August 2, 1995

FY 1996 HOUSE VA-HUD APPROPRIATIONS BILL
Impact of Housing Cuts on States
Dollars in Thousands

FY 1995 Pre-Rescission Appropriations Levels (HUD), House Proposed FY 1996 Appropriations Levels (H)
(figures include entitlement and nonentitlement funds)

State	* Homeless Grant (House cuts homeless funding by 40% at a time when budget cuts render more people homeless.)	Public Housing Modernization (Cuts in modernization would threaten the supply of quality public housing and crime reduction efforts.)	Public Housing Operating Subsidies (Cuts would handicap housing agencies in providing utilities, maintenance and other services to residents.)	Section 8 Incremental Rental Assistance (House eliminates all new rental assistance to families, children, and homeless persons with HIV/AIDS. Following illustrates households to receive assistance.)
Alabama	$ 12,288 (HUD) 7,417 (H)	$ 68,476 (HUD) 46,290 (H)	$ 81,565 (HUD) 70,315 (H)	432 (HUD) 0 (H)
Alaska	1,273 (HUD) 768 (H)	24,259 (HUD) 16,399 (H)	5,048 (HUD) 4,352 (H)	41 (HUD) 0 (H)
Arizona	14,298 (HUD) 8,631 (H)	53,450 (HUD) 36,166 (H)	42,153 (HUD) 36,399 (H)	271 (HUD) 0 (H)
Arkansas	5,124 (HUD) 3,092 (H)	14,395 (HUD) 19,027 (H)	19,028 (HUD) 16,403 (H)	210 (HUD) 0 (H)
California	153,946 (HUD) 92,914 (H)	149,627 (HUD) 101,148 (H)	119,707 (HUD) 103,196 (H)	4,534 (HUD) 0 (H)
Colorado	9,175 (HUD) 5,538 (H)	13,943 (HUD) 9,426 (H)	12,280 (HUD) 10,587 (H)	444 (HUD) 0 (H)
Connecticut	11,035 (HUD) 6,661 (H)	48,263 (HUD) 32,626 (H)	61,329 (HUD) 52,870 (H)	890 (HUD) 0 (H)
Delaware	2,356 (HUD) 1,422 (H)	6,932 (HUD) 4,686 (H)	8,379 (HUD) 7,223 (H)	92 (HUD) 0 (H)
Florida	$ 49,285 (HUD) 29,748 (H)	75,760 (HUD) 51,213 (H)	89,122 (HUD) 76,830 (H)	2,126 (HUD) 0 (H)
Georgia	19,733 (HUD) 11,910 (H)	88,346 (HUD) 59,722 (H)	102,913 (HUD) 88,718 (H)	793 (HUD) 0 (H)

State	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Section 8 Incremental Rental Assistance
Hawaii	$ 5,429 (HUD) 3,276 (H)	$ 19,501 (HUD) 13,183 (H)	$ 5,221 (HUD) 4,501 (H)	116 (HUD) 0 (H)
Idaho	1,647 (HUD) 994 (H)	1,839 (HUD) 1,243 (H)	912 (HUD) 786 (H)	99 (HUD) 0 (H)
Illinois	62,746 (HUD) 37,871 (H)	252,348 (HUD) 170,587 (H)	238,389 (HUD) 205,508 (H)	2,380 (HUD) 0 (H)
Indiana	18,427 (HUD) 11,123 (H)	34,304 (HUD) 23,190 (H)	32,958 (HUD) 28,412 (H)	99 (HUD) 0 (H)
Iowa	8,398 (HUD) 5,069 (H)	2,318 (HUD) 1,567 (H)	1,376 (HUD) 1,186 (H)	308 (HUD) 0 (H)
Kansas	6,815 (HUD) 4,114 (H)	8,223 (HUD) 5,559 (H)	10,658 (HUD) 9,118 (H)	190 (HUD) 0 (H)
Kentucky	12,396 (HUD) 7,482 (H)	40,392 (HUD) 27,305 (H)	40,969 (HUD) 35,319 (H)	431 (HUD) 0 (H)
Louisiana	19,209 (HUD) 11,595 (H)	55,958 (HUD) 37,828 (H)	57,686 (HUD) 49,730 (H)	598 (HUD) 0 (H)
Maine	3,753 (HUD) 2,266 (H)	4,227 (HUD) 2,858 (H)	8,182 (HUD) 7,054 (H)	153 (HUD) 0 (H)
Maryland	19,457 (HUD) 11,742 (H)	58,435 (HUD) 39,502 (H)	54,763 (HUD) 47,209 (H)	567 (HUD) 0 (H)
Massachusetts	32,460 (HUD) 19,593 (H)	96,388 (HUD) 65,158 (H)	98,590 (HUD) 84,991 (H)	1,450 (HUD) 0 (H)
Michigan	41,305 (HUD) 24,930 (H)	62,081 (HUD) 41,967 (H)	54,704 (HUD) 47,159 (H)	1,217 (HUD) 0 (H)
Minnesota	18,051 (HUD) 10,895 (H)	41,045 (HUD) 27,747 (H)	39,417 (HUD) 33,980 (H)	401 (HUD) 0 (H)
Mississippi	7,177 (HUD) 4,332 (H)	23,587 (HUD) 15,945 (H)	20,416 (HUD) 17,600 (H)	233 (HUD) 0 (H)

State	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Section 8 Incremental Rental Assistance
Missouri	$ 22,425 (HUD) 13,535 (H)	$ 43,254 (HUD) 29,240 (H)	$ 34,683 (HUD) 29,899 (H)	686 (HUD) 0 (H)
Montana	1,486 (HUD) 897 (H)	20,393 (HUD) 13,785 (H)	8,559 (HUD) 7,378 (H)	78 (HUD) 0 (H)
Nebraska	5,388 (HUD) 3,252 (H)	8,084 (HUD) 5,465 (H)	8,183 (HUD) 7,055 (H)	254 (HUD) 0 (H)
Nevada	3,975 (HUD) 2,399 (H)	11,674 (HUD) 7,891 (H)	17,356 (HUD) 14,962 (H)	98 (HUD) 0 (H)
New Hampshire	2,599 (HUD) 1,569 (H)	5,149 (HUD) 3,481 (H)	6,795 (HUD) 5,858 (H)	134 (HUD) 0 (H)
New Jersey	35,211 (HUD) 21,251 (H)	123,036 (HUD) 83,172 (H)	151,913 (HUD) 130,960 (H)	1,826 (HUD) 0 (H)
New Mexico	4,394 (HUD) 2,652 (H)	15,519 (HUD) 10,491 (H)	8,121 (HUD) 7,001 (H)	386 (HUD) 0 (H)
New York	131,428 (HUD) 79,324 (H)	593,249 (HUD) 401,036 (H)	605,578 (HUD) 522,050 (H)	4,729 (HUD) 0 (H)
North Carolina	12,315 (HUD) 7,433 (H)	53,050 (HUD) 35,862 (H)	79,280 (HUD) 68,345 (H)	660 (HUD) 0 (H)
North Dakota	1,177 (HUD) 710 (H)	6,462 (HUD) 4,367 (H)	5,860 (HUD) 5,051 (H)	114 (HUD) 0 (H)
Ohio	50,819 (HUD) 30,675 (H)	140,559 (HUD) 95,018 (H)	138,949 (HUD) 119,783 (H)	1,415 (HUD) 0 (H)
Oklahoma	7,684 (HUD) 4,638 (H)	37,249 (HUD) 25,180 (H)	22,973 (HUD) 19,804 (H)	324 (HUD) 0 (H)
Oregon	9,021 (HUD) 5,445 (H)	13,270 (HUD) 3,970 (H)	11,020 (HUD) 9,500 (H)	394 (HUD) 0 (H)
Pennsylvania	76,989 (HUD) 46,469 (H)	246,002 (HUD) 166,298 (H)	198,321 (HUD) 170,966 (H)	1,432 (HUD) 0 (H)

State	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Section 8 Incremental Rental Assistance
Rhode Island	$ 5,341 (HUD) 3,224 (H)	$ 18,530 (HUD) 12,526 (H)	$ 14,554 (HUD) 12,546 (H)	139 (HUD) 0 (H)
South Carolina	5,946 (HUD) 4,192 (H)	21,381 (HUD) 14,453 (H)	25,506 (HUD) 21,988 (H)	319 (HUD) 0 (H)
South Dakota	1,417 (HUD) 855 (H)	15,628 (HUD) 10,571 (H)	12,623 (HUD) 10,882 (H)	134 (HUD) 0 (H)
Tennessee	13,123 (HUD) 7,921 (H)	69,894 (HUD) 47,250 (H)	84,694 (HUD) 73,012 (H)	473 (HUD) 0 (H)
Texas	76,523 (HUD) 46,192 (H)	94,668 (HUD) 63,995 (H)	96,251 (HUD) 82,975 (H)	1,388 (HUD) 0 (H)
Utah	5,288 (HUD) 3,191 (H)	3,433 (HUD) 2,320 (H)	3,512 (HUD) 3,027 (H)	173 (HUD) 0 (H)
Vermont	1,387 (HUD) 837 (H)	1,114 (HUD) 753 (H)	2,807 (HUD) 2,420 (H)	65 (HUD) 0 (H)
Virginia	15,663 (HUD) 9,453 (H)	37,459 (HUD) 25,322 (H)	54,243 (HUD) 46,761 (H)	759 (HUD) 0 (H)
Washington	17,285 (HUD) 10,432 (H)	46,274 (HUD) 31,281 (H)	28,210 (HUD) 24,319 (H)	578 (HUD) 0 (H)
West Virginia	5,466 (HUD) 3,300 (H)	7,349 (HUD) 4,986 (H)	12,414 (HUD) 10,702 (H)	194 (HUD) 0 (H)
Wisconsin	17,056 (HUD) 10,295 (H)	20,462 (HUD) 13,832 (H)	13,291 (HUD) 11,458 (H)	531 (HUD) 0 (H)
Wyoming	654 (HUD) 395 (H)	2,333 (HUD) 1,577 (H)	1,466 (HUD) 1,264 (H)	46 (HUD) 0 (H)
Puerto Rico	31,541 (HUD) 19,037 (H)	202,132 (HUD) 136,641 (H)	0 (HUD) 0 (H)	292 (HUD) 0 (H)

* (H) represents HUD's FY 1996 formula estimates for the homeless program, not the FY 1995 enacted levels, which includes both the competitive and formula allocations.

August 2, 1995

FY 1996 HOUSE VA-HUD APPROPRIATIONS BILL
Impact of Housing Cuts on America's Cities
Dollars in Thousands

FY 1995 Pre-Rescission Appropriations Levels (HUD), FY 1996 House Appropriations Levels (H)

City	* **Homeless Grant** (House cuts homeless funding by 40% at a time when budget cuts render more people homeless.)	**Public Housing Modernization** (Cuts in modernization would threaten the supply of quality public housing and crime reduction efforts.)	**Public Housing Operating Subsidies** (Cuts would handicap housing agencies in providing utilities, maintenance and other services to residents.)	**Public Housing Drug Elimination** (House eliminates the drug elimination program, the key tool for PHAs to combat crime and provide alternative activities for youth.)	**Section 8 Incremental Rental Assistance** (House eliminates all new rental assistance to families, children, and homeless persons with HIV/AIDS. Following illustrates households to receive assistance.)
Albuquerque, NM	$ 1,913 (HUD) 1,155 (H)	$ 1,763 (HUD) 1,191 (H)	$ 1,264 (HUD) 1,093 (H)	$ 0 (HUD) 0 (H)	64 (HUD) 0 (H)
Anchorage, AK	820 (HUD) 495 (H)	5,352 (HUD) 3,956 (H)	5,043 (HUD) 4,352 (H)	0 (HUD) 0 (H)	0 (HUD) 0 (H)
Atlanta, GA	4,529 (HUD) 2,734 (H)	33,596 (HUD) 22,711 (H)	41,303 (HUD) 35,606 (H)	0 (HUD) 0 (H)	N/A
Austin, TX	2,868 (HUD) 1,731 (H)	2,981 (HUD) 2,015 (H)	3,632 (HUD) 3,131 (H)	482 (HUD) 0 (H)	31 (HUD) 0 (H)
Baltimore, MD	10,236 (HUD) 6,208 (H)	47,121 (HUD) 31,854 (H)	42,418 (HUD) 36,567 (H)	4,507 (HUD) 0 (H)	105 (HUD) 0 (H)
Billings, MT	0 (HUD) 0 (H)	712 (HUD) 482 (H)	400 (HUD) 345 (H)	102 (HUD) 0 (H)	29 (HUD) 0 (H)
Boston, MA	9,108 (HUD) 5,497 (H)	43,984 (HUD) 29,733 (H)	53,958 (HUD) 46,205 (H)	3,136 (HUD) 0 (H)	310 (HUD) 0 (H)
Bridgeport, CT	1,535 (HUD) 926 (H)	6,047 (HUD) 4,088 (H)	13,680 (HUD) 11,793 (H)	0 (HUD) 0 (H)	431 (HUD) 0 (H)
Burlington, VT	0 (HUD) 0 (H)	448 (HUD) 303 (H)	926 (HUD) 799 (H)	0 (HUD) 0 (H)	31 (HUD) 0 (H)
Birmingham, AL	2,967 (HUD) 1,791 (H)	15,348 (HUD) 10,375 (H)	18,293 (HUD) 15,770 (H)	1,702 (HUD) 0 (H)	15 (HUD) 0 (H)

City	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Public Housing Drug Elimination	Section 8 Incremental Rental Assistance
Camden, NJ	1,345 (HUD) 812 (H)	5,513 (HUD) 3,727 (H)	9,098 (HUD) 7,843 (H)	582 (HUD) 0 (H)	0 (HUD) 0 (H)
Charleston, SC	$ 0 (HUD) 0 (H)	273 (HUD) 185 (H)	$ 138 (HUD) 119 (H)	$ 372 (HUD) 0 (H)	30 (HUD) 0 (H)
Chicago, IL	39,790 (HUD) 24,016 (H)	179,271 (HUD) 121,187 (H)	170,324 (HUD) 146,821 (H)	10,008 (HUD) 0 (H)	494 (HUD) 0 (H)
Colorado Springs, CO	1,098 (HUD) 663 (H)	1,358 (HUD) 918 (H)	1,134 (HUD) 977 (H)	0 (HUD) 0 (H)	25 (HUD) 0 (H)
Columbus, OH	3,101 (HUD) 1,872 (H)	11,784 (HUD) 7,966 (H)	10,304 (HUD) 8,883 (H)	1,123 (HUD) 0 (H)	93 (HUD) 0 (H)
Cleveland, OH	11,253 (HUD) 6,792 (H)	41,504 (HUD) 28,057 (H)	49,283 (HUD) 42,488 (H)	2,879 (HUD) 0 (H)	182 (HUD) 0 (H)
Dallas, TX	6,894 (HUD) 4,161 (H)	17,923 (HUD) 12,116 (H)	15,755 (HUD) 13,582 (H)	1,435 (HUD) 0 (H)	554 (HUD) 0 (H)
DeKalb, IL	0 (HUD) 0 (H)	641 (HUD) 433 (H)	117 (HUD) 101 (H)	0 (HUD) 0 (H)	93 (HUD) 0 (H)
Denver, CO	4,254 (HUD) 2,568 (H)	9,599 (HUD) 6,489 (H)	7,229 (HUD) 6,232 (H)	912 (HUD) 0 (H)	174 (HUD) 0 (H)
Des Moines, IA	1,817 (HUD) 1,097 (H)	1,381 (HUD) 934 (H)	648 (HUD) 559 (H)	256 (HUD) 0 (H)	25 (HUD) 0 (H)
Detroit, MI	18,949 (HUD) 11,437 (H)	35,181 (HUD) 23,782 (H)	28,033 (HUD) 24,166 (H)	2,181 (HUD) 0 (H)	0 (HUD) 0 (H)
East Orange, NJ	0 (HUD) 0 (H)	1,052 (HUD) 711 (H)	1,120 (HUD) 965 (H)	226 (HUD) 0 (H)	14 (HUD) 0 (H)
Fort Wayne, IN	1,239 (HUD) 748 (H)	1,282 (HUD) 367 (H)	1,507 (HUD) 1,299 (H)	250 (HUD) 0 (H)	59 (HUD) 0 (H)
Fort Worth, TX	2,750 (HUD) 1,660 (H)	2,409 (HUD) 1,628 (H)	2,552 (HUD) 2,200 (H)	375 (HUD) 0 (H)	49 (HUD) 0 (H)
Honolulu, HI	4,731 (HUD) 2,855 (H)	19,501 (HUD) 13,183 (H)	5,221 (HUD) 4,501 (H)	1,267 (HUD) 0 (H)	41 (HUD) 0 (H)

City	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Public Housing Drug Elimination	Section 8 Incremental Rental Assistance
Houston, TX	12,580 (HUD) 7,593 (H)	10,101 (HUD) 6,829 (H)	7,171 (HUD) 6,182 (H)	1,011 (HUD) 0 (H)	205 (HUD) 0 (H)
Indianapolis, IN	$ 3,978 (HUD) 2,401 (H)	$ 5,290 (HUD) 3,576 (H)	$ 6,679 (HUD) 5,758 (H)	$ 682 (HUD) 0 (H)	50 (HUD) 0 (H)
Jackson, MS	1,312 (HUD) 792 (H)	738 (HUD) 499 (H)	823 (HUD) 709 (H)	244 (HUD) 0 (H)	0 (HUD) 0 (H)
Kansas City, MO	4,193 (HUD) 2,530 (H)	4,024 (HUD) 2,720 (H)	4,541 (HUD) 4,001 (H)	0 (HUD) 0 (H)	N/A
Little Rock, AR	814 (HUD) 491 (H)	2,675 (HUD) 1,808 (H)	566 (HUD) 488 (H)	411 (HUD) 0 (H)	35 (HUD) 0 (H)
Los Angeles, CA	32,407 (HUD) 19,560 (H)	34,953 (HUD) 23,628 (H)	34,447 (HUD) 29,696 (H)	2,181 (HUD) 0 (H)	1,337 (HUD) 0 (H)
Louisville, KY	4,293 (HUD) 2,591 (H)	18,669 (HUD) 12,620 (H)	16,125 (HUD) 13,900 (H)	1,460 (HUD) 0 (H)	0 (HUD) 0 (H)
Madison, WI	906 (HUD) 547 (H)	1,443 (HUD) 976 (H)	624 (HUD) 538 (H)	0 (HUD) 0 (H)	0 (HUD) 0 (H)
Manchester, NH	800 (HUD) 483 (H)	2,112 (HUD) 1,427 (H)	3,000 (HUD) 2,586 (H)	345 (HUD) 0 (H)	31 (HUD). 0 (H)
Memphis, TN	4,039 (HUD) 2,438 (H)	17,346 (HUD) 11,726 (H)	17,844 (HUD) 15,383 (H)	1,753 (HUD) 0 (H)	84 (HUD) 0 (H)
Miami, FL	4,591 (HUD) 2,771 (H)	18,346 (HUD) 12,402 (H)	30,626 (HUD) 26,402 (H)	2,792 (HUD) 0 (H)	97 (HUD) 0 (H)
Milwaukee, WI	7,803 (HUD) 4,710 (H)	10,786 (HUD) 7,291 (H)	8,261 (HUD) 7,122 (H)	1,187 (HUD) 0 (H)	100 (HUD) 0 (H)
Newark, NJ	4,298 (HUD) 2,594 (H)	44,149 (HUD) 29,845 (H)	58,890 (HUD) 50,767 (H)	2,725 (HUD) 0 (H)	35 (HUD) 0 (H)
New Orleans, LA	7,082 (HUD) 4,274 (H)	36,012 (HUD) 24,344 (H)	36,125 (HUD) 31,142 (H)	3,432 (HUD) 0 (H)	50 (HUD) 0 (H)
New York City, NY	30,278 (HUD) 48,451 (H)	509,078 (HUD) 344,136 (H)	534,804 (HUD) 461,038 (H)	40,549 (HUD) 0 (H)	2,366 (HUD) 0 (H)

City	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Public Housing Drug Elimination	Section 8 Incremental Rental Assistance
Omaha, NE	2,456 (HUD) 1,432 (H)	5,155 (HUD) 3,485 (H)	5,629 (HUD) 4,853 (H)	774 (HUD) 0 (H)	33 (HUD) 0 (H)
Philadelphia	24,422 (HUD) 14,740 (H)	118,526 (HUD) 80,123 (H)	93,606 (HUD) 80,694 (H)	5,282 (HUD) 0 (H)	225 (HUD) 0 (H)
Pittsburgh, PA	$ 7,740 (HUD) 4,672 (H)	$ 30,917 (HUD) 20,900 (H)	$ 25,783 (HUD) 22,226 (H)	$ 2,240 (HUD) 0 (H)	133 (HUD) 0 (H)
Phoenix, AZ	5,376 (HUD) 3,245 (H)	5,397 (HUD) 3,648 (H)	5,621 (HUD) 4,846 (H)	636 (HUD) 0 (H)	101 (HUD) 0 (H)
Portland, OR	4,178 (HUD) 2,522 (H)	5,397 (HUD) 3,648 (H)	6,301 (HUD) 5,432 (H)	676 (HUD) 0 (H)	100 (HUD) 0 (H)
Rock Hill, SC	0 (HUD) 0 (H)	337 (HUD) 228 (H)	433 (HUD) 374 (H)	0 (HUD) 0 (H)	0 (HUD) 0 (H)
Rockford, IL	925 (HUD) 558 (H)	4,095 (HUD) 2,768 (H)	4,999 (HUD) 4,310 (H)	507 (HUD) 0 (H)	40 (HUD) 0 (H)
Salt Lake City, UT	1,803 (HUD) 1,091 (H)	1,078 (HUD) 729 (H)	1,050 (HUD) 906 (H)	250 (HUD) 0 (H)	25 (HUD) 0 (H)
San Antonio, TX	7,080 (HUD) 4,273 (H)	18,277 (HUD) 12,355 (H)	17,125 (HUD) 14,763 (H)	1,982 (HUD) 0 (H)	170 (HUD) 0 (H)
San Diego, CA	6,563 (HUD) 3,961 (H)	2,744 (HUD) 1,855 (H)	2,671 (HUD) 2,303 (H)	375 (HUD) 0 (H)	408 (HUD) 0 (H)
San Francisco, CA	9,036 (HUD) 5,454 (H)	24,773 (HUD) 16,747 (H)	29,501 (HUD) 25,432 (H)	1,669 (HUD) 0 (H)	395 (HUD) 0 (H)
San Jose, CA (Santa Clara Co.)	4,505 (HUD) 2,719 (H)	1,347 (HUD) 910 (H)	690 (HUD) 595 (H)	0 (HUD) 0 (H)	0 (HUD) 0 (H)
San Juan, PR	5,194 (HUD) 3,135 (H)	202,132 (HUD) 136,641 (H)	0 (HUD) 0 (H)	12,822 (HUD) 0 (H)	25 (HUD) 0 (H)
Seattle, WA	5,445 (HUD) 3,286 (H)	18,660 (HUD) 12,614 (H)	12,241 (HUD) 10,552 (H)	1,630 (HUD) 0 (H)	349 (HUD) 0 (H)
St. Louis, MO	10,027 (HUD) 6,052 (H)	28,525 (HUD) 19,290 (H)	17,304 (HUD) 14,920 (H)	1,595 (HUD) 0 (H)	N/A

City	Homeless Grant	Public Housing Modernization	Public Housing Operating Subsidies	Public Housing Drug Elimination	Section 8 Incremental Rental Assistance
Tampa, FL	1,739 (HUD) 1,050 (H)	9,759 (HUD) 6,597 (H)	12,211 (HUD) 10,526 (H)	0 (HUD) 0 (H)	174 (HUD) 0 (H)
Washington, D.C.	8,171 (HUD) 4,932 (H)	30,967 (HUD) 20,924 (H)	46,507 (HUD) 40,092 (H)	2,872 (HUD) 0 (H)	255 (HUD) 0 (H)

* (H) represents HUD's FY 1996 formula estimates for the homeless program, not the FY 1995 enacted levels, which includes both the competitive and formula allocations.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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TO: Steve Redburn, OMB
Leetha Sradomi, CA

FROM: Bruce Katz

PHONE:

COMMENTS: FYI

Balancing the Federal Budget
What's At Stake For America's Communities: Chicago

DRAFT

As our nation works to reduce the federal deficit, it is important to pursue a plan that is fair and equitable for all Americans. Both Congress and the President have offered proposals to balance the budget, the former in seven years and the latter in ten years. However, Congress has offered spending plans that will require a disproportionate sacrifice from America's metropolitan communities. Although the Congressional cuts in education, school lunches, welfare, job training, and environmental protections have reverberated across the country, this document demonstrates the cumulative impacts of these and other federal cuts on urban America. Together, these cuts impose an undue burden on cities and their adjoining counties. Coupled with state budget cuts, these cuts will be even more devastating.

BUDGET IMPACT ON CHICAGO

In 1996 alone, the **Chicago** metropolitan area* stands to lose almost $308 million in federal funding for transportation, education and job training, economic development, housing, health and nutrition, and anti-crime and drug programs, among others. Over the seven years covered by the Congressional proposal, the total loss could reach $2.1 billion compared to the President's proposal.

*[Eight counties: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, Will]

TRANSPORTATION

People in metropolitan areas depend on public transportation systems to get to their jobs and to meet basic needs for mobility. In addition, people with disabilities and those too young or old to drive depend on public transportation.

Under the Congressional proposal, operating assistance for transit programs would be eliminated by the year 2000. These cuts could jeopardize state, city, and county transit programs. Cities nationwide will seek to replace federal operating assistance with fare increases or service adjustments. Some 175 cities will face transit fare increases of over 50 percent, while others will require massive infusions of state or local funding, or large service cuts.

Under the FY 1996 Congressional proposal, mass transit operating subsidies in the **Chicago** area would be $7 million less than under the President's budget. By FY 2001, operating subsidies would be completely eliminated, for a total cut of $133 million. In **Chicago**, residents could face a possible 11% increase in Chicago Transit Authority fares. Other transit agencies in the metro area would also be compelled to either raise fares, reduce service, or seek funding from state or local government.

EDUCATION AND TRAINING

At a time when our country is facing increased international competition, rapid technological change, and a shift to a service economy, Congressional proposals dramatically cut and eliminate education and job training programs (for all ages) that are needed to produce a successful workforce for the 21st century. Jobs for low-skilled workers are growing more scarce and offer few opportunities.

Head Start funding would be reduced in 1996 by $13 million in the **Chicago** area and by $193 million over the seven years of the Congressional proposal. In order to maintain the same level of quality, Chicago would be forced to drop 2,037 children from the program in 1996 and a total of 6,019 by 2002. The Title I program, which provides needed educational services in schools that serve disadvantaged children, would also be cut significantly. In 1996, over 36,000 children in the **Chicago** area would be dropped from the Title I program, and by 2002 over 350,000 children would be denied assistance.

General job training programs to serve low income adults, at-risk youth and workers who need to transition from obsolete jobs by learning new skills would all be cut in the Congressional proposal. The summer jobs program for youth would be completely eliminated. In the **Chicago** metro area, these cuts would be (in 1996 and over seven years, respectively) $2.4 million and $17.2 million for adult training grants, $1.3 million and $9.0 million from youth

DRAFT

training grants, and $3.5 million and $24.3 million from funds for dislocated workers.

ECONOMIC DEVELOPMENT

HOUSING

At a time when affordable housing is becoming more scarce and those people who can least afford it are being forced to pay a larger percentage of their income for rent, the Congress has proposed a dramatic reduction in federal housing assistance.

In their seven-year proposal, the House would cut homeless assistance by almost 40%. In 1996, metropolitan **Chicago** would receive $29.2 million as opposed to the President's proposal of $43.7 million. Approximately 287 fewer homeless people would receive 5-year assistance for transitional and permanent housing and 3,152 fewer would receive vital support services such as day care, mental health care, and the job training they need to move toward self-sufficiency. Over the seven year period, the Congress would provide the **Chicago** area with $116 million less than the President. About 1,779 fewer homeless people would receive transitional and permanent housing and 19,526 fewer would receive needed support services.

The Congress also eliminates all funding for new Section 8 certificates and vouchers. This action represents the first time in the history of the program--since 1974--that no new incremental rental assistance would be funded. For the **Chicago** area, 5,236 households would not receive rental assistance.

Public housing funds for modernization and operating assistance would also be reduced significantly. These cuts are likely to add to the backlog of modernization needs and increase the number of vacant public housing units, as well as curtail preventative and routine maintenance, and reduce security and social services.

In the **Chicago** area, public housing authorities would receive $90 million less for modernization and $26.5 million less for operating subsidies in 1996 under the Congressional proposal than under the President's proposal. Over seven years, the Congress would provide $441 million less for modernization and $85 million less for operating subsidies.

HEALTH AND NUTRITION

The House has proposed to eliminate the Low-Income Home Energy Assistance Program (LIHEAP), which provides heating and cooling aid to 5-6 million low-income families nationwide, many of which have disabled or elderly members. The **Chicago** metro area would lose $36 million in 1996. **In Cook County** alone, 100,000 households would lose assistance. Under the seven-year Congressional proposal, **Chicago** area residents would lose over $234 million in assistance.

In 1996, **Chicago** area residents would lose $1.8 million in Women, Infants, and Children (WIC) funding under the Congressional proposal and $30.2 million over the seven years. In 1996, an average of 3,400 fewer people/families could participate in the program each month. By 2002, the average participation rate will be 8,900 fewer.

CRIME AND DRUG PROGRAMS

The Congress has also proposed funding reductions in several anti-crime and drug programs. In 1996, the **Chicago** area would receive $3.2 million less for drug treatment, $5.2 million less for the safe and drug-free schools and community program, and $11.6 million less (complete elimination) for the drug elimination grant program for public housing authorities than the President proposed. Over seven years, these programs would lose $22.4 million, $36.2 million and $70.9 million, respectively.

STATE PROGRAMS

EPA: State Revolving Funds (drinking water and wastewater treatment); also Superfund (brownfields initiative)

Others

ENTITLEMENTS

OMB to provide narrative
(Medicare, Medicaid, and AFDC)

Questions/Concerns about template:

- Should the references be to "Congress" or "the House"?

- The only "economic development" programs in the OMB info are from Commerce and they have little or no narrative explanation of the programs or impact. This leaves a large hole...

- No entitlement info yet.

- Environmental info is minimal; there are probably other "state" programs that should be included.

- VA programs listed have no explanation of program or impact included in the OMB info.

- Are national aggregate numbers available for programs? (all metro areas vs. non-metro areas)

- Are 1995 funding levels available? percentage differences between the President and Congress and '95?

- Are metro area totals disaggregated by city and county available? Mayors and County Execs will ask for them.

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON LABOR, HEALTH AND HUMAN SERVICES,

EDUCATION AND RELATED AGENCIES

Preliminary Analysis

and

Comparison to the President's Budget Plan

July 19, 1995

FYI

RASCO
REED
McCOWN
SCHMIDT
FORTUNA
BROSTROM

INVESTING IN EDUCATION AND TRAINING VS. CUTTING EDUCATION AND TRAINING: PRESIDENT'S 1996 REQUEST VS. REPUBLICAN 1996 EXPECTED ACTION

	PRESIDENT CLINTON'S 10-YEAR BUDGET	REPUBLICAN CUTS
Goals 2000: Help states and schools raise academic standards and student achievement	Increase to $750 million in 1996, supporting improvements for over 8 million children in 16,000 schools. By 2002, funding would increase to $896 million, supporting improvements for over 44 million children in 85,000 schools.	Eliminate all funding for education reform.
Education for disadvantaged students: Help low-income students achieve high standards	Increased by $573 million over the last 2 years; increase by $302 million in 1996, serving up to 300,000 more children that year alone, and providing increases in the future.	Reduce funding by $1.1 billion in 1996, cutting 1.1 million children from the program that year. A freeze at this level would, by 2002, cut another 600,000 children from the program.
Safe and Drug-Free Schools and Communities	Fund at $500 million per year, providing safer, more drug-free learning environments for 39 million children in over 14,000 school districts.	Reduce funding to $200 million, a 60 percent cut from the President's request, depriving over 23 million students of services next year.
Head Start: Comprehensive services for pre-school youth & toddlers to increase school readiness	Increase 1996 funding by $400 million and add 32,000 new Head Start slots for children in 1996 -- and 50,000 new slots by 2002.	Cuts funding by $135 million from 1995 level, cutting 45,000-50,000 children off current Head Start in 1996 to maintain program quality. Freezing funding at the reduced level would cut off up to 230,000 children below the President's proposed level for 2002.
Summer Jobs for disadvantaged young people	Funding for about 615,000 jobs for disadvantaged young people in the summer of 1996.	Program eliminated beginning in 1996, wiping out job opportunities for some 4.3 million disadvantaged youth over the next 7 years.
Job Training for dislocated workers, low-income adults	Put Skill Grants directly into hands of disadvantaged and dislocated workers, with 800,000 recipients in 1996. Increase 1995 funding by 40 percent, to $3.1 billion.	Cuts funding by 50 percent below the President's request, and 25 percent below 1995.
AmeriCorps: College Aid for National Service (in VA/HUD appropriations bill)	Expand by $242 million to provide nearly 50,000 opportunities for community service and college aid, and 580,000 youth (K-12) other service opportunities.	Eliminated. Over 4.3 million service opportunities for youth in their communities abolished over 7 years.
ALL EDUCATION AND TRAINING (Budget Function 500)	**INCREASE EDUCATION, TRAINING AND AID TO STUDENTS BY $40 BILLION IN DISCRETIONARY OUTLAYS OVER 7 YEARS**	**THE BUDGET RESOLUTION CUTS OUTLAYS FOR EDUCATION AND TRAINING BY $36 BILLION INCLUDING $10 BILLION IN LOAN BENEFITS TO STUDENTS**

DEPARTMENT OF EDUCATION

The Subcommittee cuts Education Department discretionary funds by $3.9 billion below 1995 and $5.4 billion below the President's request.

Goals 2000.

Subcommittee:

- Eliminates program, setting back state efforts to set educational standards and reform education so the standards can be met.

President:

- Provides $750 million in 1996 to raise academic standards in 16,000 schools in 48 states.

School-to-Work (ED and DOL).

Subcommittee:

- Cuts funds to $190 million, impairing efforts of 28 states to complete reforms begun in 1994 and 1995, and denying 22 states the chance to implement their reform plans to raise student skills and build a more competitive workplace.

President:

- Boosts funds to $400 million (half in ED, half in DOL), 60 percent increase over 1995, to support states building school-to-work systems with 1-year planning and 5-year implementation grants.

Safe and Drug-Free Schools and Communities.

Subcommittee:

- Cuts funds by 60 percent, to $200 million, depriving over 23 million students of services in 1996 alone.

President:

- Provides $500 million to combat violence and drug use in 97 percent, or over 14,000, school districts serving 39 million students.

Title I, Education for disadvantaged students.

Subcommittee:

- Cuts $1.1 billion, cutting up to 1.1 million children from program.

President:

- Boosts funds by $302 million, to $7 billion, to help states raise academic achievement of 6.4 million disadvantaged children.

Federal Direct Student Loan Program.

Subcommittee:

- Cuts funds to $320 million, less than what's needed to administer the direct loan program.

  -- Will stop growth of efficient, cost-effective direct lending and keep paying banks, state agencies, and secondary markets.

President:

- Supports Student Loan Reform Act of 1993, which provided $550 million in 1996 to administer the direct loan program and the transition from guaranteed to direct loans.

Student Financial Assistance programs.

Subcommittee:

- Eliminates, from Pell grants, about 300,000 students who would get awards of $400-$600 under President's proposal.

President:

- Raises maximum Pell grant award by $280, to $2,620.

Vocational and Adult Education.

Subcommittee:

- Cuts funds by 37 percent below President's request, to $1.06 billion:

  -- denying assistance needed by communities and states to train students for high-skill, high-wage jobs, and

-- eliminating adult education services to over 125,000 adults.

President:

- Provides $1.679 billion in 1996:

  -- to prepare youth to pursue productive careers in a changing economy, and

  -- to help adults improve their basic and literacy skills.

Bilingual and Immigrant Education.

Subcommittee:

- Cuts President's request for Bilingual Education by almost 75 percent and for Immigrant Education by half, severely reducing instructional services for over 700,000 limited English speaking children and adults.

President:

- Provides $200 million for Bilingual Education and $100 million for Immigrant Education.

DEPARTMENT OF LABOR

The Subcommittee cuts the Labor Department by almost $1.9 billion, or 18 percent, below 1995 and almost $3.6 billion, or 30 percent, below President's request.

Adult job training (cut 46 percent).

Subcommittee:

- For dislocated workers, provides $850 million, 39 percent below President's request, denying reemployment services to 273,000, compared to the President.

- For low-income adults, provides $830 million, 21 percent below President's request, denying training opportunities to 84,000 compared to the President.

- For adult training resources, denies President's request to boost funds by $660 million.

President:

- For dislocated workers, provides $1.396 billion.

- For low-income adults, provides $1.055 billion.

Youth job training (cut 49 percent).

Subcommittee:

- Eliminates Summer Youth Employment Program, denying job opportunities in Summer of 1996 for 615,000 urban and rural disadvantaged youth.

- Cuts DOL's portion of School-to-Work by 53 percent from President's request.

  -- Denies chance for remaining 22 states to implement their reform plans to raise students' skills; likely to cut second- and third-year grants for existing 28 states.

  -- Tens of thousands of students will move into job market without adequate preparation.

- Cuts President's $289 million request for JTPA Title II-C youth by 56 percent, eliminating 92,000 training opportunities.

President:

• Provides $872 million for Summer Youth Program; funds 615,000 summer jobs.

• Provides $200 million (the DOL share) for School-to-Work initiative, to support states building school-to-work systems with 1-year planning and 5-year implementation grants.

• Provides $289 million in JTPA Title II-C youth grants to fund job training services for 185,000 disadvantaged youths.

Worker protection.

Subcommittee:

• Cuts OSHA and other agencies that protect workers, ensure they are paid legal wages, and guard their pensions, by total of $200 million (almost 25 percent) below President's request.

-- Will reduce worker protection and increase riskiness of workplaces.

Legislative riders.

Subcommittee:

• Bars using funds to implement President's Executive Order on striker replacements.

• Stops OSHA from issuing any ergonomics workplace protection standard.

• Bars DOL from promoting use of economically targeted investments in private pension plans.

• Eliminates language that barred use of helpers on construction projects under Davis-Bacon.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The subcommittee cuts discretionary budget authority for HHS by $1.6 billion below 1995, reflecting the effects of H.R. 1944, and by $4.6 billion below the President's budget.

Head Start.

Subcommittee:

- Cuts funding by $135 million below 1995 and $535 million below President's request, cutting 45,000-50,000 children off Head Start in 1996.

  -- Freezing funding at reduced level would cut off up to 230,000 children, compared to President's proposal for 2002.

President:

- Funding increases by $400 million in 1996, adding 32,000 new slots for children.

  -- By 2002, adds total of 50,000 slots to the current 750,000.

Low Income Home Energy Assistance Program (LIHEAP).

Subcommittee:

- Eliminates LIHEAP and LIHEAP emergency fund.

  -- Cuts off federal heating and cooling aid to 5-6 million low-income families, 30 percent of which include at least one elderly member and 20 percent of which include at least one disabled member.

  -- Ends federal capacity to provide heating or cooling aid to states in the event of unusually severe cold or hot weather or a natural disaster.

President:

- Provides $1.319 billion in 1996, matching 1995 level.

Substance Abuse and Mental Health Grants.

Subcommittee:

- Cuts 75 percent, to $144 million, compared to President, jeopardizing substance abuse and mental health services for tens of thousands of pregnant women, high-risk youth, and others.

President:

- Roughly maintains 1995 level of $566 million.

SAMHSA/Homeless.

Subcommittee:

- Eliminates state grants to provide drug treatment and mental health services to the homeless, ending services to over 90,000 individuals.

President:

- Roughly maintains 1995 level of $29 million and consolidates the program into a Performance Partnership to give states more flexibility to use the funds but hold them accountable for results.

Administration on Aging (AoA).

Subcommittee:

- Ends 7 of 12 programs and cuts funds for all but 1.

  -- Organizations like Meals on Wheels would be reimbursed for over 5 million fewer meals delivered to older Americans.

President:

- Boosts funds by $21 million, to $897 million.

  -- Maintains 1995 level for nutrition programs that include Meals on Wheels, serving over 3 million older Americans.

Immigration initiative.

Subcommittee:

- Does not fund President's request, withholding federal assistance to the 7 states most heavily affected by immigration.

President:

- Provides $150 million in 1996 to help states pay for their share of the Medicaid costs of providing emergency medical services for undocumented aliens.

Legislative riders.

Subcommittee:

- Bars funding of Surgeon General position, eliminating public spokesperson on personal and societal health issues.

SOCIAL SECURITY ADMINISTRATION

Subcommittee:

- Cuts President's request by $285 million, to $5.960 billion.

  -- Threatens SSA's ability to complete its modernization and reach expected productivity and service improvements.

  -- Slows SSA's efforts to cut substantial backlog in disability claims.

President:

- Increases funds by $673 million above the 1995 level, to $6.237 billion.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Subcommittee:

- Cut by 36 percent, or $94 million, President's request for national service activities funded under the Domestic Volunteer Act, which includes VISTA, Retired Senior Volunteer Program, Foster Grandparent Program, and Senior Companion Program.

  -- Would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities.

President:

- Increases funding by 22 percent for these programs.

Impact of Congressional Budget Cuts on Metropolitan Areas

August 1995

Metropolitan Areas Are Important to America

They are home to most Americans.

One-fifth of the total U.S. population lives in the nation's five largest metropolitan regions – New York, Los Angeles, Chicago, San Francisco, and Philadelphia.

They are vital engines of our national economy.

Metro areas account for 83 percent of national income and virtually all employment in the advanced technology and service industries.

Metro areas provide job opportunities for new entrants to the workforce, lawful immigrants and families relocating from one part of the country to another.

They nurture American innovation.

Metro areas cultivate science and technology, art and fashion, entertainment, banking, finance, research and higher education.

Metropolitan Areas Face Tremendous Challenges

The construction of the interstate highway system, immigration and migration trends, the shift from manufacturing to service and knowledge-based industries and other changes have weakened our cities.

Central cities and their surrounding suburbs face multiple challenges:

Severe poverty

Poverty is growing and becoming more concentrated. Twenty-five years ago, 3.8 million people lived in the poorest neighborhoods in our largest 94 cities; today, 10.8 million people live in the same areas.

High unemployment

In 94 large U.S cities, the unemployment rate rose from 4.7 percent in 1970 to 8.1 percent in 1990, a two-thirds increase.

Jobs, especially jobs for unskilled workers, are more scarce than ever. In the nation's 94 largest cities, the percentage of people employed in manufacturing jobs dropped from 22.1 percent in 1970 to 14 percent in 1990.

Social and economic isolation

In high-poverty neighborhoods, more than 40 percent of working-age men are not employed, compared to just over 19 percent in non-poverty neighborhoods.

In high-poverty neighborhoods, almost 1 in 5 teens age 16-19 are high school dropouts, compared to about 1 in 10 in more prosperous areas.

A Balanced Budget Is Good for America's Metropolitan Areas

A balanced budget will strengthen the American economy.

Decreased Federal borrowing will promote lower interest rates and spur private investment.

Lower interest rates will restore confidence in the economy, both at home and abroad, further increasing investment and strengthening the dollar.

The debt burden of future generations will be reduced.

A balanced budget will strengthen metropolitan areas.

Lower interest rates will enable cities to invest in economic development and community revitalization projects at lower cost, cut carrying costs of municipal bonds, and refinance existing debt at lower rates.

Lower interest rates will create new homeowners by making homeownership more affordable, increase the sale of new homes, and may raise home values, thus increasing tax revenues for cities.

A balanced budget will increase employment and economic productivity.

Increased investment will create jobs. Greater employment and productivity will lead to higher incomes and higher wages.

City revenues from income and sales taxes will increase.

The need for governments to provide services for lower-income families will be reduced.

Right Way vs. Wrong Way to Balance the Federal Budget Overview

There's a big difference between necessary budget cuts and unnecessary pain. There's a real difference between creating a stronger economy with a right kind of balanced budget and actually driving the country into a recession with the wrong kind of balanced budget. And we have to recognize... the budget deficit is not the only deficit we have. We still have some education deficits. We've still got a lot of poor children and some social deficits. We've still got some technology deficits we need to close. We have to make some investments even as we close the deficit.

President Bill Clinton
June 21, 1995

Right Way	Wrong Way
Creates jobs and spurs private investment in metropolitan areas	Draws jobs, private investment and income out of metropolitan areas
Rewards work and individual responsibility and protects children and older Americans	Hurts working families, children, and older Americans
Helps the poor transition to economic independence and invests in distressed urban neighborhoods	Abandons the poor and our most vulnerable communities
Distributes the burden of a balanced budget equally among all levels of government, among all geographic areas, among all Americans	Shifts costs from the Federal government to state and local treasuries

COMPARISON OF FY 1995 BUDGET WITH CONGRESSIONAL BUDGET ACTIONS TO DATE

Congressional Medicare Cuts: National Impact*

Number of Beneficiaries in 1994	Reduction in FY 2002	Reduction in FY 1996-2002	Increased Out-of-Pocket Costs, 96-02	
			Per Beneficiary	Per Couple
36,900,000	$ 71,000,000	$ 270,000,000	$ 2,825	$ 5,650

* Source: HHS analysis

National Highlights of Major Discretionary Programs
Dollars in Millions

Program	FY 1995 Enacted (Reflects Rescission)	President FY 1996 Proposal	Congress FY 1996 Proposal	Congress vs. President (% Cut)	Congress vs. FY 1995 (% Cut)	Congress vs. FY 1995: Human Impact
Education and Job Training						
Head Start	3,534	3,935	3,397	14%	4%	48,000 children will be dropped from program
Title I (for disadvantaged children)	7,228	7,441	6,014	19%	17%	1.1 million children will not be served
Summer Youth Jobs Program	185	872	0	100%	100%	Over 550,000 youth will not get work experience
Adult Training/Dislocated Workers	2,225	3,111	1,680	46%	24%	590,000 adults will be denied job training
Environment: Clean Water State Revolving Fund	$ 1,936	$ 2,087	$ 1,000	52%	48%	Drinking water quality will be endangered
Transportation: Mass Transit Operating Subsidies	710	500	400	20%	44%	About 175 cities would face 50% fare increases
Housing						
Public Housing Operating Subsidies	2,930	2,930	2,500	15%	15%	Utilities, maintenance, other services will be cut
Public Housing Modernization	3,385	4,200	2,500	37%	26%	Threaten quality housing and anti-crime efforts
Homeless Assistance	1,120	1,120	676	40%	40%	Over 110,000 homeless persons denied help
Section 8 Rental Assistance	382	565	0	100%	100%	50,000 low-income families denied rental assistance
Health and Nutrition						
Women, Infants, and Children (WIC)	3,470	3,820	3,730	2%	(+7%)**	Caps participation at end of '95 levels; serves 200,000 fewer in '96 than President
Low-Income Home Energy Assistance (LIHEAP)	1,319	1,319	0	100%	100%	5-6 million households will lose assistance
Crime and Drug Programs						
Safe and Drug Free Schools	482	500	200	60%	59%	Over 23 million students denied anti-crime service
Public Housing Drug Elimination	290	290	0	100%	100%	PHAs will lose their primary anti-crime tool
Total, Selected Programs	**$ 30,867**	**$34,571**	**$23,424**	**32%**	**24%**	

** 7 percent increase reflects increase in average participation and inflation.

Congress Is Balancing the Budget the Wrong Way:

Draws Jobs, Private Investment and Income out of Metropolitan Areas

Congressional cuts would deny our youths and adults job opportunities and opportunities to increase their earning power through education and training.

National Service

Eliminates the national service program, denying 50,000 young Americans opportunities to serve their communities and earn college scholarships.

Summer Youth Jobs

Eliminates summer youth jobs program, a cut of $185 million from FY 1995, denying over 550,000 at-risk youth valuable work experience.

Job Training

Cuts funding for job training for adults and dislocated workers by 24 percent, from $2.2 billion in FY 1996 to $1.7 billion in FY 1995, denying needed job training and opportunities for reentry into the workforce for 590,000 adults.

Mass Transit

Cuts mass transit operating subsidies by 44 percent, or $310 million in FY 1996. Mass transit cuts would force cities nationwide to impose fare increases or reduce services, making it harder for low-income city residents to find work outside of their neighborhoods and more costly for suburban residents to commute to jobs in town.

Congressional cuts would hinder access to credit in distressed neighborhoods and make it harder for metro areas to attract private investment to these communities.

Community Development Financial Institutions

Eliminates the Community Development Financial Institutions initiative, which would provide billions of dollars in home and business loans in distressed communities.

Community Reinvestment Act

Dismantles the Community Reinvestment Act, threatening economic recovery and fair lending practices in metropolitan areas and economically distressed neighborhoods.

Economic Development Initiative/ Federal Loan Guarantees

Eliminates the Economic Development Initiative (EDI) program, funded at $350 million in FY 1995, and cuts the Section 108 loan guarantee program in half. 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, mostly for low- and moderate-income individuals.

Brownfields Cleanup

Cuts funding for EPA programs by one-third, hurting efforts by communities to clean up and redevelop abandoned inner-city industrial sites and attract private investment.

Congress Is Balancing the Budget the Wrong Way:
Hurts Working Families, Children, and Older Americans

Congressional cuts will hurt older Americans.

Medicare

Cuts Medicare by $270 billion over 7 years, causing:

Older Americans to pay as much as $5,650 more per couple in higher out-of-pocket costs by 2002; and

500,000 seniors to be pushed into poverty due to increased out-of-pocket costs.

Low Income Heat and Energy Assistance Program

Eliminates LIHEAP in FY 1996, a $1.3 billion cut from current levels, denying 5-6 million low-income families and older Americans assistance in paying utility bills.

Congressional cuts will punish working families.

Earned Income Tax Credit

Cuts EITC by $21 million over 7 years, raising taxes on 10 million working families with children and 4 million low-income workers without children, to pay for a tax cut to wealthy families earning over $200,000.

Congressional cuts will harm children.

Child Nutrition

Eliminates national nutrition safety by cutting $33-$49 billion over seven years, capping and block granting school lunch and other child nutrition programs; caps FY 1996 participation in the Women, Infants, and Children (WIC) program at prior year levels.

Head Start

Reduces FY 1996 funding by over $100 million from current levels, denying participation to 48,000 children.

Title I

Reduces FY 1996 funding by over $1.1 billion, denying basic educational skills training to 1.1 million disadvantaged children.

Congress Is Balancing the Budget the Wrong Way:
Abandons the Poor and Our Most Vulnerable Communities

Congressional cuts would deny health care and housing to America's most vulnerable people.

Medicaid

Cuts Medicaid by $182 million over 7 years and then block grants the program to states, forcing states to reduce services, provider payments and coverage. Over 8.8 million children, elderly, and disabled individuals would lose coverage in 2002.

Homeless Programs

Guts homeless programs by 40 percent, down from $1.12 billion in FY 1996 to $676 million in FY 1996. Over 110,000 homeless persons will not receive assistance to transition to self-sufficiency.

Rent Increases

Increases rent on people least able to pay. Rents charged to poor and working families, elderly and disabled persons living in Section 8 assisted housing -- whose median incomes are only $6,800 per year -- would, on average, be raised by $420 per year.

Incremental Rental Assistance

Eliminates, for the first time in 20 years, incremental Section 8 rental assistance, denying rental assistance to 50,000 households who wish to live in privately-owned housing.

Congressional cuts would curtail anti-crime efforts and public housing improvements.

Community Policing

Eliminates funding for 100,000 more community police officers on America's streets.

Safe and Drug Free Schools

Cuts funding by 60 percent, denying crime protection for 23 million school children in over 14,000 school districts.

Public Housing Drug Elimination

Eliminates the public housing anti-crime program, a cut of $290 million, taking away local housing agencies' primary tool to fight crime and provide alternatives for at-risk youth.

Public Housing Modernization

Cuts modernization by 26 percent in FY 1996. The reduction will disrupt modernization activities already underway, increase the number of vacant units, jeopardize anti-crime efforts, and handicap efforts to demolish and replace the nation's worst public housing.

Public Housing Operating Subsidies

Cuts operating assistance by 15 percent in FY 1996, forcing 3,400 local housing agencies to make tough choices between utilities, maintenance, and other resident services.

Congress Is Balancing the Budget the Wrong Way

Shifts Costs from the Federal Government to State and Local Governments

Large cuts in Federal welfare, economic development, and training programs will shift the costs of services from the Federal government to state and local governments already burdened with their own budget shortfalls.

Metropolitan areas with high poverty rates already face high per capita expenditures for welfare, hospitals, and other public health services and other public sector functions such as police, fire, and education.

Large Federal tax cuts will reduce municipal government revenue.

Many municipal governments rely heavily on state funding for their revenues. Federal funding reductions will exacerbate cuts made by state governments as they try to balance their own budgets.

Proposed reductions in Federal capital gains and business depreciation rates will cause state government revenues to fall by $69 billion over 10 years.

As the Federal government and state governments cut their budgets and shift service costs to localities, metropolitan areas will be forced to choose between raising taxes or severely reducing services and capital spending.

Medicaid cuts would increase the number of residents without health insurance. Already stretched city hospitals would be forced either to turn these clients away or to raise fees to cover higher costs.

With the loss of municipal revenue, urban public infrastructure will decay at a faster rate. Larger cities will become less desirable places to live and work.

In 1994, 31 percent of all cities reduced capital spending even without Federal spending reductions.

Possible Elements With Which To Organize A Presidential Community Empower Strategy

Category	Description	Possible New Urban Initiative	Fight In Congress For Related Administration Proposals and For Appropriations
I. TAX STRATEGIES to attract investment and sustain capital flows in distressed areas.	In the Reconciliation process, the Republicans will be pressing for capital gains relief and large tax cuts. The President could challenge them by agreeing to some capital gains tax cuts tied to investment in distressed areas.	Targeted Capital Gains Relief or Community Revitalization Tax Credit or Capital Gains-based 2nd Round of Empowerment Zones or Brownfields Redevelopment Tax Credit	EITC Minimum Wage Welfare Reform
II. LEVERAGING PRIVATE CAPITAL with direct investment in distressed areas.	In the President's affirmative action speech, the President called for Federal contracting in distressed areas as a replacement for race-based procurement set-asides and asked the Vice President to develop options.	Federal contracting priorities in distressed areas as a replacement for race-based set-asides.	CDFI CRA Reform HUD's EDI - 108 Loan Guarantees Fair Housing & Insurance Laws EDA Appropriations
III. Programs for CHILDREN AND YOUTH	Secretary Shalala feels that the 1997 budget should a have clear overarching theme and she will offer a children and youth theme. It is compatible with a Presidential Urban Strategy.	HHS children and youth theme.	Full funding for Head Start Summer Jobs Goals 2000 Title I Education

Category	Description	Possible New Urban Initiative	Fight In Congress For Related Administration Proposals and for Appropriations
IV. SKILLS & TRAINING for the new economy and for metropolitan mobility	Secretary Reich feels that it is imperative that a broad work training initiative be included in the 1997 budget. It too is compatible with an Urban Strategy.	DOL Labor Market initiative that includes: * community-based organizations * employer involvement * training vouchers	Tax deductions of up to $10,000 for training costs Consolidation of 70 training programs into a voucher system Housing vouchers for mobility Youth Build
V. Reclaiming urban sites by ELIMINATING ENVIRONMENTAL HAZARDS	The redevelopment plans of many cities are blocked by environmental problems at old industrial sites and abandoned buildings.	Link environmental mitigation to: * training of central city residents for environmental careers * redevelopment funds for economic development * homeownership funds for large tracts	EPA Appropriations: Superfund State Clean Water Revolving Funds HUD's EDI - Section 108 Loan Guarantees
VI. Developing the ELECTRONIC VILLAGE to link central city residents to the Information Age.	Use public housing and assisted housing sites to develop campuses for learners, with each housing unit wired for computer learning.	Urge collaboration across cabinet departments: * Dept. of Education * Dept. of Labor * Dept. of HHS * Dept. of HUD	Extend HOPE VI for distressed public housing Public Housing Modernization Appropriations
VII. SAFETY AND SECURITY to reduce fear and establish a climate of community peace.	Build on the emerging consensus that tougher measures must be taken to reclaim the streets and establish an atmosphere in which even small acts of lawlessness are not ignored.	Target street populations whose urban presence frequently contribute to a climate of community fear: • Homeless Mentally Ill • Drug Addicts	Community Policing Penalties for violent crimes Gun policies Public Housing Drug Elimination Grants

What People Are Saying....

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The Impact of Congressional Budget Cuts On America's Communities

SEPTEMBER 12, 1995

What People Are Saying About the Impact Of Budget Cuts on America's Communities

EDITORIALS

"The House has voted to reduce HUD's fiscal 1996 budget by $6.7 billion. These cuts were advanced with little appreciation of the agency's crucial role in keeping a lid on America's cities. Some members of the GOP-controlled House first proposed to eliminate HUD altogether. Instead, the full House settled on a budget that retains HUD but undermines its mission."

The Boston Globe
August 7, 1995

"The Housing and Urban Development's budget was cut by 26 percent, so everything you know about your local projects will get worse. There will be no more money for all the hopeful new programs Henry Cisneros has started, such as tenant management, and money for the renovation of public housing is cut by 32 percent, so there will be more homeless people getting 39 percent less assistance."

Molly Ivins, Commentary
Fort Worth Star Telegram
August 8, 1995

"The House subcommittee would require public housing authorities to make up for the budget cuts by substantially raising rents. Combined with welfare reform and cuts in other programs for the poor, rent increases would push the poorest tenants out onto the streets."

"But suburbs - even residential communities with high walls and guardhouses - wouldn't escape. Several studies have shown that suburban economies generally are tied to the economic well-being of their central cities. In metropolitan areas, everyone is in the same economic boat."

National Journal
July 29, 1995

"HUD is a favorite target of Republican budget cutters on Capitol Hill. If they have their way, there will be even less money for programs such as the one at Jordan Park, which grew out of the Bush administration's Anti-Drug Abuse Act of 1988."

The St. Petersburg Times
September 6, 1995

MEMBERS OF CONGRESS

"This is a devastating contract on the cities. These cuts would inflict immediate and long-lasting damage on Chicago's schools and families."

Senator Paul Simon [D-IL]
The Chicago Sun Times
August 7, 1995

"From every sign that we can see, this Congress has declared war on America's cities. It's aimed at the class of people who live in the cities.

Representative Thomas Foglietta, [D-PA]
USA Today
July 28, 1995

LOCAL OFFICIALS

"We must demand that the burden of deficit reduction be spread fairly across the entire budget, not targeted at cities, children and the poor."

Seattle Mayor Norm Rice, U.S. Conference of Mayors
USA Today
July 27, 1995

"No hope. That is the message of these budget cuts. It's unfair, it's inappropriate, and, most of all, it's unnecessary. We can keep these programs ... and still balance the federal budget."

Mayor Ed Rendell, Philadelphia
The Philadelphia Inquirer
September 10, 1995

"In the best-case scenario, we're getting ravaged. Its both geographic and demographic. Cities have huge portions of the nation's poor. They gravitate to cities because that's where the services are."

Mayor Ed Rendell, Philadelphia
USA Today
July 28, 1995

"A short-sighted move if there ever was one ... It is ironic that, just as everyone is talking about the problems with our young people, the very programs that will give them a future are being eliminated."

Mayor Emanuel Cleaver, Kansas City
The Kansas City Star
September 8, 1995

"The new Congress went to Washington promising reforms, but all they've done is pass the buck... There's not much partisanship among mayors. Every mayor across this nation is going to feel these cuts."

Mayor Norman Rice, Seattle
The Christian Science Monitor
September 6, 1995

"Most Americans don't have a clue as to what these proposed cuts will mean. We're the ones who have the most credibility with our constituents - we have to decide when and where to expend funds. And we're very uncomfortable with politicians in Washington who have been far removed from the local street level for many years determining what's in our local interest."

Mayor Jerry Abramson, Louisville, KY
The Christian Science Monitor
September 6, 1995

"Day in and day out we are being stripped of the kind of resources that we need from Washington... the proposed cuts would have a devastating impact on the city's efforts to fight crime, rebuild neighborhoods and give all its citizens a better quality of life."

Mayor Anthony Masiello, Buffalo
The Buffalo News
August 30, 1995

"Federal budgeteers have drained our urban areas of funding and put the defense budget over workfare and economic growth. Disease, crime, poverty, and ignorance are surely greater threats to our nation and our people than any foreign army."

Mark Green, Public Advocate for New York City
The Christian Science Monitor
September 6, 1995

"Eliminating some [job] training and cutting others will hurt. Cuts would mean the council's contractors would be forced to handle 1,100 fewer applicants than this year.

Pat Fahy, Private Industry Council
The Chicago Sun Times
August 7, 1995

"We are talking about major cuts to our social fabric. Where are our priorities? We are talking about hundreds of thousands of children and poor people who will be affected in Oklahoma."

Steve Weatherford, HUD Secretary's Representative
Tulsa World
September 8, 1995

"Decisions made in Washington aren't just going to affect New York and Philadelphia but its going to come home to Erie. When cuts are made in Washington, the effects show up on the street."

Karen Miller, HUD Secretary's Representative
Morning News, Erie, PA
September 7, 1995

"This is a new dawn. We're faced with a Congress like the country has never seen before."

Richard Mitchell, Executive Director of the Penobscot Tribal Reservation Housing Authority
Bangor Daily News
August 5-6, 1995

"Mayor Rendell said yesterday that the city would have to add mass shelters to its homeless-services system this winter to meet the demand caused by welfare cuts and reductions in state and federal spending."

Philadelphia Daily News
August 4, 1995

"The [summer youth] program is funded through federal drug elimination grants, which housing authorities nationwide are preparing to lose due to budget cuts. Losing that money, as well as compensation grants that fund other housing authority projects could cause the authority to lose its best programs."

George Robinson, Executive Director of the Nashua Housing Authority
Nashua Telegraph
August 10, 1995

"Getting federal funding to replace [public housing] units could be difficult because of budget cuts in housing programs."

Julio Barret, NAHRO
Daily Press, Hampton, VA
August 10, 1995

"It's a very serious assault on housing programs. It's really going to be crippling to our national housing efforts."

Bob Adams, President, National Low-Income Housing Coalition
USA Today
September 12, 1995

"A balanced budget is fine, but the pain has to be shared. We're seeing tax cuts for the rich, while we're throwing people out on the street. It doesn't make any sense."

Elizabeth G. Hersh, Executive Director, Tenants' Action Group of Philadelphia
The Philadelphia Inquirer
September 6, 1995

NEWS REPORTS

"Washington's budget cuts are already causing hand wringing in any community across the United States, and the promised conversion of most remaining federal aid into block grants could deepen concerns."

The Christian Science Monitor
September 11, 1995

"In their quest to balance the federal budget by 2002, congressional Republicans are targeting American cities for the most dramatic reductions in federal aid since the birth of many urban programs in the 1960's."

The Philadelphia Inquirer
September 10, 1995

"Millville and Vineland housing officials were told Tuesday they would lose more than a $1.09 million in funds in 1996 under a bill that has passed the U.S. House."

Vineland Daily Journal
August 17, 1995

"One consequence of the cuts would be elimination of four education centers in Portland's family-oriented public housing developments."

Portland Press Herald, ME
August 10, 1995

"Cisneros warned the cuts proposed in education, housing and other programs would threaten an entire generation."

The Pueblo Chieftain
July 29, 1995

"Deep budget cuts proposed by Congress would hit metropolitan areas hard, rippling from inner city to suburb, from bus fares to drinking-water quality, the Clinton administration said yesterday."

The Philadelphia Inquirer, (AP)
August 9, 1995

"Cisneros said there is a three- to four-year waiting list for public housing in cities across the country. With the proposed budget reductions, he said, those waiting lists will be frozen because there will be no additional money to help the poor get a home."

"The net effect would be a reduction in federal aid to the homeless, the elderly, the disable, and higher public housing rents for the poor, said Cisneros."

The Denver Post
July 29, 1995

"Cisneros said he believed the American people have not realized the impact that proposed budget cuts would have on their lives and the lives of those less fortunate."

The Rocky Mountain News
July 29, 1995

"HUD cuts would increase rents for public housing, study shows. Spending would be reduced by 27 percent, the deepest cuts in HUD's 30-year history. There would be no new money for rent subsidy certificates, which allow poor families to live in privately owned apartments."

The Dallas Morning News
July 25, 1995

"As Congress pushes through its summer of spending cuts, mayors and urban advocates have tallied up the damage. Their conclusion: The budget is biased against the USA's cities."

USA Today
July 28, 1995

"Under the GOP proposals, the Department of Housing and Urban Development would lose $6.4 billion from current spending levels, or almost one fourth of its budget. HUD Secretary Henry Cisneros has angrily predicted that the cuts would cause pain for literally millions of people."

US News & World Report
July 31, 1995

HUD SECRETARY HENRY G. CISNEROS

"We have dealt with the question of elimination for this year, but we are hunted. If we don't do something, we will be hunted down."

Secretary Henry G. Cisneros
USA Today
September 12, 1995

"This is a difficult time for our country ... On one hand, members of the Clinton administration are attempting to send Congress a coherent urban strategy ... But on the other hand is an orgy of reductions and cuts that are going to hurt America in the long run."

Secretary Henry G. Cisneros
The Philadelphia Inquirer
August 7, 1995

"No community will be held harmless when these cuts occur. The Philadelphia metropolitan area cannot be strong while Philadelphia and Camden decline."

Secretary Henry G. Cisneros
The Philadelphia Inquirer
August 7, 1995

"This budget changes us from a strategy of making progress to just holding the line."

Secretary Henry G. Cisneros
Chicago Tribune
August 9, 1995

"I don't understand what [Congress] expects poor and older people to do. This budget means for the next several years the best the mayors are going to be able to do is somehow put their shoulder against the tide of decline."

Secretary Henry G. Cisneros
Seattle Daily Journal of Commerce (AP)
August 9, 1995

"The problems of the inner-cities affect all Americans, and the budget cuts will flatten hopes in the most vulnerable urban areas like a 100-car freight train."

Secretary Henry G. Cisneros
Valley News, Hanover, NH
August 10, 1995

"HUD will be cut $6 billion from $26.1 billion last year to $19.4 billion this year. That will cut our homeless program in half, eliminate the vouchers we give for new, affordable rental housing; hurt our ability to build affordable rental housing; and our economic development programs will be cut out."

Secretary Henry G. Cisneros
News Journal, DE
August 7, 1995

"It's not a question of balancing the budget. Those folks insist on their own agenda of Draconian cuts."

Secretary Henry G. Cisneros
Portland Press Herald, ME
August 10, 1995

"The work HUD does is as important to this nation's security as any other."

Secretary Henry G. Cisneros
Rocky Mountain News
July 29, 1995

"These cuts aim a devastating blow at poor and hardworking low-income Americans," Cisneros said, describing the budgetary impact as "not a glide path to deficit reduction but a crash into the side of a cliff."

Secretary Henry G. Cisneros
National Journal
July 29, 1995

"The killer is taking away the money to fight drugs. Drug counseling, drug rehab, midnight basketball and other programs that keep young people occupied will go unless we find funding from other sources such as the business community."

"A fifty percent cut in the capital budget will prevent CHA from finishing work it began at Cabrini Green Homes. The cuts would add years to our turning around developments."

HUD Assistant Secretary Joseph Shuldiner
The Chicago Sun Times
August 7, 1995

"Funding to your Congressional district will be reduced by $2.5 billion. We've had two successful years of putting together housing in this country that's good for the country. This may be the last."

Nelson A. Diaz, HUD General Counsel
Bridgeton Evening News, Bridgeton, NJ
August 16, 1995

"Drug treatment programs would be 57 percent smaller under the House plan [to cut the budget]. Mass transit dollars would fall 44 percent. The Environmental Protection Agency budget would drop 33 percent. Summer job programs would be eliminated."

Nelson A. Diaz, HUD General Counsel
The Miami Herald
August 17, 1995

"Secretary Cisneros and President Clinton do not believe America can afford to abandon its cities. Metropolitan areas are linked to their cities. Suburban areas and cities rise and fall together."

Assistant Secretary Michael Stegman
The Cornell Daily Sun
September 5, 1995

"We're not in a contest to eliminate government. The American people don't want government to be eliminated. They want the waste to be eliminated. They want the inefficiency to be eliminated."

Vice President Al Gore
The Washington Post
September 7, 1995

"So you can take your pick. You can cripple America's ability to compete in the future ... or you can create a government that works better and costs less and get the savings through reinvention."

Vice President Al Gore
The Washington Post
September 7, 1995

Tuesday, September 12, 1995

The Boston Globe

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The timely case for cities

American cities are centers of commerce, education and medicine. They are the entry points for millions of immigrants who will become citizens in the next century. Despite the growth of suburban communities, they remain home to tens of millions. The US Conference of Mayors is justified in making a strong case for urban interests as Congress enters the climactic stage of the budget process.

"I believe the deficit has to be reduced," said Mayor Norman Rice of Seattle in Boston last week, but he added: "Do the cuts smart." The Republican majority in Congress includes few representatives from large cities. The budget process will probably push up against the fiscal year deadline of Sept. 30 and possibly beyond. Negotiations will be hurried, and programs that affect these communities are likely to be slashed with little notice unless the Conference of Mayors succeeds in making itself heard.

Rice, who is president of the conference, is going around the country to garner support for the urban cause. He and Mayor Menino met with local executives last week to make the case that businesses – many with headquarters in cities – have a vital interest in sustaining city services.

Programs affecting cities are scattered in budget accounts dealing with housing, crime, transportation, job training and poverty. They often lack the kind of organized constituencies that rally to defend agricultural subsidies or weapons.

In total these items represent a significant investment in communities that have been battered by federal investment in highways going to the suburbs. The earned-income tax credit, prominently mentioned by Rice last week, stands out as a program that deserves special protection because it reduces poverty among working people.

The Conference of Mayors would do well to seek alliances with suburbs whose character resembles that of their larger counterparts. Those who hold the budget ax in Washington need to be reminded from many quarters that cities deserve federal support for their creativity and economic vitality.

The Buffalo News/Tuesday, September 12, 1995

Don't give up on the cities

GOP bid to gut HUD will have wide impact

WHILE BUFFALO braces as Congress takes aim at urban development programs amid barely a protest, a rhetorical question puts the fiscal assault in perspective: What if counties — instead of cities — were taking such a hit?

Would members of Congress and the public be so complacent if suburban sanctuaries were being threatened the way the nation's core cities are being targeted? Would this region's congressional delegation be so silent if the entire area were being hit as hard as the City of Buffalo through cuts in agencies like the Department of Housing and Urban Development?

A few big-city officials, such as Mayor Masiello, have protested. But they have yet to raise the kind of coordinated ruckus that could make the nation pay attention. The result is that cities have become a throwaway item in the GOP plan to dispose of programs that benefit the poor.

Not only has HUD — which by definition focuses on urban areas — been disproportionately hit in GOP budget plans, but so have mass transit, jobs programs and other efforts that help central cities.

It is a national strategy sure to backfire in the long run. Economic data showing that cities and their suburbs tend to prosper or decline in tandem illustrates the long-term folly of ignoring urban areas. But there has yet to be much indication that the Senate will blunt the House assault on cities.

Buffalo officials have tallied at least $40 million in cuts this city would absorb under House-passed legislation now being pondered by the Senate. A significant $16 million of that would come from city housing programs as the HUD budget gets targeted for a whopping 24 percent cut.

That's money that would fix up low-income housing, subsidize the rents of those who need it, and make sure home is safe for those who can't afford to move. It's also money to help the homeless and to run anti-drug and job-training programs to help poor tenants lift themselves out of poverty.

Cut such efforts, and you leave a gaping hole in Buffalo's bid to rebuild itself. And like it or not, this entire region is defined by the city. If Buffalo gets a reputation as a city going down the tubes, new businesses and jobs are not coming anywhere near this area — including the suburbs.

The same is true nationwide. Nearly a third of the U.S. population lives in central cities. Republicans now controlling Congress come from suburban and rural areas, but that doesn't give them license to drive the nation over an economic cliff by ignoring cities and the millions living in them.

Of course, HUD's reputation is hardly sterling. Under Republican administrations, it had its share of scandals while ignoring the failures of local housing authorities — like the one in Buffalo — for far too long.

But that began changing under former Secretary Jack Kemp and the change is dramatic under current Secretary Henry Cisneros. Cisneros has consolidated 60 departments into three and cut HUD's staff nearly in half, from 13,000 to about 7,500. In short, he already has implemented the type of downsizing Republicans claim to want government to undergo.

HUD is doing what it should, and the nation's vitality depends on its success. It shouldn't have to change its name to the Department of Housing and *Suburban* Development just to continue its vital mission.

Mayors criticize budget proposal in 'B-Day' sessions

Federal plan will hurt the neediest the most, say Cleaver, Marinovich.

By ANNE LAMOY
Staff Writer

If they'd called it National Budget Mobilization Day, no one would have come.

Instead, they dubbed it "B-Day," and in Kansas City, Kan., 20 people showed up at City Hall to decry federal budget cuts.

The U.S. Conference of Mayors declared Thursday B-Day and asked mayors nationwide to spotlight the local effects of proposed federal budget cuts.

On the chopping block are the Summer Youth Employment and the Safe and Drug Free Schools and Communities programs. Also facing drastically reduced funding are substance-abuse programs, education, crime prevention, public transportation and economic development.

Kansas City Mayor Emanuel Cleaver used his bully pulpit during a City Council meeting Thursday to humanize the proposed federal cutbacks.

Across the river, Kansas City, Kan., Mayor Carol Marinovich gathered an array of budget-reduction targets, from school superintendents to advocates for the homeless.

"It makes no sense to cut substance-abuse prevention and treatment programs now and be forced to spend more in the future on welfare, prisons and medical costs," Marinovich said. "...If you're going to make cuts, make them in programs that don't work. Why not defense?"

Cleaver and Marinovich specifically blasted a plan to eliminate the Summer Youth Employment Program. This summer in Kansas City 1,200 teen-agers were put to work through the program.

"A short-sighted move if there ever was one," Cleaver said. "...It is ironic that, just as everyone is talking about the problems with our young people, the very programs that will give them a future are being eliminated."

Marinovich videotaped the hourlong presentation at Kansas City, Kan., City Hall and said she'll send it to Sen. Bob Dole and Rep. Jan Meyers of Kansas.

One by one, Wyandotte County school superintendents, economic development officials and advocates for low-income people listed how their programs would suffer under current budget proposals.

LaVert Murray, director of the city's economic development division, said Kansas City, Kan., wouldn't be nearly as strong as it is now without federal funding over the last several decades.

"Picture our city without the Reardon Civic Center...picture our city without federal help after the devastating flood of 1993," Murray said. "I say that there is something wrong with that picture."

Staff writer Mark Morris contributed to this story.

The Philadelphia Inquirer

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Tuesday, August 22, 1995

EDITORIALS

False economies

Two bids to build urban jobs and housing face cuts.

In slashing its way through the budget of the federal Department of Housing and Urban Development, the House has cut some programs that target aid not to the poor, but to urban developers.

Two such programs, aimed at shoring up job and housing opportunities in cities like Philadelphia, are Federal Housing Administration (FHA) Multifamily Insurance and Section 108.

The Section 108 loan-guarantee program is knitted together with the Community Development block grants — acknowledged even by House Republicans to be one of HUD's most effective efforts.

Under Section 108, a city can leverage its borrowing ability to support projects it deems capable of creating jobs or combating slums. HUD allows a city to borrow up to five times its Community Development grant.

Philadelphia has tapped the Section 108 till for $3 million to move families out of the sinking homes of Logan, and is asking for about $16 million more to back a project to make a hotel out of Two Mellon Center, in the shadow of City Hall. But under the House's 50 percent reduction, to $1 billion nationally, both projects would be threatened.

Critics say Section 108 is just another big-buck patronage program, pouring money into projects that developers could and should finance through the private sector. That is indeed a potential pitfall. But the flight of jobs and capital from America's cities is an urgent reality, draining city treasuries just as health, social and education needs explode.

Philadelphia has made a good-faith effort to deal with such trends by scaling back services, and working to nurture job-rich industries such as tourism. Tourism means hotels, and financing hotels purely from private sources is tough, experts say. The good Section 108 can do by, for example, helping Philadelphia add a needed hotel outweighs the risks of abuse.

The FHA insurance program also helps businesses in hopes that benefits will trickle down. The government guarantees private lenders who back affordable housing projects that it will pay off nearly all the debt if an apartment or townhouse project fails. The House has cut the program from $88 million to $70 million. In Pennsylvania, that could derail about 2,100 planned units.

Each of these programs aims, through modest expenditure, to stabilize city neighborhoods through jobs and housing — and ease the burdens that cities place on suburbs. That makes fiscal, as well as moral, sense.

The Oregonian

FRIDAY, AUGUST 25, 1995

House budget knife gouges

Hatfield, Gorton need to see that Senate corrects House cuts that slice too deep, too fast

More homeless, more undereducated, more unemployed.

That's the stormy forecast for Oregon and Washington communities from the nation's capital unless the Senate corrects some unwise budget decisions the House made just before summer recess.

In its zeal to balance the budget, lower taxes for the well to do and spend billions more than the Pentagon wants, the House performed chainsaw surgery on federal help for the most vulnerable Americans: children, the poor and the homeless.

The House's budget resolution includes cuts in federal support for Head Start and other education assistance for the poor. It ends federal support for summer jobs and cuts vocational education support by 28 percent and adult job training by 18 percent.

Housing and Urban Development Secretary Henry Cisneros, visiting with The Oregonian's editorial board Thursday, pointed out that the House wiped out drug-elimination funds for public housing authorities in Oregon City, Portland, Eugene, Salem and Pendleton, and in Seattle, Vancouver, Pasco and other Washington cities.

The House also deeply cut McKinney Homeless Act funding for communities in Oregon and Washington.

Balancing the budget is necessary. But the way Congress is rushing to correct the overspending of decades in seven years does unacceptable injury to the nation's disabled, the aged on fixed incomes and the working poor who hold no hope of owning homes in an economy where wages aren't keeping up with property-price increases.

Most Americans recognize what's happening. A national poll by The Times Mirror Center for The People and The Press showed that sizable majorities of the public disapprove of key policies advanced by the GOP Congress, such as cutting summer youth jobs programs, low-income schools, the Environmental Protection Agency and public housing programs, eliminating the National Service Corps and reducing Medicare's growth rate.

Politicians who think they are riding the wave of public opinion had better check their bearings again.

Sens. Mark Hatfield, R-Ore., and Slade Gorton, R-Wash., chairman and member, respectively, of the Senate Appropriations Committee, are positioned to be key players in deciding how injurious the drive to a balanced budget will be.

Support streamlining inefficient bureaucracies. Cut red tape. But strenuously oppose funding cuts that add hopelessness to the helplessness of America's poor.

MINNEAPOLIS STAR TRIBUNE AUG 27 1995

Housing

14A

Placing a reality check on budget cuts

Thousands of subsidized housing tenants in the Twin Cities face being forced out of their homes as Congress prepares an unprecedented assault on federal funding for housing. House Republicans contend that their housing needs can be met by the private sector, but a housing survey released last week suggests otherwise.

Since 1974, the Department of Housing and Urban Development (HUD) has issued federal rent subsidies to help people with low or moderate incomes pay for housing. About half of the subsidy funding goes to landlords who charge rents at or below a HUD-set market value. The remainder goes directly to tenants in the form of Section 8 certificates, which allow the bearers to choose where they want to live.

The program works best in markets with plenty of affordable housing, high vacancy rates and numerous landlords willing to accept Section 8 tenants. Unfortunately, none of these factors appears to exist in suburban Hennepin County.

A survey of 456 apartment complexes by the nonprofit group Community Action for Suburban Hennepin (CASH) shows that 40 percent of 49,226 units surveyed have rents that exceed the HUD-set rent level. Less than half of the units that meet the rent level accept Section 8 renters. And more than 8,000 rental units that Section 8 tenants once could call home are no longer available to them. With low vacancy rates, landlords can afford to raise rents and offer their units to tenants with higher income.

Now House Republicans would give the private rental market yet another excuse to distance itself from Section 8 tenants. A House bill passed in July would cut HUD's 1996 budget by a whopping 25 percent. It would eliminate funding for new Section 8 assistance; lower the rent limit that landlords may charge, thus reducing the number of units eligible to accept Section 8 tenants; allow more people to become eligible for rent subsidies by raising income qualifications; and raise the rent contributions of Section 8 tenants to 32 percent from 30 percent of their income. The result: Low-income households would be forced to rely more on the private sector when, as the survey illustrates, fewer landlords care to rent to Section 8 tenants.

This could leave millions of elderly and low-income Americans in dire straits. Such a calamity, begun for the sake of immediate dollar savings, could be averted with a more thoughtful plan that gradually refocuses budget priorities.

For example, the Clinton administration, in an attempt to save HUD from extinction, plans to phase out public housing and redirect to tenants the Section 8 funding that has been going to landlords. More people would have the opportunity to choose where they live, reducing the concentration of poverty that has plagued many urban cities. And the change would be phased in through the year 2002, giving the private sector time to accommodate new entrants.

Eliminating the budget deficit does require some bloodletting, and HUD ought to endure its fair share of cuts. But the CASH survey is a reminder that, especially when the basic needs of millions of people are at stake, the cutting must be sensible and fair. The House bill is neither. If the Senate passes similar legislation, Clinton should veto it.

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The Times

THE NEWSPAPER FOR TODAY'S TAMPA

WEDNESDAY
SEPTEMBER 6, 1995

AN EDITION OF THE St. Petersburg Times

Opinion

Cutting the community

For the past five years, the St. Petersburg Housing Authority had been awarded a Public and Indian Housing Drug Elimination Program grant from the U.S. Department of Housing and Urban Development. There were 26 grantees last year but only 18 this year. The local housing authority didn't make the cut, even though its program is a demonstrated success.

Among other things, that means housing officials will have to find enough money to subsidize a successful program at the Jordan Park housing development that nurtures 150 children and teenagers at a Computer Learning Center. That's where these young people not only learn computer skills but also life skills and self-esteem. Losing the $267,000 federal grant means cutting staff, and thus fewer or no home and school visits to monitor the academic and social problems of the young participants.

Housing director Askia Muhammad Aquil wants to keep the center open, and the housing authority may apply for funds from the Juvenile Welfare Board and the county's Community Development Block Grants. But the Jordan Park complex and other public housing sites also will lose two police officers who were paid out of the grant to patrol the areas. Aquil credits their presence with reducing crime in Jordan Park. The St. Petersburg Police Department has promised housing officials to monitor the Jordan Park area as best it can, and both housing and police officials are searching for other funds.

HUD is a favorite target of Republican budget cutters on Capitol Hill. If they have their way, there will be even less money for programs such as the one at Jordan Park, which grew out of the Bush administration's Anti-Drug Abuse Act of 1988. Already, the remodeling budget for the St. Petersburg Housing Authority has been cut by 20 percent, leaving only two mandated programs — lead paint abatement and rehabilitation of sites for the handicapped and disabled residents.

The housing director is correct when he calls this a community problem. Finding wholesome places to go and people who care and want to teach is part of the positive solution for children who are at risk.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **September 27, 1995**

Statement by Alice M. Rivlin
Director, Office of Management and Budget
on Senate Passage of the VA/HUD Appropriations Bill

The President would veto the Senate-passed bill for a simple reason: Like its House counterpart, the Senate bill would threaten public health and the environment, terminate programs that are helping communities help themselves, and close the door on college for thousands of young people.

The Senate voted to eliminate the President's national service program, which is helping to rebuild communities while enabling the sons and daughters of working families to earn money for college. AmeriCorps has the support of 90 percent of Americans, and major charities and business leaders across the country -- and for good reason. It is working. The President will insist that Congress restore funds for this vital program before he signs this appropriations bill.

The Senate also approved a budget for the Environmental Protection Agency that would abandon the nation's bipartisan commitment to health and environmental protection. In particular, the bill would provide far too little for clean water enforcement and toxic waste cleanup. The President will not let Congress turn back the clock on our environmental progress of the last quarter-century.

By cutting so deeply into housing assistance, the Senate took dead aim at the most vulnerable of Americans. And by eliminating the Community Development Financial Institutions program, the Senate chose to withdraw an important tool by which distressed communities help themselves.

Clearly, this bill does not reflect the values that Americans hold dear. The President is calling on Congress to send him an appropriations bill for these important priorities that truly serves the American people.

-30-30-30-

DRAFT

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

THE DIRECTOR

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 $8.8 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 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. 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.

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. While the Administration supports the Senate's funding level for the Drinking Water State Revolving Fund, we urge the conferees to eliminate the deadline for authorizing the program before these funds would be transferred to the Clean Water State Revolving Fund. 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. Although the riders included in the Senate-passed bill are less numerous and less problematic on the whole than in the House-passed bill, the Administration continues to oppose all of 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 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.

<u>National Aeronautics and Space Administration (NASA)</u>

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.

<u>Council on Environmental Quality (CEQ)</u>

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.

- o <u>Preservation</u>. 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.

- o <u>Distressed Public Housing</u>. 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.

- o <u>Homeless Assistance Program</u>. 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.

- Objectionable Riders. 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, 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

o 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.

JBA - L. Haas

9/26

Other issue that doesn't cost tons of $ - voucher ↑ seems to be an academic ↑ if budget can reflect

Ha nothing → token amt for funds to be relocated $240M

Acorn tenant union

Priorities for 96: $860M → symbolically, something

- Sec 8 Rental Assg → 50,000 new certs
- Homelessness — FY 94 → 825 $826 (66M over senate)
  Amend → $360M would take to 95
- Pub Hsg Operating Subsidies - want Senate figure 2.8B, not House 2.5B (not much give) ↓ + no rent ↑ 95 → 2.9B
- Fair Housing - move to DOJ
  - prohibit fed'l govt from applying to redlining
  not really negotiable (but not really $)
  if veto → put back into HUD as well as Corporation

Haw

H eliminates $ for FIP (non-profits) only funds FHAP (Chum rts) pref Senate comm

* Veto Ceremony - Corp, Envt, Hsg
  - galvanize grassroots network → energize
  - tie w/ Homeownership Initiative - wide coal of groups (priv...)

FY 97

$25 B (post-resc 95) -
Preservation - maintain fed'l role in supporting low-inc housing
Tenant - B Ass → step away

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

THE DIRECTOR

August 12, 1995

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
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.

(F)

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.

<u>Corporation for National and Community Service</u>

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.

Veterans Affairs

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

- 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.

- 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.

- Office of Federal Housing Enterprise Oversight. 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.

Department of Veterans Affairs

- Compensation for Incompetent Veterans. 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.

Environmental Protection Agency

- Superfund. 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.

- Drinking Water State Revolving Funds. 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.