensive continuum of care strategies.

The Subcommittee bill ends a 20-year bipartisan commitment to annual growth in Section 8 rental assistance.

The bill eliminates all funding for **new Section 8 certificates and vouchers**, a reduction of $2.7 billion from current funding levels.

This action represents the first time in the history of the program -- since 1974 -- that no new incremental rental assistance would be funded.

The lack of incremental rental assistance will fall hardest on those households with worst-case housing needs -- the homeless, those paying 50% of their income for rent, those living in substandard housing. These households have generally been the recipients of such aid.

The lack of incremental rental assistance will also end the nation's ability to address other priority housing needs: the demixing of elderly and disabled populations, the expeditious response to emergency situations, and the relocation of residents from federally-assisted slum developments.

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Impedes Development and Preservation of Affordable Housing

The Subcommittee bill greatly impairs the ability of PHAs to preserve and maintain the nation's 1.4 million public housing units.

The bill reduces the current **public housing operating** budget by $700 million, from $3.2 billion to $2.5 billion.

This reduction will mean tough choices for PHAs. Preventive and routine maintenance will likely be curtailed. Spending on security and social services will likely be cut back. Especially with the suspension of the Brooke amendment, tenant rents are sure to increase.

The inevitable deterioration in developments will prevent PHAs from attracting higher income residents to public housing -- a goal shared by the Administration and the Congress.

The bill reduces the current **public housing capital** budget by $2.3 billion, from $4.8 billion to $2.5 billion.

This reduction runs counter to well-documented modernization needs -- $18 billion in unfunded backlog, $2 billion in annual accrual needs -- in public housing developments. It will disrupt modernization activities already underway, increase the number of vacant units, and reduce spending on security activities.

This reduction will also handicap PHAs from demolishing and replacing the worst public housing developments in the nation.

The Subcommittee's bill undermines the development of new affordable rental housing, particularly for populations with special needs.

The bill reduces current funding for **indian housing development** by $182 million, from $282 million to $100 million.

This cut decimates the one form of new construction housing financing for Native Americans and tribes. Such new construction is desperately needed.

Forty percent of Native American households reside in inadequate or overcrowded housing, compared to 5.9 percent of the U.S. average.

The bill consolidates and reduces current funding for **special needs housing** (for the elderly, disabled, and persons with AIDS) by $852 million, from $1.852 billion to $1 billion.

Details on this proposed consolidation are sketchy at this point, making hard evaluation difficult. Yet, the $1 billion appropriation does not appear sufficient to produce the same number of affordable housing units as under the existing programs. Even with reducing contract terms in section 202 and 811, there appears to be a shortfall of $200-250 million in this account.

The bill places a one-year moratorium on current funding for **credit subsidy for FHA multifamily insurance programs**, a reduction of $188 million from current funding levels.

This dramatic cut would shrink the supply of housing affordable to low- and moderate-income families and elderly households by approximately 1,000 properties containing 100,000 units (representing the current pipeline).

There is no private mortgage insurance for apartment buildings -- FHA serves markets where the private sector simply has been unable or unwilling to serve.

This cut will disproportionately affect poor families and communities, since: 100 percent of FHA's current unsubsidized stock houses households at moderate or lower income levels; 59 percent of the stock houses low-income households; 37 percent houses minorities; and 63 percent is located in central cities.

The Subcommittee bill also impedes access to affordable housing.

The bill completely eliminates funding for the Fair Housing Initiatives Program (FHIP), the Nation's only funding of private (non-profit) fair housing enforcement efforts undertaken at the local level. Yet, studies after study show that housing discrimination continues to pervade this country.

In addition to bringing enforcement actions on behalf of private individuals, FHIP grantees educate the public and resolve fair housing disputes before they become formal actions. Absent FHIP enforcement efforts, the Department's fair housing caseload would increase dramatically.

At the same the bill wipes out funding for FHIP local enforcement efforts, it increases funding for FHAP state programs, well beyond the Administration's request. Since 19 states do not have "substantially equivalent" FHAP programs, a loss of FHIP funding will cause these states to experience disproportionate shortages in fair housing enforcement efforts.

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Harms Community Revitalization Efforts

The Subcommittee bill greatly curtails HUD's ability to support economic development activities and leverage private investment in distressed communities.

The bill reduces the limitation on Section 108 loan guarantees by $1.5 billion, from $2.054 billion to $500 million. The bill also eliminates the Economic Development Initiative (EDI), a reduction of $50 million from current funding levels.

In FY 1995 alone, the combination of Section 108 loan guarantees and EDI grants is helping over 100 communities create or retain over 70,000 jobs, principally for low and moderate income families.

HUD assistance leveraged billions in public and private investment.

HUD assistance is virtually the only federal resource available to help localities implement innovative economic development strategies.

The cuts in affordable housing programs will also have devastating effects on localities and States.

The attached chart demonstrates the impact that reductions in homeless and public housing funds will have on several localities.

Detroit's homeless funding declines from $18.9 million to $9.7 million; its public housing funding (modernization and operating subsidies) drops from $60.5 million to $45.5 million. The elimination of HOPE VI, public housing development and drug elimination grants will mean even greater diminution in funding.

The attached chart demonstrates the impact that reductions in homeless and public housing programs and the termination of FHA multifamily insurance will have on States.

New York State's homeless funding declines from $131.4 million to $67.9 million; 18,109 FHA-insured units will be stuck in the pipeline.

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Micromanages HUD

The Subcommittee bill contains a series of arbitrary limitations and constraints on the Department's organization and administration.

No other federal agency funded in the Subcommittee's bill is subject to these administrative reforms.

The bill imposes arbitrary staffing ceilings, by: requiring the achievement of informal FY 1997 staffing targets by 9/30/95; requiring an immediate 20 percent reduction in Schedule C employees; and requiring a cut of four Deputy Assistant Secretaries.

The bill reorganizes the Department without reason, by directing the consolidation of the Office of Congressional and Intergovernmental Relations with the Office of Public Affairs.

The bill imposes antilobbying restrictions on HUD.

The bill prohibits the Department from implementing regulations required to enforce statutes passed by previous Congresses. The bill would effectively prohibit the regulation of property insurance redlining, and RESPA-related industries.

The Subcommittee bill will increase costs to the federal government by preventing the Department from selling foreclosed properties expeditiously.

The bill zeroes out the FHA multifamily property disposition program, a reduction of $550 million from current funding levels.

This action will result in increased Departmental costs, increased maintenance costs and project deterioration, and adverse living conditions for project residents.

In 1994, the Department closed 178 projects with approximately 27,000 units. In contrast, in 1991, with limited funding, the Department only closed 34 projects.

With no funding, and no corresponding authorizing changes made to existing law, the PD inventory will once again become gridlocked, at a cost of at least $100 million per year.

HOUSE APPROPRIATIONS SUBCOMMITTEE BILL
Positive Steps

The Subcommittee bill does provide substantial funding for some critical programs and takes important steps towards the Administration reinvention proposals.

The bill funds CDBG at $4.6 billion, the current funding level.

HUD's FY 1996 budget went further, requesting $4.85 billion for a expanded Community Opportunity Fund -- with the additional funding earmarked for economic development activities.

The bill funds HOME at $1.4 billion, the current funding level.

HUD's FY 1996 budget went further, requesting $3.3 billion for an expanded Affordable Housing Fund. The Subcommittee has clearly chosen not to consolidate special needs housing programs into HOME.

The bill also takes steps towards incorporating the Administration's bold proposals for transforming public housing.

It adopts a number of deregulation proposals such as eliminating the 1:1 replacement rule, reforming the public housing modernization program, and permitting the adoption of ceiling rents.

It also provides $862 million for replacement vouchers to be used in lieu of continuing to operate, maintain and rehabilitate non-viable public housing.

The bill also maintains FHA's critical presence in the single-family mortgage market.

FYI - ALL DPC STAFF

Approps-VA

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **July 18, 1995**

Statement by the President

The 1996 VA-HUD appropriations bill passed today by the House Appropriations Committee is unacceptable.

By abolishing Americorps it would eliminate opportunities for thousands of young people to serve their communities through the national service program. By dramatically slashing resources for the Environmental Protection Agency and imposing severe restrictions on that agency, the bill would decimate the government's ability to protect the American people from air and water pollution. By cutting assistance for the nation's homeless in half, it would punish some of the weakest and most vulnerable in our society.

We need to balance the budget, and we need to cut spending to do it. But there is a right way and a wrong way. A bill so contrary to the priorities and concerns of the American people clearly represents the wrong way.

I will not stand by as the Republican majority tries to impose this extreme agenda on the nation. If this bill is presented to me in its current form, I will veto it. I call on the Congress to correct the appropriations bills now under consideration before they reach my desk, not after.

-30-30-30-

Admin. Positions on Approps Bills.
Copy All DPC Staff

August 4, 1995

APPROPRIATIONS -- SUPPORT/OPPOSITION

Agriculture (HR 1976)
-House subcommittee reported--OMB letter 6/21: serious objections.
-House committee reported--Floor SAP 7/18: Agriculture/OMB veto recommendation.

C/J/S (HR 2076)
-House subcommittee reported--OMB letter 7/18: Attorney General/Commerce/ OMB veto recommendation.
-House committee reported--Rules SAP 7/20: Attorney General/Commerce/ OMB veto recommendation.
-House committee reported--Floor SAP 7/24: Attorney General/Commerce/ OMB veto recommendation.

Defense
-House subcommittee reported--OMB letter 7/20: Administration does not support.
-House committee reported--Rules SAP 7/27: serious concerns and "the President will not support the bill unless those concerns are addressed."
-House committee reported--Floor SAP 7/31: serious concerns and "the President will not support the bill unless those concerns are addressed."

DC

Energy/Water (HR 1905)
-House subcommittee reported--OMB letter 6/20: strongly opposed.
-House passed--OMB letter 7/20: strongly opposed.
-Senate committee reported--Senate SAP 7/31: strongly opposed.

Foreign Ops (HR 1868)
-House committee reported--Floor SAP 6/22: difficulty supporting if improvements are not made.

Interior (HR 1977)
-House subcommittee reported--OMB letter 6/21: serious objections.
-House committee reported--Floor SAP 7/12: OMB/Interior veto recommendation.
-House passed--OMB letter 7/25: OMB/Interior veto recommendation.

Labor/HHS/Ed
-Panetta, 7/11: if subcomm. chairman's mark reaches the President's desk in its current form, "he will veto."
-House subcommittee reported--OMB letter 7/19: President would veto.
-House committee reported--Rules SAP 7/27: President would veto.
-House committee reported--Floor SAP 8/2: President would veto.

<u>Leg Branch (HR 1854)</u>
-Conference report--POTUS said on 8/1: "If the congressional leadership follows through on its plan to send me its own funding bill before it finishes work on the rest of the budget, I will be compelled to veto it."

<u>Mil Con (HR 1817)</u>
-House subcommittee reported--OMB letter 6/13: would support if modified.
-House committee reported--Rules SAP 6/15: would support if modified.
-House-passed--OMB letter 7/18: strongly objects to certain provisions.
-Senate committee reported--Floor SAP 7/20: strongly objects to certain provisions.

<u>Transportation (HR 2002)</u>
-House committee reported--Rules SAP 7/19: serious objections.
-House committee reported--Floor SAP 7/21: serious objections.
-House passed--OMB letter 8/1: serious objections.

<u>Treasury/Postal (HR 2020)</u>
-House subcommittee reported--OMB letter 7/10: serious objections.
-House committee reported--Floor SAP 7/17: OMB/Sr.WH officials/OPM veto recommendation.
-House-passed--OMB letter 7/24: OMB/Sr.WH officials/Treasury/OPM veto recommendation.
-Senate subcommittee reported--POTUS STATEMENT on ONDCP 7/26: As this bill is now constructed, I will not sign it.
-Senate subcommittee reported--OMB letter 7/27: Treasury veto recommendation.
-Senate committee reported--Floor SAP 8/3: President has stated he would not sign due to elimination of ONDCP; Treasury veto recommendation due to other concerns.

<u>VA/HUD/Independent Agencies</u>
-House subcommittee reported--Panetta statement 7/11: President will veto.
-House subcommittee reported--OMB letter 7/17: senior advisors veto recommendation.
-House committee reported--Rules SAP 7/24: President would veto bill.
-House committee reported--Floor SAP 7/26: President would veto bill.
-House-passed--POTUS said on 8/1: "The minute this polluter's protection act hits my desk, I will veto it."