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SUBJECT: FY16 Appropriations *Special Report*

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Welcome to our mid-year *Special Report* covering the Fiscal Year 2016 Appropriations process. Congress has been busy - the full House has passed half of its appropriations bills, while in the Senate, 10 of its 12 bills have made it through Committee but are currently being blocked on the floor. Despite this progress, which we have covered for you in our *Washington Friday Report*, there is fundamental disagreement between the White House and Congressional Republicans on spending levels, and therefore, great uncertainty on the final outcome.

Under the current budget framework, **sequestration**, the automatic across-the-board spending cuts to all domestic and defense spending, is in effect for FY16 and is reflected in the bills considered in the House and Senate so far. This has led to deep cuts to a range of programs of importance to local governments (*see sections which follow for detail*). House Democrats have almost uniformly voted against these bills to date and Senate Democrats have blocked their consideration on the floor. The President, who put additional funding in his proposed FY16 budget to avoid sequestration, will not sign appropriations with sequester-level funding.

One possible route out of this stalemate is a new bipartisan agreement like the “Ryan-Murray” deal of 2013 that would raise the budget caps to avoid sequestration. If no deal is reached, two possible outcomes are: (1) another short-term “Continuing Resolution” to keep the federal government open after FY16 begins October 1; or (2) shutdown, a worst-case-scenario.

We will continue to follow the process closely, and update you regularly. Here’s our summary of the overall appropriations process to date for key domestic bills of concern to local government. Bill-by-Bill details follow.

Overall Spending by Appropriations Bill			
Bill	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
<i>THUD</i>	\$53.7 billion	\$55.3 billion	\$55.56 billion
<i>CJS</i>	\$50.1 billion	\$51.4 billion	\$51.06 billion
<i>DHS</i>	\$39.6 billion	\$39.3 billion	\$47.09 billion
<i>Labor-HHS</i>	\$156.7 billion	\$153 billion	\$153.2 billion
<i>Interior-EPA</i>	\$30.4 billion	\$30.17 billion	\$30.01 billion
<i>Energy-Water</i>	\$34.2 billion	\$35.4 billion	\$35.4 billion

Transportation-HUD (THUD)

The House passed its \$55.3 billion THUD bill, on June 9, by a vote of 216-210. The Senate Appropriations Committee passed its \$55.56 billion bill on June 25, by a vote of 20-10. For more, click on [House THUD Press Release](#), [House THUD Committee Report](#), [White House Letter on House THUD](#), [White House SAP on House THUD](#), [Senate THUD Press Release](#), [Senate THUD Committee Report](#), or [White House Letter on Senate THUD](#). *Below is a summary table and highlights for your review.*

Transportation-HUD Bill (HUD Programs)			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
CDBG Formula Grants	\$3 billion	\$3 billion	\$2.9 billion
HOME	\$900 million	\$900 million	\$66 million
Choice Neighborhoods	\$80 million	\$20 million	\$65 million
Tenant-Based Rental Assistance	\$19.3 billion	\$19.92 billion	\$19.93 billion
Project-Based Rental Assistance	\$9.7 billion	\$10.65 billion	\$10.83 billion
Public Housing Capital Fund	\$1.87 billion	\$1.68 billion	\$1.74 billion
Public Housing Operating Fund	\$4.44 billion	\$4.44 billion	\$4.5 billion
Homeless Assistance Grants	\$2.14 billion	\$2.185 billion	\$2.235 billion
HUD-VASH	\$75 million	\$0	\$75 million

Department of Housing and Urban Development. The House bill provides level-funding of \$3 billion for **CDBG** formula grants, while the Senate bill would cut CDBG by \$100 million. The House bill also provides level-funding of \$900 for the **HOME** program. However, \$133 million of that amount would come from a transfer from the **Housing Trust Fund**, which would zero-out the fund. The Senate bill devastates **HOME** by a staggering \$834 million, down to just \$66 million. The House bill provides just \$20 million for **Choice Neighborhoods**, down \$60 million from FY15 levels while the Senate bill cuts it by \$15 million. For **Promise Zones**, no new dedicated funding but HUD can continue to run with internal resources.

The House bill allocates \$19.92 billion for **Tenant-Based Rental Assistance**, an increase of \$614.5 million; \$10.65 billion for **Project-Based Rental Assistance**, an increase of \$924 million; \$1.68 billion for the **Public Housing Capital Fund**, a decrease of \$194 million; and \$4.44 billion for the **Public Housing Operating Fund**, level-funding. The Senate bill allocates \$19.93 billion for **Tenant-Based Rental Assistance**, an increase of \$630.5 million; \$10.83 billion for **Project-Based Rental Assistance**, an increase of \$1.1 billion; \$1.74 billion for the **Public Housing Capital Fund**, a decrease of \$132 million; and \$4.45 billion for the **Public Housing Operating Fund**, an increase of \$60 million.

The House bill establishes that **Moving to Work (MTW)** Public Housing Agencies (PHAs) be funded pursuant to their MTW agreements. The Senate bill expands the MTW program by 300 “high-performing” PHAs over the current 39 PHAs in the MTW program. The Committee writes, “Adding 300 PHAs to the MTW program cannot and should not be accomplished in 1 year. Steady expansion over several years is proposed not just for developing HUD capacity, but to also incentivize PHAs to improve their physical quality and financial management in order to qualify for MTW status.” Neither the House nor the Senate bills provide additional funding for the **Rental Assistance Demonstration (RAD)**. The FY15 enacted appropriations bill extended RAD to 2018, and raised the cap on units eligible for conversion from 60,000 units to 185,000

units. The House bill allocates \$2.185 billion for **Homeless Assistance Grants**, an increase of \$50 million, while the Senate bill allocates \$2.235 billion, an increase of \$100 million. The House bill eliminates funding for **HUD-VASH** vouchers, while the Senate bill provides level-funding of \$75 million.

Transportation-HUD Bill (DOT Programs)			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
TIGER	\$500 million	\$100 million	\$500 million
Capital Investment Grants (Overall)	\$2.12 billion	\$1.92 billion	\$1.585 billion
Full Funding Grant Agreements Signed for the Fiscal Year	\$1.5 billion	\$1.25 billion	\$1.25 billion
New Starts (Yet to be signed under a FFGA)	\$325 million	\$250 million	\$210 million
Small Starts	\$171.7 million	\$353 million	\$30 million
Core Capacity	\$120 million	\$40 million	\$75 million
Expedited Project Delivery Pilot Program	\$0	\$0	\$5 million
Transit Formula Grants (Obligated)	\$8.595 billion	\$8.595 billion	\$8.595 billion
Amtrak	\$1.29 billion	\$1.139 billion	\$1.39 billion
Grants-in-Aid for Airports	\$3.2 billion	\$3.6 billion	\$3.6 billion

Department of Transportation. The House bill would cut **TIGER Grants** by 80%, a \$400 million decrease from FY15 levels, down to \$100 million in FY16. The Senate bill would maintain **TIGER Grants** at \$500 million, the same as FY15.

The House bill spends \$1.92 billion on **Capital Investment Grants**, which includes **New Starts** and **Small Starts** grants for rail or other fixed guideway transit systems, a cut of \$198.6 million. This appropriation includes \$1.25 billion for all current and on-going full funding grant agreements (FFGA). The Committee’s recommendation provides \$250 million for projects that will be signed under a FFGA by September 30, 2016. In addition, \$353 million is provided for nine new **Small Start** projects proposed in the budget, including: \$11 million for **Fresno’s FAX Blackstone/Kings Canyon BRT** project and \$75 million for **Sound Transit’s Tacoma Link Expansion**. The Senate bill spends \$1.585 billion on **Capital Investment Grants**, a cut of \$535 million. This appropriation includes \$1.25 billion for all current and on-going full funding grant agreements (FFGA). In addition, \$210 million is provided for **New Starts** projects that the Administration has recommended for FFGAs in its budget request. For such projects, FTA is directed to give funding priority to projects that require a Federal share of 40% or less. In sharp contrast with the House bill, the Senate provides only \$30 million for new **Small Starts**, a cut of 83% or \$141.7 million from FY15 levels. The House and Senate bills provide the same amount of level funding for obligated **Transit Formula Grants**, \$8.595 billion.

The House Appropriations Committee encourages other House Committees of jurisdiction to consider expanding the **freight network system** in an upcoming surface transportation bill. They also encourage DOT to continue efforts to work cooperatively with other federal and state agencies, and local governments, to implement **environmental streamlining** provisions from *MAP-21*. The Senate Appropriations Committee encourages DOT to continue its efforts implementing **environmental streamlining** provisions, and recognizes the efforts made by the Administration to work cooperatively with other Federal agencies and with state governments,

including its “work with the *State of Utah* on its *Mountain Accord* approach for a regional transportation, land use, natural resource and economic solution.”

Commerce-Justice-Science (CJS)

The House passed its \$51.4 billion CJS bill, on June 3, by a vote of 242-183. The Senate Appropriations Committee passed its \$51.06 billion bill on June 11, by a vote of 27-3. For more, click on [House CJS Press Release](#), [House CJS Committee Report](#), [White House Letter on House CJS](#), [White House SAP on House CJS](#), [Senate CJS Press Release](#), [Senate CJS Committee Report](#), or [White House Letter on Senate CJS](#).

Commerce-Justice Science Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
COPS Hiring Program	\$180 million	\$0	\$187 million
COPS Office	\$208 million	\$5 million	\$212 million
Byrne/JAG Program	\$396.75 million	\$409 million	\$382 million
BJA-Administered “Community Trust Initiative”	\$0	\$52 million	No Senate Mention
Body-Worn Camera Partnership Initiative	None	\$15 million	\$20 million
Office on Violence Against Women	\$430 million	\$479 million	\$479 million
Bulletproof Vest Partnership Program	\$0	\$22.5 million	\$22.5 million
SCAAP	\$185 million	\$220 million	\$75 million
Sexual Assault Kit Backlog	\$41 million	\$41 million	\$41 million
Comprehensive School Safety Initiative	\$75 million	\$75 million	\$75 million
Economic Development Administration	\$250 million	\$250 million	\$250 million
NOAA	\$5.44 billion	\$5.17 billion	\$5.38 billion

Justice Department. The House bill eliminates the **COPS Hiring Program** entirely, while the Senate bill increases the program by \$7 million, to \$187 million. In the House, the **COPS Office** would only receive \$5 million for “*collaborative reform.*” The Senate bill, however, increases total funding for the COPS Office by \$4 million, to \$212 million. In the House the money saved by the elimination of COPS would be reallocated to other Justice Department agencies with similar functions, including a new \$52 million **Community Trust Initiative**, which would be administered by the Bureau of Justice Assistance (BJA), and reflects the work of the **Task Force on 21st Century Policing**. It includes \$15 million for a **Body-Worn Camera Partnership Initiative**. The Senate bill funds this body cam initiative at a level of \$20 million. The House bill also funds the **Byrne/JAG Program** at \$409 million, an increase of \$12.25 million, and the Committee notes that “*Byrne/JAG funding can be used for law enforcement purposes, including the hiring of law enforcement officers.*” The Senate bill funds **Byrne/JAG** at \$382 million, a cut of \$14.75 million.

Commerce Department. Both the House and Senate bills recommend a level-funding of \$250 million for the **Economic Development Administration**. The House bill provides the **National Oceanic and Atmospheric Administration (NOAA)**, \$5.17 billion, a cut of \$273.7 million. The Senate bill provides NOAA \$5.38 billion, a cut of \$59.4 million.

Department of Homeland Security (DHS)

The House released the subcommittee draft of its \$39.3 billion DHS bill on July 8. The Senate Appropriations Committee passed its \$47.09 billion bill on June 18, by a vote of 26-4. For more, click on [House DHS Press Release](#), [House DHS Subcommittee Bill Text](#), [Senate DHS Press Release](#), [Senate DHS Committee Report](#), or [White House Letter on Senate DHS](#).

Department of Homeland Security Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
State and Local Grants (Overall)	\$1.5 billion	\$1.5 billion	\$1.5 billion
Assistance to Firefighter Grants (not including SAFER)	\$340 million	\$340 million	\$340 million
SAFER Grants	\$340 million	\$340 million	\$340 million
Emergency Management Performance Grants	\$350 million	\$350 million	\$350 million
Urban Area Security Initiative	\$600 million (\$13 million for eligible non-profits)	\$600 million (\$13 million for eligible non-profits)	\$600 million (\$25 million for eligible non-profits)
State Homeland Security Grant Program	\$467 million	\$467 million	\$467 million

The House bill does not include funding to implement the President’s **Executive Actions on Immigration** from November 2014, and bars the use of funds for these activities for the duration of ongoing legal proceedings on the issue. State and Local Grants receive mostly level-funding in the House and Senate bills, as indicated in the chart above, including level-funding for **AFG** and **SAFER** grants, at \$340 million each. In the carve-outs for non-profit groups eligible to receive **UASI** funding, the House bill maintains level funding of \$13 million, while the Senate bill increases that carve-out to \$25 million.

Labor-HHS-Education (Labor-HHS)

The House Appropriations Committee passed its \$153 billion Labor-HHS bill, on June 24, by a vote of 30-21. The Senate Appropriations Committee passed its \$153.2 billion bill on June 25, by a vote of 16-14. For more, click on [House Labor-HHS Press Release](#), [House Labor-HHS Draft Committee Report](#), [White House Letter on House Labor-HHS](#), [Senate Labor-HHS Press Release](#), [Senate Labor-HHS Committee Report](#), or [White House Letter on Senate Labor-HHS](#).

Labor-HHS-Education Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
Education – Title I Grants	\$14.4 billion	\$14.4 billion	\$14.56 billion
School Improvement Grants	\$505.8 million	\$0	\$450 million
Preschool Development Grants	\$0	\$0	\$0
21 st Century Community Learning Centers	\$1.15 billion	\$1.15 billion	\$1.04 billion
Promise Neighborhoods	\$56.8 million	\$56.8 million	\$37 million
Head Start	\$8.6 billion	\$8.79 billion	\$8.7 billion
LIHEAP	\$3.39 billion	\$3.37 billion	\$3.39 billion
Child Care and Development Block Grant	\$2.44 billion	\$2.44 billion	\$2.59 billion

Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
Social Services Block Grant	\$1.7 billion	\$1.7 billion	\$1.7 billion
Community Services Block Grant	\$674 million	\$674 million	\$674 million
Employment and Training Administration	\$3.14 billion	\$3 billion	\$2.94 billion
Youthbuild	\$79.7 million	\$82 million	\$79.7 million
Corporation for National and Community Service (CNCS)	\$758.3 million	\$612.5 million	\$614 million

Education Department. The House bill allocates level-funding of \$14.4 billion for **Title I Grants**, and the Senate bill increases funding by \$169 million, to \$14.56 billion. **School Improvement Grants** would receive no funding under the House bill, a cut of \$505.8 million, while the Senate would spend \$450 million, which is a cut of \$55 million. The **Preschool Development Grants** program, which the President requested \$750 million for, would receive no funding in either the House or Senate bills. **21st Century Community Learning Centers** would receive level-funding of \$1.15 billion in the House bill, but a cut of \$110 million in the Senate bill, down to \$1.04 billion. **Promise Neighborhoods** receives level-funding of \$56.8 million in the House bill, but a cut of \$19.8 million in the Senate bill, down to \$37 million.

Health and Human Services. In the House bill, **Head Start** receives a total of \$8.79 billion, an increase of \$192 million, including \$650 million for **Early Head Start** grants, an increase of \$150 million. The Senate bill provides \$8.7 billion for **Head Start**, an increase of \$102 million, including \$600 million for **Early Head Start** grants, an increase of \$100 million. For the **Low Income Home Energy Assistance Program**, the Senate bill provides level-funding of \$3.39 billion, while the House bill cuts LIHEAP by \$25 million, down to \$3.37 billion. HHS's major block grant programs either receive level-funding or a proposed increase. The House and Senate bills both provide level-funding for the **Social Services Block Grant** at \$1.7 billion and **Community Services Block Grant** at \$674 million. The House bill provides level-funding for the **Child Care and Development Block Grant** at \$1.7 billion and the Senate provides an increase of \$150 million, to \$2.59 billion.

Department of Labor. The **Employment and Training Administration**, which provides funding for federal government job training and employment service programs, authorized primarily by the *Workforce Innovation and Opportunity Act of 2014 (WIOA)*, receives \$3 billion in the House bill, a cut of \$136.4 billion. The Senate bill provides the agency \$2.94 billion, a cut of \$203.5 million. The **Youthbuild** program receives level-funding in the Senate bill of \$79.7 million, while the House bill provides an increase of \$2.3 million, to \$82 million. Lastly, though the House Appropriations Committee "*supports the Department's promotion and oversight of the National Registered Apprenticeship system in cooperation with State Apprenticeship Agencies,*" no additional funding is provided specifically for **Registered Apprenticeships**. Registered Apprenticeships are not specifically mentioned in the Senate Committee report.

Corporation for National and Community Service. The House bill provides \$612.5 million for the **Corporation for National and Community Service**, a cut of \$145.78 million. The Senate bill provides \$614 million, a cut of \$144.3 million.

Interior-Environment (Interior-EPA)

The House Appropriations Committee passed its \$30.17 billion Interior-EPA bill, on June 16, by a vote of 30-21. The Senate Appropriations Committee passed its \$30.01 billion bill on June 18, by a vote of 16-14. This bill was abruptly pulled from the House floor on Thursday following an eruption from members over an amendment regarding the presence of Confederate flags at federal cemeteries. *Next steps on this bill are not yet clear.*

For more, click on [House Interior-EPA Press Release](#), [House Interior-EPA Committee Report](#), [White House Letter on House Interior-EPA](#), [White House SAP on House Interior-EPA](#), [Senate Interior-EPA Press Release](#), [Senate Interior-EPA Committee Report](#), or [White House Letter on Senate Interior-EPA](#).

Interior-Environment Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
National Park Service	\$2.29 billion	\$2.34 billion	\$2.32 billion
LWCF (Land Acquisition and State Assistance)	\$99 million	\$84.4 million	\$106.28 million
LWCF State Assistance Grants, Competitive Grant Program	\$3 million	\$3 million	\$3 million
State and Tribal Assistance Grants (including Clean Water and Drinking Water Funds)	\$3.55 billion	\$2.98 billion	\$3.03 billion
Clean Water SRF	\$1.45 billion	\$1.02 billion	\$1.05 billion
Drinking Water SRF	\$906.9 million	\$757 million	\$775.9 million
Diesel Emissions Grants	\$30 million	\$50 million	\$20 million
Brownfields Grants	\$25.59 million	\$23.68 million	\$27.56 million
WIFIA	None	\$4.4 million over two years	\$5 million over two years
Puget Sound Restoration	\$28 million	\$28 million	\$29.998 million
National Endowment for the Arts	\$146.02 million	\$146.02 million	\$146.02 million
National Endowment for the Humanities	\$146.02 million	\$146.02 million	\$146.02 million

Department of the Interior. The **Land and Water Conservation Fund (LWCF)** receives \$84.4 million in the House bill, a cut of \$14.59 million, while the Senate bill provides \$106.28 million, an increase of \$7.3 million. The LWCF **Competitive Grant Program**, is provided level-funding of \$3 million in both bills.

Environmental Protection Agency. The House bill provides \$1.02 billion for the **Clean Water SRF** while the Senate bill provides \$1.05 billion, both representing a cut of nearly \$400 million. The House bill provides \$757 million for the **Drinking Water SRF** while the Senate bill provides \$775.9 million, another set of cuts. The House bill would cut **Brownfields Grants** by \$1.91 million, to \$23.68 million while the Senate bill increases the grants by \$1.97 million, to \$27.56 million. For the first time, funding would be provided in both the House and Senate bills for the **Water Infrastructure Finance and Innovation Act (WIFIA)** pilot program, which is modeled off of DOT’s TIFIA program. The House bill provides \$4.4 million over the course of two years while the Senate bill provides \$5 million.

NEA and NEH. The House and Senate bills both provide level-funding for NEA and NEH. The **National Endowment for the Arts** would receive \$146.02 million and the **National Endowment for the Humanities** would receive \$146.02 million.

Energy-Water

The House passed its \$35.4 billion Energy-Water bill, on May 1, by a vote of 240-177. The Senate Appropriations Committee passed its \$35.4 billion bill on May 25, by a vote of 26-4. For more, click on [House Energy-Water Press Release](#), [House Energy-Water Committee Report](#), [White House Letter on House Energy-Water](#), [White House SAP on House Energy-Water](#), [Senate Energy-Water Press Release](#), [Senate Energy-Water Committee Report](#), or [White House Letter on Senate Energy-Water](#).

Energy-Water Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
US Army Corps of Engineers (Civil Works Programs)	\$5.45 billion	\$5.6 billion	\$5.5 billion
Bureau of Reclamation	\$1.13 billion	\$1.09 billion	\$1.13 billion
Energy Efficiency and Renewable Energy	\$1.94 billion	\$1.67 billion	\$1.95 billion

U.S. Army Corps of Engineers. For **U.S. Army Corps of Engineers’** Civil Works Programs, the House bill provides \$5.6 billion, an increase of \$142.23 million. The Senate bill provides \$5.5 billion, an increase of \$42 million.

Department of Energy. **Energy Efficiency and Renewable Energy** programs are provided a total of \$1.67 billion in the House bill, a cut of \$266.16 million. The Senate bill provides \$1.95 billion, an increase of \$26.07 million.

Conclusion

We hope you found this report helpful. As we indicated in the introductory sections of this memo, there is a long way to go on the appropriations process over the next several months, and the deep divisions among all parties make predicting the outcome a challenge. But we’ll continue to update you as the White House and Congress consider and pursue next steps.

Please let us know if you have any questions as the FY16 appropriations and budget process continues to unfold.

We look forward to talking with you soon.