Congress Approves Final FY 2003 Spending Bill  
First Responders Underfunded

By Conference Staff

President Bush signed into law H. J. Res. 2, the omnibus appropriations bill, on February 20. The legislation provides $397.4 billion to fund most federal agencies as well as most federally assisted state and local programs through September 30 of this year (the remainder of fiscal year 2003). The House and Senate cleared the measure on February 13. The final bill does not contain the $3.5 billion in new funds for the Homeland Security first responder program. According to President Bush, the budget shortfall for this program is more than $2.2 billion in FY 2003. Further, it contains significant cuts in the COPS program. But it provides increased assistance for fire grants.

Youth Opportunity Grants were also reduced by a huge amount, while funding for Pell Grants and for the Title I education program, which assist disadvantaged students, was significantly increased.

Below is an analysis of the FY 2003 Omnibus Appropriations bill prepared by the Conference of Mayors staff. This analysis focuses on city priority programs.

**ARTS AND RECREATION** (Staff Contact: Tom McClimon)

**International Marketing for Travel and Tourism** -- A new international marketing program would be established within the Department of Commerce as part of the Omnibus Appropriations bill. Funded at $50 million, the purpose of the funds is support international advertising and promotional campaigns to encourage individuals to travel to the United States.

The Conference of Mayors Travel and Tourism Task Force called for the establishment of such a fund as part of its 10-point action plan that it adopted in October. The bill also calls for the creation of a Travel and Tourism Promotion Advisory Board to advise the Secretary, again part of the mayors’ 10-point action plan.

**Parks**-- Unfortunately, parks and recreation took major hits in the omnibus appropriations bill. The stateside program of the Land and Water Conservation Fund is funded at $98 million, down from $144 million in FY ’02. The Urban Parks and Recreation Recovery Program (UPARR) is zeroed out, when it received $30 million in FY ’02.

**Arts, Humanities and Museums** -- The National Endowment for the Arts is to receive $116 million, about the same as last year. The National Endowment for the Humanities will receive $126 million, again at level funding.
No New $3.5 Billion for First Responders -- The FY 2003 omnibus appropriations bill does not contain the $3.5 billion requested by the Administration for a new first responder program. Instead, Congress has agreed to increase domestic preparedness resources provided through existing programs. The bill contains $1 billion for the Office for Domestic Preparedness, which has been transferred from the Department of Justice to the Border and Transportation Security Directorate with the new Department of Homeland Security. This is an increase for this program, which received $652 million in FY 2002, but much less than the $2.138 billion in the original Senate bill.

The majority of the funding provided by the old ODP program went directly to the states, who were then directed to develop a state-wide plan for its distribution. There have been long delays in the allocation of these funds, with discretion at the state level as to their distribution. It is not yet clear how DHS will manage these new funds, and how much if any will be made available directly to cities.

Fire Grants Increased -- The omnibus bill also contains $750 million for the Assistance to Firefighters program, up from $360 million in FY 2002, but below the $900 million requested by the Senate. This program is administered by the Federal Emergency Management Agency (FEMA) which is also now under the DHS, and allows fire departments to apply directly for competitive grants.

The law creating this program requires a 30 percent match for cities over 50,000, and a 10 percent match for cities under 50,000. Also, fire departments cannot receive more than $750,000. And, the law requires that both career and volunteer agencies receive funding, which has meant in the past that career departments have competed for up to 45 percent of the available funding, and volunteer and combination departments have competed for at least 55 percent of the available funding.

The law allows the funds to be used to 1) hire firefighting personnel; 2) train firefighting and emergency response personnel; 3) fund rapid intervention teams; 4) certify fire inspectors; 5) establish wellness and fitness programs; 6) fund emergency medical services provided by fire departments; 7) acquire fire vehicles including trucks; 8) acquire equipment, including communications; 9) acquire personal protective equipment; 10) modify fire stations and training facilities to protect health and safety; 11) enforce fire codes; 12) fund fire prevention programs; or 13) provide incentives for recruiting volunteer firefighting personnel. However, in the past FEMA has not allowed grants for all of these areas.

COPS Program Cut -- The omnibus bill provides a total of $588 million for the COPS program, down from $738.5 million in FY 2002. This is a $150 million, or approximately 20 percent, cut. Within this total, $200 million is allowed for hiring programs, down from $385 million in FY 2002. However, for the first time the funding bill specifically would allow up to 30 percent of the funds to be used for police overtime costs.
**LLEBG Cut/Other Cuts** -- The omnibus bill contains a total of $400 million for the Local Law Enforcement Block Grant, but there would actually be $13 million less for the program as a result of the earmark for the Boys and Girls Clubs increasing from $70 million to $80 million, and a new $3 million earmark for Citizens Corps. The State Criminal Alien Assistance Program is cut from $565 million to $250 million. The Juvenile Accountability Incentive Block Grant was cut from $250 million to $190 million. The budget contains $500 million for the formula side of the Byrne grant program, which is level funding.

**COMMUNITY DEVELOPMENT AND HOUSING** (Staff Contact: Gene Lowe)

**Community Development Block Grant/ HOME Investment Partnerships**-- Both programs were increased over FY2002. CDBG would be funded at $4.937 billion, and of this amount, $4.367 billion are formula grants allocated by HUD directly to local governments. The formula grant allocation is $26.9 million higher than last year’s funding level. HOME is funded at $1.93 billion which is an increase of $129 million.

**Downpayment Assistance Initiative** -- The Congress provided $75 million for the administration’s new Downpayment Assistance Initiative. It is estimated that this program will help 15,000 low income families become homeowners.

**Section 8 Housing Voucher Program**-- A major issue during House and Senate conference consideration of the Omnibus bill was a house passed provision which would have substantially reduced the number of Section 8 housing vouchers available to localities. While the Senate proposed language that would have fixed the problem, it was not totally accepted in the final bill. While the full impact of the compromise is not known as of this analysis, a summary of the bill from the House Appropriations Committee says that funding is provided which would ensure that every family currently assisted by a Section 8 voucher will continue to receive assistance.

**Public Housing Operating Subsidies** -- Another issue which became critical over the last several weeks was the funding of public housing operating subsidies. In early January, HUD released a notice to public housing authorities informing them that the operating subsidy would be cut by 30 percent. After a great deal of hue and cry from across the nation, HUD revised its initial notice to say the cut would be 10%. According to HUD, one of the reasons for the cut was the uncertainty of the FY 2003 appropriation which Congress has now addressed. The public housing operating subsidies are funded at $3.6 billion, $105 million above FY 2002 and $70 million above the administration’s request. While this funding level may be a small help to the ongoing crisis, it will take more funding to really solve it. During the Conference of Mayors Winter Meeting in January, a resolution was passed by the Executive Committee to fund public housing operating subsidies at a minimum of $3.9 billion. (See resolution on page 7)

**Other Housing Programs** -- Other funding levels include $783 million for elderly (Section 202) housing which is the same as last year. Disabled housing (Section 811) is funded at $259 million, which is $16 million above FY02. Housing Opportunities for Persons with AIDS (HOPWA) is funded at $292 million, which is $14 million over last year. Homeless Assistance is funded at $1.23 billion, $102 million over FY02. Shelter Plus Care renewals are fully funded. Finally, Round II Empowerment Zones and Enterprise Communities will receive $30 million.
Title I Education - The Title I program, which provides grants to local education agencies for disadvantaged students, was increased from $10.4 billion in FY 2002 to $11.75 billion in FY 2003.

21st Century Community Learning Centers - Funding for 21st Century Community Learning Centers, which funds after school programs, is level funded at $1 billion in FY 2003.

Vocational and Adult Education - The budget reduces Vocational and Adult Education programs from $1.9 billion in FY 2002 to $1.34 billion in FY 2003.

Pell Grants - The budget increases funding for Pell grants to $11.44 billion, an increase of $2.4 billion over the FY 2002 figure of $9.04 billion and increases the maximum individual grant to $4,050 (currently $4,000).

Reading First - The budget would increase funding for Reading First State Grants and Early Reading First from $975 million to $1.075 billion to expand the nationwide effort to support comprehensive reading instruction for children in grades K-3. Of this amount, $75 million would be set aside for Early Reading First for competitive grants to develop and support the school readiness of preschool-aged children in high-poverty communities.

ENERGY (Staff Contact: Debra Dehaney-Howard)

The FY 2003 Omnibus budget includes $20.9 billion for the Energy Department. This is $8 million below President Bush's request and $920 million above fiscal year 2002.

Renewable Energy -- The conference agreement includes $422 million for renewable energy programs, $261.7 million for nuclear energy, science and technology, $3.3 billion for DOE Science programs, and $7.44 billion for environmental cleanup programs, which includes non-defense environmental management, uranium facilities maintenance and remediation, and defense environmental management programs.

Nuclear Waste Disposal-- The FY03 Omnibus budget also includes a total of $460 million for nuclear waste disposal to develop the Yucca Mountain repository. This is a decrease of $130 million below the budget request and an increase of $85 million above fiscal year 2002.

ENVIRONMENT (Staff Contact: Judy Sheahan)

Brownfields -- The brownfield redevelopment program was cut by $30 million to $170 million during the final appropriations negotiations. The cuts will come from the brownfields program dealing with cleanup, assessment, and other local government programs. The state's portion of the money was left untouched. This will allow only $65 million to be allocated for assessments and cleanup funds and $23 million for cleanup of petroleum sites. EPA has received over 1,200 applications, from over 900 cities, for this money. Last year, the President signed into law the Small Business Liability Relief and Brownfields Revitalization Act which authorized up to $250 million for brownfield redevelopment activities.
Superfund – Superfund is funded at $1.3 billion, the same as fiscal year 2002.

Army Corps of Engineers - The Army Corps of Engineers will be provided $4.63 billion, $457 million over the President’s budget and $28 million below fiscal year 2002.

HEALTH AND HUMAN SERVICES (Staff Contact: Crystal Swann)

Centers for Disease Control-- Overall funding for the Centers for Disease Control was $4.3 billion, $107 million below FY 2002. The bill included increases for Ryan White AIDS programs ($2 billion for FY 2003) a $96 million increase over FY 2002 funding.

Community Health Centers and the National Institutes of Health– Both received increases of $171 million (a total of $1.5 billion for FY 2003) and $3.8 billion (a total of $27.2 billion for FY 2003) respectively.

Low-Income Energy Assistance Program -- This program was funded at $1.7 billion, a $300 million increase over the President's request. Bioterrorism funding in FY 2003 included $940 million for state and local capacity-building level-funding with FY 2002 budget; CDC capacity $143.7 million and vaccine stockpile programs funded at $300 million.

JOB TRAINING PROGRAMS (Staff Contact: Joan Crigger)

Youth Opportunity Grants - The FY 2003 budget cuts the Youth Opportunity Grant program by $180.6 million, leaving only $44.5 million in a program that was funded in FY 2002 at $225 million. This $44.5 million will fund the existing grantees for FY 2003 but the program will then be discontinued.

Youth Training Formula Grants - The FY 2003 budget decreases the Year-Round Youth Formula program, which includes summer youth employment, from $1.128 billion to $1.001 billion, an 11.3 percent cut.

Dislocated Worker Grants - The FY 2003 budget increases Dislocated Worker funds from $1.372 billion in FY 02 to $1.464 billion.

Adult Formula Grants - The budget decreases funding for the Adult Formula grants from $950 million in FY 02 to $900 million in FY 2003.

Responsible Reintegration of Youthful Offender Grants - The budget maintains the FY 2002 level of funding at $55 million for FY 2003.

TRANSPORTATION (Staff Contact: Ron Thaniel)

Conferees allocated $64.5 billion in total budgetary resources for transportation, including $31.8 billion in non-discretionary highway spending, $1.05 billion for Amtrak’s capital needs, $5.2
billion for the Transportation Security Administration and $6.1 billion for the Coast Guard.

**T E A-21**—Highway spending, which does not count against the cap on budget authority but still affects the federal deficit, is equal to the fiscal 2002 level. It is $4.1 billion more than the House figure and $8.5 billion more than the President’s request. The administration has opposed the higher spending figure.

**Amtrak**—Amtrak will receive a total of $1.15 billion dollars; however, the $100 million loan received by Amtrak last year to avoid a system-wide shutdown must still be repaid effectively reducing the FY 03 amount to $1.05. Conferees have agreed to extend the time frame for repayment of the loan, providing Amtrak some needed breathing room. The $1.05 billion is slightly less than the $1.2 billion approved by the Senate but $438 million more than the House level.

The $1.05 billion comes with significant conditions including:

- Funding is provided to the Secretary of Transportation, who would make operating and capital grants to Amtrak, instead of providing the funds directly to Amtrak. This is intended to enhance the Secretary’s oversight of Amtrak.

- A number of financial reporting requirements are included, such as requiring Amtrak to develop capital and operating plans that must be provided to Congress and the Secretary of Transportation and be used as the base for expenditures in 2003. Funding may not be spent on projects not included on the business plan.

- The Secretary shall approve funding for the operating losses on long distance trains after receiving and reviewing a grant request for each specific long distance train route. These decisions will be made after detailed financial information and revenue projections are provided. The Secretary shall ensure that sufficient funds are set aside for the contractual obligations of Amtrak for commuter and intercity operations.

**Transportation Security Administration**—A total of $5.2 billion is provided for the TSA for civil aviation security services, $166 million below the budget requested and $662 million below last year’s level. Maritime and Land Security is funded at $245 million, an increase of $197 million over the fiscal year 2002 enacted level and the same as the President’s request.

**Aviation Program**—The bill provides $13.6 billion to the Federal Aviation Administration (FAA). That is $87 million over the fiscal year 2002 enacted level and $17 million above the request. FAA operations are funded at $7.07 billion, $8 million below the President’s request. Funding for the airport improvement program is $3.4 billion, an increase of $100 million over the fiscal year 2002 enacted level and the same as the President’s request.

**Transit Program**—The bill provides $7.2 billion for transit. This is an increase from the fiscal year 2002 appropriation of $6.7 billion.

**Coast Guard**—A total of $6.1 billion is provided for the Coast Guard, an increase of $584 million over fiscal year 2002 enacted levels and $21 million above the budget request.