

# Omnibus Appropriations Bill

Congress has finally approved the Omnibus Appropriations Bill (H.J. Res. 2) for FY03, more than four months into the fiscal year. Both chambers cleared the \$397.4 billion bill Feb. 13. Earlier in the week, NACo wrote the conference leaders, Sens. Ted Stevens (R-Alaska) and Bill Young (R-Fla.), outlining its priorities for the conference. These included election reform, first responders, highway and Amtrak funding, Payments in Lieu of Taxes (PILT), rural development, the State Criminal Alien Assistance Program, the Temporary Assistance for Needy Families (TANF) Block Grant, workforce development and the Community Access Program.

Negotiations came down to the wire over issues related to the size of the across-the-board cuts and the drought relief proposals. As expected, the across-the-board cut that had been included in the Senate bill was substantially changed during final negotiations. Most domestic discretionary programs received this cut, but it was 0.65 percent instead of the 2.38 percent in the Senate bill.

At one point it looked like the negotiators would not be able to come to an agreement, which would have led to a continuing resolution for the rest of the year, which would have basically funded the programs at last year's levels. If this had happened, NACo's priorities for election reform and first responder funding would not have been funded because they were new programs that were not in effect in FY02.

The House adopted the bill by a vote of 338-83 and the Senate by a vote of 76-20.

## ● Election reform

The omnibus bill contains \$1.5 billion to implement the Help America Vote Act (HAVA). This amount is approximately 69 percent of the FY03 authorization of \$2.16 billion. The conference bill spells out how the funding would be allocated to the different titles of HAVA. Some sections of the bill will receive fully authorized funding. For example, the full authorization of \$650 million is provided for improving election administration (\$325) and replacement of punch card and lever voting machines (\$325). These funds will be administered by the General Services Administration and should be distributed to the states by early April.

Title III, the section of the law that con-

tains requirements and standards including the purchase of new voting equipment, is funded at \$830 million. These funds will not be distributed until the new Election Administration Commission is in place and states have completed a state plan. The remaining funds are for establishing the Commission and providing start-up funding for improving access for disabled voters.

## ● First Responders

The bill contains less than \$3.5 billion in funding for first responders as passed by Congress. NACo strongly supports the president's request of \$3.5 billion for first responders and requested this amount in the letter to the conference chairs. The final total of President George W. Bush's First Responder Initiative is \$2.045 billion and includes:

- \$165 million for emergency management performance grants
- \$25 million for grants for interoperable communications equipment
- \$25 million for emergency operations centers
- \$60 million for existing Urban Search and Rescue Teams
- \$20 million for Community Emergency Response Teams
- \$750 million for Firefighter Assistance Grants, and
- \$1 billion for the Office of Domestic Preparedness (in Department of Justice) for training exercises and equipment for fire, emergency medical, hazmat, law enforcement, and other first responders to prevent and respond to acts of terrorism.

No funding was authorized for mutual aid agreements, security clearances for state and local emergency management personnel, and state and local planning.

Other highlights of the bill include:

- \$150 million for a national competitive pre-disaster grant program
- \$150 million for the Flood Map Modernization Fund
- \$800 million for the Disaster Relief Fund
- \$153 million for the Emergency Food and Shelter Program, and
- \$20 million for The National Flood Mitigation Fund.

## ● Labor

The omnibus appropriations bill FY03 substantially reduces funding for Work-

force Investment Act (WIA) programs over FY02 levels.

Overall workforce development programs, including those for veterans, youth offenders, and other special populations, will be reduced by about \$650 million or 20 percent. Actual WIA programs would be reduced by about \$400 million.

Adult programs will be reduced by \$50 million to \$900 million; basic youth programs will be reduced by about \$83 million to \$1.045 billion; and Youth Opportunity Grants that are currently funded at \$225 million will be eliminated entirely. Dislocated worker programs will see an increase of nearly \$80 million to \$1.208 billion, and national emergency grants will be increased by \$34 million to \$277 million.

The reductions or elimination of programs will have damaging long-term effects. Though unemployment numbers are not historically high, the number of long-term unemployed has reached a 50-year record high while hiring is at a 20-year record low. Combined, this means that the unemployed are facing the greatest difficulty returning to work since the Great Depression. These cuts will make it that more difficult for unemployed persons to find the assistance they need to return to work.

## ● Transportation Funding

The FY03 funding level for the Federal Highway Program is \$31.8 billion. This is the same level as FY02, but is \$8 billion higher than Bush had requested in his budget. The amount was a major point of controversy and a major victory for local and state governments. Another controversial budget matter was Amtrak, which will receive \$1.05 billion and extra time to repay a \$100 million loan Congress approved last year. This is slightly less than the \$1.2 billion Amtrak stated it needed to continue operating all routes, but substantially more than the rail system had been receiving.

Transit is level-funded at \$47.2 million. The Airport Improvement Program is level-funded at \$3.4 million, up \$100 million from current-year funding. Essential Air Service gets \$113 million, and the Small Community Air Service Program is funded again at \$20 million.

A provision regarding airport security NACo helped draft was included in the bill. Since the removal of the National Guard

from the nation's airports, the Transportation Security Administration (TSA) has been contracting with some local and state governments to provide armed security at airport checkpoints as part of the stepped-up airport security after September 11.

This provision clarifies that TSA may deputize a local or state law enforcement officer, with the requirements that there be an agreement with the local agency, reimbursement by TSA to the local and state law enforcement agencies, and liability protection provided by TSA. It also provides some flexibility regarding where officers are stationed at the airports.

### ● **Agriculture and Rural Affairs**

The FY03 omnibus appropriations bill increases funding for Department of Agriculture's (USDA) Rural Community Advancement Program (RCAP) by \$100 million over FY02 levels. RCAP is the umbrella program that includes rural business, rural utilities and rural community facilities programs. Within RCAP, the Rural Utilities Service (RUS) received the bulk of the increase, going from \$646 million to \$723 million. The increase for RUS contrasts to the recently released Bush Administration FY04 budget, which would slash RUS' budget to \$385 million. The Rural Business-Cooperative Service and the Community Facilities programs receive increases of \$11 million and \$14 million over FY02, respectively.

Over NACo's opposition, the omnibus package blocks funding for the \$100 million Rural Strategic Investment Program (RSIP) established in the farm bill. RSIP was established with bi-partisan support to provide seed money to rural counties for long-term strategic planning and implementation. However, the Senate specifically included a provision in the omnibus bill that prohibits USDA from spending any money to implement the program. The omnibus also blocks funding for the Rural Firefighters grant program that was also established in the farm bill.

The size, structure and offset of a drought relief package complicated conference negotiations and elicited a veto threat from the Administration. However, the final bill provides \$3.1 billion in drought relief for agriculture producers who lost 35 percent of their crops. The offset funding for the provision comes from the Conservation Security Program (CSP), a new farm bill conservation program that was championed by Sen. Tom Harkin (D-Iowa). Harkin relented from an initial threat to hold up the final vote on passage of the omnibus bill after

Appropriations Committee Chair Ted Stevens (R-Alaska) assured him that he would work to restore funding for CSP.

### ● **Justice and Public Safety**

The bill funds the Local Law Enforcement Block Grant (LLEBG) at \$400 million, the same level as FY02. The Edward Byrne Block Grant is funded at \$650 million, including \$151 million in discretionary funding. Overall, Byrne sustained a loss of \$40 million from FY02. The president had proposed eliminating the LLEBG and Byrne grants in his FY03 budget request and called for the creation of an \$800 million Justice Assistance Grant Program. The Administration, however, never sent this legislative proposal to Congress. The COPS (Community Oriented Policing Services) program was funded at \$929 million, down from \$1.05 billion in FY02.

The FY03 appropriations honor the president's request of \$215 million for the Juvenile Accountability Incentive Block Grant (JAIBG) instead of the FY02 funding level of \$250 million. The Juvenile Justice and Delinquency Prevention Act is funded at \$264 million, down from \$305.9 million in FY02.

The State Criminal Alien Assistance Program (SCAAP) was cut from \$565 million in FY02 to \$250 million in FY03. NACo had requested at least the FY02 funding level. An effort is now underway to make up the difference in SCAAP funding by including it in a supplemental appropriation. The House had initially marked SCAAP at \$500 million. In prior years, the Senate has deferred to the House on SCAAP, and this was the understanding that at least two senators thought they had in FY03. The president eliminated funding for SCAAP in his FY03 budget request.

### ● **Payments in Lieu of Taxes**

Congress appropriated more for Payments-in-Lieu-of-Taxes (PILT) in FY03 than ever before in the program's history. The record \$220 million will likely be disbursed to eligible counties according to the statutory formula during the month of June. This year's payment includes a \$10 million increase over last year's amount. In all, the bill appropriates about 60 percent of the \$360 million authorized by the PILT Act.

Among the Senate conferees, the fight for PILT funding was led by Senate Interior Appropriations Subcommittee Chair Conrad Burns (R-Mont.), a former Yellowstone County Commissioner. "I have continually supported PILT funding in the past, and this year is no different. It is crucial to improving

our communities in Montana, and without a doubt I will keep pushing for it in the future," said Burns.

On the House side, the program was championed by the new chairman of the House Interior Appropriations Subcommittee, Rep Charles Taylor (R.-N.C.). Noting that his North Carolina district includes counties with large tracts of national forest and national park land, Taylor observed, "Counties should know that I'm a strong supporter of PILT in 2004 and beyond."

### ● **Community and Economic Development**

The FY03 omnibus appropriations bill, with respect to the Housing and Urban Development Department (HUD), focused on homeownership opportunities and near level-funding for key programs. This reflects a trend in many domestic programs as the Bush Administration shifts budget resources towards homeland security and defense spending.

The omnibus legislation provides \$31.2 billion for HUD's budget overall. This is a \$1.2 billion increase from FY02 appropriations for the department. The omnibus bill provides \$4.36 billion in Community Development Block Grant (CDBG) program formula grants, an increase from \$4.34 billion in FY02. Similarly, the HOME Investment Partnerships program (HOME) received \$1.92 billion in the bill, an increase from the \$1.84 billion for formula grants that the program received in FY02.

The bill also provides \$75 million through HOME to fund the president's American Dream Downpayment initiative, which will provide down payment assistance for an estimated 15,000 families. The legislation provides HUD's Office of Rural Housing and Economic Development with \$25 million, level-funded from FY02. The bill also provides HUD's brownfields redevelopment program with level-funding of \$25 million. Both of these programs are eliminated in the president's FY04 budget request.

Homeless assistance funding received \$1.2 billion — a \$102 million increase from FY02 spending — which includes dollars to renew expiring contracts under the Shelter Plus Care program.

With respect to public housing, the omnibus bill funds the Housing Certificate Fund for public housing at \$17.2 billion, which will fully fund existing housing choice vouchers. The HOPE VI program was level-funded at \$574 million. The president's 2004 budget request includes a proposal to block grant the

housing choice voucher program to states, and eliminate the HOPE VI program. Finally, the economic adjustment grants through the Economic Development Administration (EDA) were cut from \$335 million to \$290 million. The president's 2004 budget request for EDA is \$364 million.

### ● **Environment, Energy and Land Use**

The Army Corps of Engineers fared particularly well in the conference report. The Corps funds nearly 1,000 waterway, dam and flood control projects. At \$4.63 billion, funding for the agency would surpass the Administration's budget request for FY03 by \$4.6 billion, effectively ignoring the president's request to cut the program. However, this battle will be re-fought on Capitol Hill this year since the Administration requested only \$3.8 billion in FY04, a level nearly \$900 million below the FY03 conference report.

The Land and Water Conservation Fund (LWCF) levels dropped considerably when compared to previously passed House and Senate language. The House initially allotted \$531 million for land acquisition and state-matching grants, with the Senate providing \$473 million. But the final bill only includes \$413 million for LWCF, \$285 million below the amount provided in 2002.

Unlike its other environmental agency counterparts, little controversy surrounded the omnibus spending ticket for the Environmental Protection Agency, as House and Senate negotiators agreed on a final funding level of \$8.1 billion. This is a \$453 million increase over 2002. In FY04, EPA requested \$7.57 billion. The Superfund program is funded at \$1.3 billion, the same as in 2002.

### ● **Community Access Program**

The Labor, Health and Human Services and Education (LHHS) section of the omnibus bill provided \$120 million for the Community Access Program (CAP). In FY00, CAP was created as a demonstration project to help communities create integrated, coordinated systems of care for the uninsured and under-insured. During the first two years, more than 77 communities from all over the country have received CAP grants.

Counties are ultimately responsible for the care of the uninsured and under-insured in many states. This places a significant burden on local governments because the uninsured and under-insured tend to be more expensive to treat because they lack access to preventive care and often over-utilize emergency rooms. CAP improves a county's ability to provide access to primary care services to the over 39 million uninsured and untold number of under-insured.

### ● **Human Services**

The omnibus appropriations bill extends the current provisions of the Temporary Assistance for Needy Families (TANF) Block Grant until June 30. NACo had requested a TANF extension for the rest of the fiscal year. Additionally, it increases the state transfer authority from TANF to the Social Services Block Grant (SSBG) from 4.25 percent to 10 percent. Funding for SSBG would remain at \$1.7 billion. SSBG is not affected by the across the board cut because it is a state entitlement.

The Low-Income Home Energy Assistance Program received approximately \$1.7 billion. While this amount is more than the president had requested for the program in FY03, it should be noted that it does not include the

\$300 million in emergency funding that had been appropriated in previous years. The president has requested \$1.7 billion and \$300 million in emergency funding for FY04.

Most of the human services domestic discretionary programs remained at FY02 levels minus the across the board cut. Refugee and Entrance Assistance and Congregate Meals for the Elderly, however, received additional cuts. The refugee programs went down from \$460 million to \$443 million, and the congregate meals program from \$390 million to \$384 million. The home-delivered meals program, however, received a net increase from \$178 million to \$180 million even after taking into account the .65 percent cut. The refugee program cuts were in transitional cash medical assistance and social services. It should also be noted that the appropriations bill assumes that the Department of Agriculture's Nutrition Services Program will be consolidated into the Health and Human Services elderly nutrition programs.

Two of the four domestic discretionary programs that are not affected by the cut across the board are the Head Start program and the Women, Infants and Children Supplemental Feeding Program (WIC), which are funded at \$4.696 billion and \$6.677 billion, respectively.

In addition to Head Start and WIC, the other domestic discretionary programs that are not affected by the across the board cut are medical care in the Department of Veterans Affairs and the shuttle program in the National Aeronautics and Space Administration.

