



Staff Contact: Russ Vought (x68581)

June 13, 2006

Appropriations Policy Brief

H.R. 5576 – Transportation, Treasury, HUD, Judiciary, and District of Columbia Appropriations Act for FY 2007

BY THE NUMBERS:

In Millions of Dollars

	FY06	FY07 Bush Request	FY07 Committee	Cmte v. Request	Cmte v. FY06
Appropriations	68,526	67,650	67,798	+148	-728
<i>Emergency Approps</i>	14,745	-12	0	+12	-14,745
TOTAL	83,271	67,638	67,798	+160	-15,473

Excluding Emergency Appropriations, the Committee Bill is:

- **\$728 million (1.1%) less than last year**
- **\$148 million (0.2%) more than the request**

Budget Compliance: According to CBO, the bill is within the 302(b) allocation of the Transportation, Treasury, and HUD (TTHUD) Appropriations Subcommittee and thus technically complies with the Budget Act.

However, the bill relies on a number of rescissions from various federal transportation programs, to stay within its 302(b) allocation, that produce no outlay savings. Specifically, the bill rescinds roughly \$2.3 billion in contract authority (CA). However, these CA rescissions are not accompanied by any reduction in the obligation limitations—annual controls placed in appropriations bills primarily on the amount of transportation funds that may be spent or obligated by the Treasury. Therefore, CBO does not score these rescissions as producing any real *outlay* savings because the money was not going to be spent (i.e. result in outlays to the Treasury)—and thus the taxpayer is not made whole for the new spending elsewhere in the bill that the rescissions “pay” for. Some conservatives may be concerned that actual spending by the federal government will not be reduced by one penny by these rescissions and that the maneuver amounts to a gimmick to comply with the budget resolution.

In fact, according to a CBO report, “an often-heard criticism of budgetary practice [in the past] is that the rescissions intended to offset supplementals were merely write-offs of budget authority that, for a variety of reasons, would probably never have been spent.... Many people question the use of such items as offsets, because even though the new supplemental budget authority may be offset, the new supplemental outlays are not.” [CBO, Supplemental Appropriations in the 1990s](#)

Comparison to RSC Budget

Overview: The RSC budget provided \$829 billion in discretionary spending for FY 2007, compared to the \$873 billion allotted in the House-passed resolution (H.Con.Res. 376). While the RSC budget did not apportion this discretionary spending level by subcommittee—the 302(b) allocation process—it did call for many program reductions within the jurisdiction of the TTHUD Appropriations Subcommittee. Below are the highlights:

Federal Railroad Administration Programs: The Federal Railroad Administration (FRA) was created by the Department of Transportation Act of 1966. The purpose of FRA is to: promulgate and enforce rail safety regulations; administer railroad assistance programs; conduct research and development in support of improved railroad safety and national rail transportation policy; provide for the rehabilitation of Northeast Corridor rail passenger service; and consolidate government support of rail transportation activities. The RSC budget eliminates funding for those FRA functions that can be more effectively carried out by state governments. H.R. 5576 provides \$184.7 million for such FRA programs in FY 2007, \$24.2 million less than last year.

Federal Subsidies for Amtrak: Amtrak's model for providing intercity rail service has been a failure since it began service in 1971. Historically, it has carried less than 1% of the traveling public, has required annual federal subsidies to cover operating losses and capital costs every year of its existence—to date some \$29 billion in taxpayer resources—lacks adequate cost controls, has deferred capital repair projects and confronts increasing debt service costs. Despite ridership increases—e.g., 11.6% from FY 2000 to FY 2004—Amtrak's costs still continue to rise faster than its revenue. According to the most recent data, on a fully allocated basis (including both interest and depreciation) *every one of Amtrak's routes loses money*, with a per-passenger subsidy ranging from \$3 to \$466. But the fundamental obstacle faced is an economic one: Amtrak is not cost or time competitive with other transportation modes. The RSC budget proposes to reduce and eventually end over 30 years of taxpayer subsidization of Amtrak. Beginning in FY 2007, grants to Amtrak would gradually be reduced and eventually ended by FY 2011 as operations are eliminated, privatized, or absorbed by states who value its services. H.R. 5576 provides \$900 million for Amtrak in FY 2007, \$393.6 million less than last year.

Essential Air Service (EAS): The EAS was created by the Airline Deregulation Act of 1978 to ensure that certain communities that had been receiving mandated flights prior to deregulation continued to receive a certain level of service. It provides federal subsidies to air carriers serving some 150 communities located more than 70 miles from the nearest medium or large hub airport and if the per passenger subsidy is \$200 or less. This program was originally intended to provide small communities temporary assistance in order to adjust to airline deregulation. Currently, the per-passenger subsidy has fluctuated from \$14 to \$385, even as the number of passengers served has declined since 2001. The RSC budget proposes to eliminate EAS. H.R. 5576 provides \$117 million in subsidies for the EAS.

Funding for the Office of the Secretary of Transportation (OST): Because budgetary resources are constrained, the RSC budget proposes to streamline OST funding by 35% over the FY 2007-2009 period before holding funding at that level over the budget window. Numerous functions within the OST are either duplicative of those in the modal agencies or no longer necessary assuming enactment of this budget's policy proposals. H.R. 5576 provides \$92.6 million for the Office of the Secretary of Transportation.

Minority Business Programs at the U.S. Department of Transportation: These programs—the Minority Business Resource Program and the Minority Business Outreach—duplicate functions carried out by the Small Business Administration. The RSC budget proposes to eliminate funding for these programs effective in FY 2007. H.R. 5576 provides \$2.9 million for Minority Business Outreach, as well as \$891,000 for the Minority Business Resource Center Program at DOT.

Federal Aviation Administration (FAA): The FAA is responsible for managing U.S. air transportation. Numerous Government Accountability Office studies have outlined inefficiencies at FAA including, impractical hiring practices, security weaknesses that threatened the confidentiality of FAA systems, poor management controls over enforcing safety regulations, and ineffective computer security. In addition, the FAA's recent attempts to modernize operations have cost billions of dollars and provided very little results. Several countries, including Canada, have privatized air traffic control operations, which produces significant government savings and a much more efficient operation. The RSC budget would privatize FAA programs beginning in FY 2010. H.R. 5576 provides \$8.4 billion for the FAA.

HOPE VI Program: Originally known as the Urban Revitalization Demonstration (URD), HOPE VI grew out of recommendations by the National Commission on Severely Distressed Public Housing, which was charged with proposing a National Action Plan to eradicate severely distressed public housing. In response, Congress established the Revitalization of Severely Distressed Public Housing (HOPE VI) program in 1992, to address 100,000 of the most severely distressed public housing units in the nation's urban neighborhoods by 2003. This HUD program provides competitive grants to local housing authorities to construct, rehabilitate and transform distressed public housing units into mixed-income communities. However, according to HUD, the 2003 goal has been met and exceeded. In addition, in 2002 the Government Accountability Office reported that HOPE VI has 27 percent higher per-unit housing costs than vouchers that serve the same population and 47 percent higher when all costs are considered. It is also duplicative of other federal programs providing similar assistance. Given that the original goal of the program has been met, there is no further justification for continued funding. The RSC budget proposes to eliminate funding for Hope VI, and H.R. 5576 adopts this recommendation and terminates the program's funding.

Section 236 Rental Housing Assistance Payments: HUD subsidizes the interest payments on mortgages for rental or cooperative housing owned by certain private nonprofit or limited-profit landlords and rented to low-income tenants. The RSC budget eliminates funding for the program. H.R. 5576 provides \$24.8 million for this program, \$1.4 million less than last year.

Native Hawaiian Housing Block Grant Program: This federal program provides Native Hawaiians federal housing block grant funds for construction or reconstruction of affordable housing, down payment and closing cost assistance, direct lending or interest subsidies, housing counseling, tenant-based rental assistance and safety activities. Native Hawaiians are a racial group, not a tribe, and dispensing benefits to them would likely be subject to strict scrutiny in Federal courts. Providing additional housing assistance to this group is not only duplicative of numerous current federal housing programs available to all individuals, but is also likely unconstitutional. The RSC budget eliminates funding for this program. H.R. 5576 provides \$8.8 million for the Native Hawaiian Housing Block Grant Program.

Tenant-Based Rental Assistance: The HUD Section 8 program provides project-based (paid to the housing unit) and voucher-based (tied to the family) federal subsidies to help low-income

households with housing costs in private markets. The RSC budget proposes to begin restraining assistance levels. In addition, a certain number of vouchers and certificates are turned in each year by tenants who no longer need the assistance. H.R. 5576 provides \$15.8 billion for Tenant-based Rental Assistance, \$31.8 million less than last year.

Earmarks in SAFETEA-LU: The recently enacted \$286 billion surface transportation reauthorization bill (SAFETEA-LU, P.L. 109-59) included several project specific funding categories. Unfortunately, as the rationale for a large federal role in surface transportation has vanished, congressional earmarking has significantly increased. SAFETEA-LU contains over 6,300 member earmarks, representing 8% of the bill's overall funding and a massive increase over the preceding transportation authorization bill's (TEA-21, 1998-2003) then-record level of 1,850 earmarks.

Earmarking is a main driver contributing to the diversion of scarce transportation dollars to lower priority projects—like bike paths, museums, landscaping, parking garages, and so forth. The consequence of this is reduced flexibility for state and local transportation planners, delayed schedules for priority projects, reduced resource allocation, and the evasion of any competitive review. Ultimately, the traveling public and the economy bear the cost of this inefficiency, in part through reduced mobility and safety in the movement of goods and people.

The RSC budget proposes to immediately rescind these earmarked SAFETEA-LU categories beginning in FY 2007, while leaving the bill's equity guarantees unchanged. For the 2007-2009 period, total authorized contract authority and obligation limitations for these categories would total some \$13.3 billion in funding. H.R. 5576 includes billions of dollars in earmarked funds for state and local projects, which could be funded through state and local funds.

Community Development Block Grant (CDBG): The RSC budget proposed terminating the CDBG program, which provides community development funding that is often duplicative of other programs. As in years past, the Administration requested the program be cut by \$1.1 billion. However, H.R. 5576 includes a slight increase of \$22.2 million to \$4.2 billion.

Other Items of Note:

Federal Housing Administration (FHA) Reform: Reforms the FHA “to begin the transition of FHA from a ridged, one-size-fits-all operating stance to a more flexible array of loan offerings designed to meet the individual needs of families not served, or ill-served by the private marketplace.” Without further review, the effect of this provision on the private housing marketplace is unclear. However, the language appears to be under the sole jurisdiction of the House Financial Services Committee.

Unauthorized Appropriations: According to the Committee report, the bill appropriates \$51.3 billion for unauthorized appropriations. The Rules of the House prohibit this practice, but the rule governing consideration of the bill waives this restriction.

Member Pay Raise: Does **NOT** include a pay increase for Members of Congress. The pay increase is automatic under existing law unless Congress enacts legislation blocking the pay raise.

Domestic Partner Benefits in the District of Columbia: Maintains the provision that prohibits federal funds, but NOT District funds from being used to provide employment, health, or governmental benefits to unmarried (whether heterosexual or homosexual) domestic partners.

Abortion Funding Ban in the District of Columbia: Maintains the prohibition on the use of federal or District funds for abortions (except for the life of the mother or in cases of rape or incest).

Self-Determination for the District of Columbia: Maintains the prohibition on the use of federal or District funds to seek voting representation in Congress or statehood for the District.

Needle Exchange in the District of Columbia: Maintains the prohibition on the use of federal or District Funds for the operation of needle exchange programs.

Medical Marijuana in the District of Columbia: Maintains the prohibition on the use of federal or District funds to implement any medical marijuana program.

Abortion Funding Ban in the FEHBP: Maintains the prohibition on the use of funds for abortions through the Federal Employee Health Benefit Program (except for the life of the mother or in cases of rape or incest).

Eminent Domain: Maintains the prohibition on the use of funds to use the power of eminent domain unless it is for a public use. In addition, it states that “public use” should not be construed to include economic development that primarily benefits private entities.

Earmarks:

The Committee Report lists pages of earmarks. Below is a small selection:

- \$300,000 to the L.A. Gay & Lesbian Center for a multipurpose facility in Los Angeles, CA
- \$500,000 to the city of Banning, CA for city-owned pool renovations
- \$22.4 million for air traffic control facilities replacement in Memphis, TN
- \$55 million for air traffic control facilities replacement in Las Vegas, NV
- \$21.2 million for research to improve efficiency in the ATC System
- \$1.7 million for noise reduction at Phoenix Sky Harbor Airport, AZ
- \$1.3 million for subsurface wetland glycol treatment in Buffalo, NY
- \$3.5 million for extension of Boot Road in Downingtown, PA
- \$5 million for Bremerton Pedestrian-BTC Tunnel Project, WA
- \$200,000 for the streetscape of Chinatown in Los Angeles, CA
- \$300,000 for downtown revitalization in Tarrant, AL
- \$500,000 for a streetcar feasibility study in Denver, CO
- \$200,000 for streetscaping in Franklin, WV
- \$300,000 for a rails-to-trails program Cheat, WV
- \$3 million for streetscaping Lincoln/Belmont Ashland in Chicago, IL
- \$500,000 for freeway landscaping & maintenance in Houston, TX
- \$295,000 for streetscaping in Enfield, CT
- \$600,000 for the Insanti Bike Trail in Cambridge, MN

- \$200,000 for a rails-to-trails program Mannington, WV
- \$100,000 for streetscaping in St. Louis, MO
- \$500,000 for Monterey Bay Sanctuary Scenic Trail in Monterey, CA
- \$300,000 for streetscaping in North Hollywood, CA
- \$1 million to Oak Ridge Cemetery in Springfield, IL
- \$300,000 to the Ocmulgee Heritage Trail in Macon, GA
- \$3.2 million for NW Butler Transportation improvement in Millville, OH
- \$1.5 million for bike trail improvement in Pinellas, FL
- \$1.8 million for streetscaping in Pittsfield, MA
- \$80,000 for a railroad quiet zone in Hamburg, NY
- \$100,000 for a river walk & resurfacing project in Hudson, WI
- \$500,000 for streetlight improvements in San Fernando Valley, CA
- \$100,000 for soundwall improvements in Rosemead, CA
- \$500,000 for streetscaping in Praire du Chien, WI
- \$150,000 for streetscape lighting in Flossmoor, IL
- \$250,000 for streetscaping in Eastchester, NY
- \$450,000 for a bike trail in LaPointe, WI
- \$500,000 for traffic “calming” measures in Windermere, FL
- \$2 million for the University of Virginia South Lawn project in VA
- \$4 million for busses and bus facilities for AR
- \$300,000 for “clean air” busses for Cerritos, CA
- \$500,000 for the Hydrogen Fuel Cell Initiative in Tallahassee, FL
- \$200,000 for the INDOT Electric Hybrid Bus Initiative in Indiana
- \$320,000 for historic streetcar restoration in New Orleans, LA
- \$75,000 for buses for the Council on Aging in MA
- \$500,000 for a parking garage in Fitchburg, MA
- \$300,000 for shuttle bus service in Malden, MA
- \$148,000 for Dial-A-Ride vehicle acquisition for Ionia, MI
- \$500,000 for hybrid bus acquisition in MI
- \$100,000 for a Dial-A-Ride program in Twin Cities, MI
- \$4.5 million for commuter parking in Leominster, MA
- \$3 million for Park N’ Rides in northern NJ
- \$250,000 for “clean fuel” bus enhancements in NY
- \$5 million for the Third Street Lt. Rail Project in San Francisco, CA
- \$61.5 million for WMATA Largo – rail cars in Washington, DC
- \$20 million for Navy Yard Station, Blue Line upgrades in Washington, DC
- \$500,000 to the Japanese Community Youth Council to build a community center in San Francisco, CA

Funding Summaries:

In Thousands

	FY 2006 Enacted	FY 2007 Request	FY 2006 Cmte	Cmte vs FY 2006	House vs Request	House vs FY 2006	House vs Request
Transportation Department							
Office of the Secretary.....	84,052	92,742	92,558	8,506	-184	10.12%	-0.20%
Salaries and Expenses.....	84,052	92,742	92,558	8,506	-184	10.12%	-0.20%
Minority Business Resource Center Program.....	891	891	891	0	0	0.00%	0.00%
Minority Business Outreach.....	2,970	2,970	2,970	0	0	0.00%	0.00%
Office of Civil Rights.....	8,465	8,821	8,821	356	0	4.21%	0.00%
Federal Aviation Administration.....	8,104,140	8,366,000	8,360,000	255,860	-6,000	3.16%	-0.07%
Operations.....	8,104,140	8,366,000	8,360,000	255,860	-6,000	3.16%	-0.07%
Facilities & Equipment.....	2,514,600	2,503,000	3,110,000	595,400	607,000	23.68%	24.25%
Research, Engineering, and Development.....	136,620	130,000	134,000	-2,620	4,000	-1.92%	3.08%
Grants-in-Aid for Airports.....	2,995,500	1,775,000	3,675,000	679,500	1,900,000	22.68%	107.04%
Federal Highway Administration, Total.....	33,391,591	39,825,465	35,410,619	2,019,028	4,414,846	6.05%	-11.09%
Federal Motor Carrier Safety Admin., Total.....	490,050	517,000	517,000	26,950	0	5.50%	0.00%
National Highway Traffic Safety Admin., Total.....	572,394	583,750	587,750	15,356	4,000	2.68%	0.69%
Federal Railroad Administration, Total.....	1,510,764	1,085,228	1,084,733	-426,031	-495	-28.20%	-0.05%
Railroad Research and Development.....	54,524	34,650	34,650	-19,874	0	-36.45%	0.00%
Alaska Railroad Rehabilitation	9,900	0	0	-9,900	0		
Amtrak	1,293,550	900,000	900,000	-393,550	0	-30.42%	0.00%
Federal Transit Administration, Total.....	6,910,132	7,234,114	7,234,114	323,982	0	4.69%	0.00%
Saint Lawrence Seaway Development Corporation....	16,121	8,000	17,425	1,304	9,425	8.09%	117.81%
Maritime Administration.....	305,771	222,927	223,539	-82,232	612	-26.89%	0.27%
Pipeline and Hazardous Materials Safety Admin.....	115,064	120,879	120,879	5,815	0	5.05%	0.00%
Surface Transportation Board.....	24,936	21,675	24,368	-568	2,693	-2.28%	12.42%
Research and Innovative Technology Admin.....	5,716	8,217	6,367	651	-1,850	11.39%	-22.51%
Treasury Department							
Departmental Offices.....	194,627	223,874	223,786	29,159	-88	14.98%	-0.04%
Dep't Wide Systems & Capital Investments.....	24,168	34,032	34,032	9,864	0	40.81%	0.00%
Inspector General.....	16,830	17,352	17,352	522	0	3.10%	0.00%
Inspector General for Tax Administration.....	131,953	136,469	136,469	4,516	0	3.42%	0.00%
Air Transportation Stabilization Program.....	2,723	0	0	-2,723	0	100.00%	-
Treasury Bldgs & Annex Repair.....	9,900	0	0	-9,900	0	100.00%	-
Financial Crimes Enforcement Network.....	72,894	89,794	84,066	11,172	-5,728	15.33%	-6.38%
Financial Mgmt Service.....	233,881	233,654	233,654	-227	0	-0.10%	0.00%
Bureau of Alcohol, Tobacco & Firearms.....	90,215	92,604	92,604	2,389	0	2.65%	0.00%
Bureau of the Public Debt.....	175,154	177,789	177,789	2,635	0	1.50%	0.00%
IRS, Total.....	10,544,705	10,591,837	10,481,837	-62,868	-110,000	-0.60%	-1.04%
Housing and Urban Development Department							
Tenant-based Rental Assistance.....	15,417,919	15,920,000	15,776,400	358,481	-143,600	2.33%	-0.90%
Native American Housing Block Grants.....	623,700	625,680	625,680	1,980	0	0.32%	0.00%
Indian Housing Loan Guarantee Fund	3,960	5,940	3,960	0	-1,980	0.00%	-33.33%
Native Hawaiian Housing Block Grant.....	8,727	5,940	8,815	88	2,875	1.01%	48.40%
Housing Opportunities for Persons with Aids.....	286,110	300,100	300,100	13,990	0	4.89%	0.00%
Rural Housing and Economic Development.....	16,830	0	0	-16,830	0	100.00%	-

Community Development Block Grants/Fund.....	4,177,800	3,032,000	4,200,000	22,200	1,168,000	0.53%	
Brownfields.....	9,900	0	0	-9,900	0	100.00%	
Home Investment Partnerships Program.....	1,757,250	1,916,640	1,916,640	159,390	0	9.07%	0.00%
Homeless Assistance Grants.....	1,326,600	1,535,990	1,535,990	209,390	0	15.78%	0.00%
Self-Help Homeownership Program.....	60,390	39,700	60,390	0	20,690		52.12%
Housing for the Elderly.....	734,580	545,490	734,580	0	189,090	0.00%	34.66%
Housing for Persons with Disabilities.....	236,610	118,800	236,610	0	117,810	0.00%	99.17%
Housing Counseling Assistance.....	0	44,550	0	0	-44,550		100.00%
Rental Housing Assistance.....	26,136	24,750	24,750	-1,386	0		0.00%
Research and Technology.....	55,787	68,360	55,787	0	-12,573	0.00%	-18.39%
Fair Housing Activities.....	45,540	44,550	44,550	-990	0	-2.17%	0.00%
Inspector General.....	150,480	114,840	114,840	-35,640	0	-23.68%	0.00%
Judiciary							
Supreme Court.....	65,711	76,364	76,364	10,653	0	16.21%	0.00%
Court of Appeals for the Fed Circuit.....	23,780	26,300	26,000	2,220	-300	9.34%	-1.14%
Court of International Trade.....	15,345	16,182	16,182	837	0	5.45%	0.00%
Courts of Appeals, District Courts, S&E.....	4,326,345	4,687,244	4,556,114	229,769	-131,130	5.31%	-2.80%
Courts of Appeals, District Courts, Total.....	5,468,955	5,968,488	5,773,512	304,557	-194,976	5.57%	-3.27%
Federal Judicial Center.....	22,127	23,787	23,500	1,373	-287	6.21%	-1.21%
U.S. Sentencing Commission.....	14,256	15,740	15,500	1,244	-240	8.73%	-1.52%
District of Columbia (Federal)							
Residential Tuition Support.....	32,868	35,100	35,100	2,232	0	6.79%	0.00%
Emergency Planning and Security.....	13,365	8,533	8,533	-4,832	0	-36.15%	0.00%
DC Courts.....	216,723	43,475	43,475	-173,248	0	-79.94%	0.00%
Defender Services in DC Courts.....	43,560	43,475	43,475	-85	0	-0.20%	0.00%
Court Services and Offender Supervision Agency.....	169,839	181,653	181,653	11,814	0	6.96%	0.00%
DC Water and Sewer Authority.....	6,930	7,000	7,000	70	0	1.01%	
Anacostia Waterfront Initiative.....	2,970	0	0	-2,970	0	100.00%	
Criminal Justice Coordinating Council.....	1,287	1,300	1,300	13	0	1.01%	0.00%
Public School Libraries.....	2,970	0	0	-2,970	0	100.00%	
Foster Care Improvements.....	1,980	0	0	-1,980	0	100.00%	
School Improvements.....	39,600	40,800	40,800	1,200	0	3.03%	0.00%
Executive Office of the President							
White House.....	172,249	184,252	173,228	979	-11,024	0.57%	-5.98%
Office of Management and Budget.....	76,161	68,780	76,185	24	7,405	0.03%	10.77%
Office of Nat Drug Control Policy Salaries & Exp.....	26,639	23,309	26,928	289	3,619	1.08%	15.53%
High Intensity Drug Trafficking Areas Program.....	224,730	0	227,000	2,270	227,000	1.01%	
Unanticipated Needs.....	990	11,789	1,000	10	-10,789	1.01%	-91.52%
Independent Agencies							
Federal Elections Commission.....	54,153	57,138	57,138	2,985	0	5.51%	0.00%
Federal Labor Relations Commission.....	25,213	25,218	25,218	5	0	0.02%	0.00%
Federal Building Fund.....	22,745	243,025	63,114	40,369	-179,911	177.49%	-74.03%
GSA, Total.....	237,622	447,815	139,676	-97,946	-308,139	-41.22%	0.00%
Merit System Protection Board - Sal & Exp.....	37,823	39,110	39,110	1,287	0	3.40%	0.00%
Morris Udall Foundation.....	3,861	693	4,000	139	3,307	3.60%	477.20%
Nat. Archives & Records Admin -Operating Exp.....	280,215	289,605	289,605	9,390	0	3.35%	0.00%
Nat Archives & Records Admin -Repairs.....	9,585	13,020	13,020	3,435	0	35.84%	0.00%
Nat Archives & Records Admin-- Grants.....	7,425	0	7,500	75	7,500	1.01%	