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Chief Executive Officer

November 9, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
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From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE ON APPROPRIATIONS

Federal programs and activities currently are temporarily funded through a short-term Federal Fiscal Year (FFY) 2012 Continuing Resolution (CR), which expires on November 18, 2011. Congress has not yet enacted any of the 12 FFY 2012 appropriations bills. The House has passed six FFY 2012 appropriations bills while the Senate has passed the Military Construction-Veterans Affairs bill and H.R. 2112, which combined appropriations for Agriculture, Commerce-Justice-Science (CJS), and Transportation-Housing and Urban Development (HUD) into a single "minibus" bill.

The House is on recess this week. Given that the current CR expires at the end of next week and that it will take time to consider any deficit reduction legislation recommended by the "super" committee, congressional leaders do not plan to separately move any of the 12 individual FFY 2012 appropriations bills. Instead, they plan to move one or more packages of "minibus" appropriations bills, such as H.R. 2112, enact another CR to temporarily fund any remaining programs through mid-December, and enact an omnibus FFY 2012 appropriations bill in December 2011.

A conference committee currently is negotiating H.R. 2112, the minibus appropriations bill which would fund Agriculture, CJS, and Transportation-HUD, with the goal of sending the bill to the President before the current CR expires on November 18, 2011. That bill also could be the legislative vehicle for a CR, which would fund remaining programs through mid-December. Senate Majority Leader Reid also would like to clear a second minibus appropriations bill, which would include Financial Services, Energy-Water, and State-Foreign Operations, for the President by November 18, 2011. However, the State-Foreign Operations bill has contentious issues, which would be difficult to resolve before the end of next week.

One key issue affecting all FFY 2012 appropriations bills has been the overall amount of discretionary spending which would be appropriated in them. The House has based overall funding levels in its appropriations bills, on the overall FFY 2012 discretionary spending limit of $1.019 trillion in the House-passed FFY 2012 Budget Resolution. However, in August, the Budget Control Act (BCA) of 2011 (Public Law 112-25), which increased the Federal debt ceiling, set the overall FFY 2012 discretionary spending limit at $1.043 trillion -- a higher limit which the Senate subsequently has used in all of its FFY 2012 appropriations bills. The Senate-House conference committee on H.R. 2112 has agreed to use the higher Senate funding levels for Agriculture, CJS, and Transportation-HUD.

Below is a discussion of funding levels and issues of County interest in H.R. 2112.

FFY 2012 Commerce-Justice-Science Appropriations

This bill funds State and local law enforcement programs of County interest, such as the State Criminal Alien Assistance Program (SCAAP) and Justice Assistance Grant (JAG). Overall funding for State and local law enforcement programs were significantly cut in FFY 2011, and overall funding for such programs would be further cut in FFY 2012, especially in the CJS appropriations bill approved by the House Appropriations Committee in July 2011. Most notably, the House version does not include any funding for SCAAP for FFY 2012. However, the Senate version funds SCAAP at $273 million, the same level as in FFY 2011 when the County received $9.88 million in SCAAP reimbursement for its undocumented criminal alien jail costs.

Other funding levels for programs of County interest include:

- Formula JAG funding is reduced from $422 million in FFY 2011 to $380 million in the Senate bill and $342 million in the House bill;

- Community Oriented Policing Services (COPS) Hiring Grant funding is cut from $247 million in FFY 2011 to $162 million in the Senate bill and eliminated in the House bill;

- Juvenile Accountability Block Grant funding is cut from $46 million in FFY 2011 to $30 million in the Senate bill and eliminated in the House bill;

- DNA Backlog Reduction Initiative is funded at roughly the same level ($133 million) as in FFY 2011 in both versions; and

- Southwest Border Prosecutor Program is funded at the same level ($26 million) as in FFY 2011 in the House bill while the Senate bill appropriates $20 million combined for the Southwest and Northern Border Prosecutor Programs for FFY 2012.

While the House bill does not include any SCAAP funding, House CJS Appropriations Subcommittee Chairman Wolf (R-VA) made a commitment that the House would add SCAAP funding before the House passed the FFY 2012 CJS appropriations bill. However, the bill never was brought to the House Floor for final passage. Conferees on H.R. 2112 reportedly have agreed to use the higher overall discretionary funding level in the Senate bill, which totals approximately $52.7 billion, which is roughly $2.5 billion higher than in the House bill. This importantly means that the conferees could agree to higher Senate levels for programs, such as SCAAP, without requiring offsetting cuts in other programs funded under the bill.

Transportation-HUD Appropriations

The FFY 2012 funding levels for HUD programs of County interest generally vary between Senate and House bills except for the following programs, which are funded at the same or roughly the same levels:

- Homeless Assistance Grants, which are funded at $1.90 billion – the same as in FFY 2011;

- Section 8 Project-Based Rental Assistance is funded at roughly $9.42 billion, up from approximately $9.26 billion in FFY 2011; and

- HUD-Veterans Affairs Supportive Housing is funded at $75 million – $25 million above FFY 2011 though the same level as in FFY 2010.

The House bill increases Community Development Block Grant (CDBG) formula funding to $3.50 billion -- $649 million above the Senate bill and $164 million above FFY 2011, but still $490 million below FFY 2010. The House version cuts HOME Investment Partnerships formula funding to $1.20 billion from $1.61 billion in FFY 2011 while the Senate bill more deeply cuts HOME funding to $1 billion.

The Senate bill, however, funds the following three programs at higher levels than the House bill, but still below their FFY 2011 levels:

- Section 8 Tenant-Based Rental Assistance is funded at $17.14 billion – roughly $100 million above the House bill, and $475 million above FFY 2011;

- Section 8 Administrative Fees are funded at $1.4 billion – $300 million above the House bill, but $47 million below FFY 2011; and

- Public Housing Operating Fund is funded at $3.96 billion – $100 million above the House bill, but $655 million below FFY 2011.

Both versions include County-sponsored language that exempts the County from the requirement that public housing or Section 8 tenants be represented on the governing board of the County's Housing Authority, similar to language included in prior years' appropriations bills.

The Senate and House bills also include other bill language of County interest. For example, the House bill would reduce the percentage of total CDBG allocations that can be used for administration from 20 percent to 10 percent, which would greatly reduce the amount of funding available to the County's Community Development Commission (CDC) for administering its CDBG projects. This reduction is especially problematic because overall CDBG funding has been falling over the past decade. The Senate bill imposes a time deadline for completing HOME-funded projects and also provides that HOME-funded homeownership units that are not sold to an eligible homeowner within six months of a project's completion must be rented to an eligible tenant. Both of these time deadlines would be difficult to meet, especially when HOME funding, including available funding to manage HOME-funded projects, would be significantly cut under either the House or Senate appropriations bills. The inclusion of rental units within a homeownership project also could reduce the project's marketability and viability, and the conversion of homeownership units to rental units would increase the CDC's administrative costs.

We will continue to keep you advised.

WTF:RA
MR:MT:sb

c: All Department Heads
Legislative Strategist