NCDA
WASHINGTON REPORT

FROM: CHANDRA WESTERN
VICKI WATSON
KAREN PARKER

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NCDA Annual Conference; May 16-21, 2005 at the Hyatt Regency Hotel in Austin, Texas
CDBG Basics Training for Practitioners: May 16-18, 2005, Hyatt Regency Hotel in Austin, Texas

FEATURED ARTICLES

- ***President Releases FY06 Budget; CDBG Eliminated***
- ***House Moves Forward with the Re-Org of the VA-HUD Subcommittee; Senate Rejects Plan***
- ***The "Save the CDBG Program" Coalition Gears Up for Massive Assault on Proposed Elimination***
- ***NCDA Notes: CDBG Basics Training for Practitioners Agenda; NCDA Annual Conference Draft Agenda and Registration Form***
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PRESIDENT RELEASES FY06 BUDGET; CDBG ELIMINATED

President Bush sent a clear message to Congress in his State of the Union address regarding his FY06 budget: domestic spending will be squeezed again this year. The President told the assembled congressional members that his 2006 budget will call for cutting or eliminating "more than 150 government programs that are not getting results, or duplicate current efforts, or do not fulfill essential priorities. The principle here is clear: a taxpayer dollar must be spent wisely, or not at all." Mandatory spending, which includes Social Security, Medicare and Medicaid – or entitlement spending – accounts for 56% of the Federal budget and will consume almost two-thirds of the budget in 10 years. Instead of tackling these ballooning entitlement programs, the President has instead chosen, once again, to cut discretionary spending. Please note, however, that the Department of Defense and the Department of Homeland Security are not a part of these proposed cuts. In fact, they will receive an increase in FY06. Discretionary programs provide an easy target for cuts in the President's budget because their funding must be renewed through the appropriations process annually.

Unlike discretionary spending, mandatory spending programs run on automatic pilot unless Congress acts to change them. In order to change the programs, Congress must enact legislation which can be done through the budget "reconciliation" process, which involves writing a budget resolution that outlines cuts, then following up later in the year with legislation to enact those cuts. "It is those entitlement programs which we as a Congress have an obligation to try to fix today so that they don't end up bankrupting our children and our children's children tomorrow," Judd Gregg, Chair of the Senate Budget Committee said. Still, the entitlement programs are considered "sacred" on the Hill and Congress would have to be *very* serious about opposing cuts to the discretionary programs in order to even think about re-shaping the entitlement programs.

This President's message of "squeezing domestic spending" was certainly carried forth in his FY06 Budget, which proposes the elimination of the CDBG program, including the Section 108 loan guarantee administrative costs and credit subsidy. The President proposes the creation of a new Strengthening America's Communities (SAC) Initiative (see attachment) at the Department of Commerce. CDBG was funded at $4.703 billion in FY05 with $4.110 in formula grants. Section 108 loan guarantee was funded at $7 million in FY05 for administrative costs, with $275 million in credit subsidy. The funding for CDBG as well as 17 other Federal economic development programs (see attachment) would be consolidated into a $3.71 billion program. Previously these 18 programs represented $5.8 billion in funding. CDBG as we know it will no longer exist under this new Initiative, which will have new eligibility criteria and distribution factors. We don't even know if the program will be formula-allocated or if local communities will receive any of the funds.

In addition to CDBG and Section 108, HUD's economic development programs would also be eliminated and the funding transferred to the Department of Commerce. This transfer includes the Brownfields Redevelopment Program (funded at $24 million in FY05), Urban Empowerment Zones (funded at $10 million in FY05), an the Rural Housing and Economic Development Program (funded at $24 million in FY05).

In order to create the SAC Initiative, legislation would have to be enacted by Congress. This does not appear likely this year, as Commerce does not expect to send legislation to the Hill until the Summer. We're hearing from the Hill that this is much too late in the year to expect approval of the legislation since both the House and Senate authorizing subcommittee and Full committees which have jurisdiction over Commerce would have to approve the legislation. Furthermore, the legislation would have to be conferenced and approved by both chambers before it is sent to the President for his signature. After that lengthy process, regulations must be promulgated before the program can start. However, appropriators could by-pass the authorizing committee altogether and attach the legislation to an appropriations bill. This seems unlikely, however.

Action Needed!

NCDA's members must get ready to help fight against the elimination of the CDBG Program!

NCDA staff wants to thank all of the members for sending in program, project and subrecipient information. Even before the President released his FY 2006 budget, there were many rumors about potential cuts to the CDBG program. The Save CDBG Coalition had already formed to combat any cuts to the program. Much of the information was used to provide anecdotal evidence, to the press and interested supporters of the successful projects that the program funds. Members were alerted to these rumors and the local public interest groups and their business council colleagues came together to determine a strategy to save the program.

NCDA is working on several fronts to save CDBG, however, most our efforts to save the program are with the Save CDBG Coalition. *(See the article below that describes these efforts)*

FY06 Budget Continued

What happens to the set-asides within CDBG? The Section 107 Grants would be lumped into one large University Programs category and transferred to HUD's Office of Policy Research and Development with a recommended funding level of $29 million, a decrease of $17 million from last year's level of $46 million. The Section 107 set-aside for Department of Hawaiian Home Lands will be eliminated. This small set-aside was funded at $9 million last year. Last year, Congress provided $1 million in CDBG technical assistance funds, but the President's budget provides no funding for CDBG technical assistance in FY06.

The National American Indian Housing Council would be moved to the Office of Public and Indian Housing (PIH) with no recommended funding for FY06, while the Indian Community Development Block Grant would also move to PIH with a recommended funding level of $58 million, a decrease of $10 million from last year. The Self-Help Homeownership Opportunity Program (SHOP) would remain within CPD and be funded at $30 million in FY06, an increase of $5 million from last year. Youthbuild would be transferred to the Department of Labor and funded at $62 million, the same level as last year. The Capacity Building - NCDI set-aside within CDBG (funded at $34 million in FY05) would be transferred to the Strengthening America's Communities (SAC) Initiative within Commerce.

The following set-asides that are normally funded within CDBG would be completely eliminated: EDI Special Purpose Projects (a.k.a., pork projects) (funded at $292 million in FY05), Housing Assistance Council (funded at $3 million last year), Neighborhood Initiative Demonstration (funded at $42 million in FY05), Transfer to the Working Capital (funded at $3 million in FY05), and National Council of LaRaza (funded at $5 million in FY05).

What will remain at the Office of Community Planning and Development (CPD) at HUD? The HOME program would remain at CPD and be funded at $1.741 million in FY06, a decrease of approximately $109 million from last year. This funding level includes $10 million in technical assistance funds (down from $18 million in FY05) and $1 million for HUD's Working Capital Fund, leaving $1.730 in formula funding for the program in FY06, a slight decrease of $17 million from last year. Housing counseling would be transferred to HUD's Housing Programs Division and funded at $40 million, the approximate level as last year. The FY06 Budget provides $200 million for the American Dream Downpayment Initiative (ADDI). This would be funded in addition to the HOME program and not as a set-aside within the program. The President has proposed this same level of funding for ADDI for the past four years only to have Congress severely decrease the appropriations for the program (ADDI was funded at $87 million in FY04 and at $49.6 million in FY05). The Housing Opportunities for Persons with AIDS (HOPWA) Program would also remain at CPD with a proposed funding level of $268 million, a decrease of $14 million from last year's funding level of $282 million.

CPD would also continue to administer HUD's Homeless Assistance Grants. The budget proposes $1.440 million for the grants in FY06, an increase of $199 million from last year's level of $1.241 billion. Included in this funding level is $1 million for HUD's Working Capital Fund, $12 million for technical assistance and management information systems, and $25 million for a new Faith-Based Prisoner Re-entry Initiative.

This new Faith-Based Prisoner Re-entry Initiative would have to be authorized by Congress. NCDA was told by HUD staff that the Department will propose consolidation and streamlining of its Homeless Assistance Grants in FY06. This would not mean that the programs would be folded into a block grant and formula-allocated to grantees. The same "continuum of care" application process would remain in place. It would mean, however, the three programs (Supportive Housing Program, Shelter Plus Care, and Section 8 SRO) would be statutorily combined into one program with the same program requirements. HUD plans to include the Samaritan Initiative proposal into this one program as well. It is HUD's intent to submit legislation to Congress this year to accomplish the consolidation of its homeless assistance programs. NCDA is supportive of such a consolidation effort in order make the programs more easily administered by grantees.

New Initiatives within HUD

The new Faith-Based Prisoner Re-entry Initiative would be a four-year, $300 million Initiative designed to help individuals leaving prison make a successful transition to community life and long-term employment. The program will offer a range of job training, housing, and mentoring services aimed at helping to reduce recidivism and ensure that former prisoners are reintegrated into society. The President's budget provides $75 million for this Initiative in 2006, including $25 million within HUD. Both the Department of Health and Human Services and the Department of Labor would each receive $25 million in FY06 to administer a portion of the program. HUD's portion would be allocated through the existing "Continuum of Care" process. Congress needs to approve legislation to enact the program, however, and it's not certain if such legislation will be enacted this year, due to Congress' focus on more major issues.

The President wants to add 5.5 million new minority homeowners by 2010 and increase the supply of affordable homeownership units by 7 million over the next 10 years. Besides using ADDI to assist in this effort, the President is proposing two other initiatives: The Zero Downpayment Mortgage and the Payment Incentives Initiative. The Zero Downpayment Mortgage would provide 100 percent financing, including downpayment and closing costs, to those first-time buyers with a strong credit record. The Payment Incentives Initiative would assist borrowers with limited or weak credit records in purchasing a home. The President is estimating that these two programs will assist over 250,000 families achieve homeownership.

The President is proposing the creation of a Single Family Homeownership Tax Credit to increase the supply of single-family affordable homes. The budget estimates that 50,000 new homes could be created annually under this program. The tax credits would be administered in the same manner as the existing Low-Income Housing Tax Credit (LIHTC). State housing finance agencies will award the tax credits to developers of single-family developments that are located in census tracts with a median area income of 80 percent or less. The homes created through these tax credits will be sold to homebuyers in the same income range. According to the budget, the credits may not exceed 50 percent of the cost of constructing a new home or rehabilitating an existing property. Like the LIHTC, each state would have a homeownership credit ceiling adjusted for inflation each year and equal to the greater of 1.75 times the State population or $2 million. In total, the budget estimates that this tax credit, will provide $2.5 billion over 5 years.

Again, all of these new initiatives have to be approved by Congress and this does not appear likely this year.

Other Program Areas

Public Housing

The President's FY06 Budget proposes to cut the Public Housing Capital Fund by $252 million in FY06, from $2.579 billion in FY05 to $2.327 billion in FY06. According to the Council of Large Public Housing Authorities (CLPHA), this is the seventh year in a row the Department has proposed to cut the Capital Fund below its all-time high of $3 billion in FY99; representing almost a 20% cut since 2001.

The budget calls for $3.4 billion for the Public Housing Operating Fund. The level for FY06 is not an increase from the funds appropriated in FY05 because the FY05 funds were based on a calendar shift, which allowed for one-time budget savings. The actual annualized level for FY05 is $3.4 billion. This represents only 89% of actual operating costs of public housing authorities, however. The budget provides a $10 million set-aside for a bonus program for PHAs that move tenants to self-sufficiency.

HOPE VI

The budget, once again, provides no funding for HOPE VI in FY06. In addition, the budget calls for the rescission of $143 million in funding appropriated for the program in FY05. HUD insists that the program has met its goal of demolishing 100,000 units of public housing, but advocates argue that the program was also created to help distressed communities and empower the families that live in those communities, either by moving up into a better unit, or moving out of the community altogether. Congress strongly supports this program and we can expect to see some level of funding provided for HOPE VI in FY06

Section 8

The HUD budget requests $15.85 billion for the Section 8 housing choice voucher program in FY06, an increase of approximately $1 billion from last year. This amount is funded, in part, with $4.2 billion in forward appropriations. Of the $15.85 billion, the budget provides $14.1 billion for voucher renewals, $1.3 billion for administrative fees, $55 million for the Family Self-Sufficiency Program, and $45 million for a central reserve fund for emergency items. The distribution of the funds for renewals will be based on a pro-rata share of each agency's FY05 budget and a 2006 annual adjustment factor plus the cost of any tenant protection vouchers.

Section 202 – Housing for the Elderly

The budget cuts this program by $5 million, from $746 million in FY05 to $741 million in FY06. It also reduces project rental assistance contracts from five years to three years.

Section 811 – Housing for Persons with Disabilities

The President's budget cuts Section 811 in half, from $238 million in FY06 to $120 million in

FY05. No funds are provided for the new construction of housing units. Up to $35 million can be used for new tenant-based assistance and the remaining funds are targeted for tenant-based contract renewals.

Lead-Based Paint Hazard Reduction
The budget reduces funding for lead hazard reduction from $154 million in FY05 to $119 million in FY06.

Fair Housing and Equal Opportunity
The budget would cut the Fair Housing Assistance Program from $26 million to $16 million and cut the Fair Housing Initiatives Program from $20 million to $16 million.

THE "SAVE THE CDBG PROGRAM" COALITION GEARS UP FOR MASSIVE ASSAULT ON PROPOSED ELIMINATION

In the last issue of the *NCDA Washington Report,* we reported that a group of housing and community development industry representatives; USCM, NCDA, NLC, NACo NAHRO, COSCDA, NACCED, LISC, and ENTERPRISE, met to share information, determine a strategy for combating a 50% cut and try to assess what a new subcommittee re-organization would do to HUD in general and CDBG specifically. Every meeting held was based on supposition, and "what ifs." We really could do little except plan the Press Conference, until the President officially released his budget.

On Monday February 7, President Bush released his FY 2006 budget which proposed the complete elimination of the CDBG program. Needless to say, the entire coalition was stunned into silence. None of us could believe it. In fact, many still have not grasped the enormity of the situation.

At HUD's budget briefing, there was no discussion of why, or what the reasons were for the elimination of CDBG, except that there was a description of the proposal in the Department of Commerce section of the President's budget: the *Strengthening America's Communities Initiatives.*

With all the newspaper reports on a CDBG transfer to the Department of Commerce with less funding, people still don't get the fact that whatever the program that is proposed to be created within the Commerce Department, **IT WILL NOT BE CDBG!!!** We don't know what it will be, and our discussions will not include any reference to programs that may or may not be created at the Commerce Department. The fact is, that the President has eliminated, "zeroed out" the funding in the Community Development Fund under which the CDBG program falls in HUD's budget. It can't get any more plain than that. ***The President has proposed the elimination of the CDBG program.***

The collective message of the "Save the CDBG program" Coalition is that:

1. ***The President has proposed the Elimination of the CDBG Program.***

2. ***The President has used OMB's determination that the CDBG program is ineffective, to justify its elimination.***

3. ***HUD's own data shows the program's effectiveness with outstanding accomplishments within the program. Its overall low-mod benefit is over 94%.***

4. ***We feel that the President is not trying to strengthen America's Cities, he is weakening them by eliminating the last federal program that was designed to address the needs of cities, improving the overall quality of life, by addressing housing, infrastructure, social services, and economic opportunities, primarily for low and moderate income persons; that cities could not otherwise provide.***

5. ***Retain the CDBG program, and fund the program at $4.7 billion overall, and $4.350 billion in formula funding.***

The Mayors, County Executives, City Councilors met with their media people to create and define a message that supports CDBG and HUD programs, while not pitting one HUD program against another, and ensuring that the message puts a human face on CDBG. Each group took on various assignments. The "elected officials" would take the lead in planning Washington media events, and local media events, with the assistance of "practitioner groups" NCDA and NACCED, to provide local project information and profiles in key Congressional districts.

So far, NCDA's assignment has been to provide city project and program data, along with lists of subrecipients from specific communities for upcoming press conferences and media events. At this point, we feel that the target information should come from communities, and states to their House and Senate members. This will be the first step of the overall campaign. We have drafted a press release that will focus on the devastation to local programs, beneficiaries and local economies should the program be eliminated. On the NCDA web site is a briefing package of information to assist communities and their elected officials in contacting their Congressional Delegations.

- A sample press release for members
- A sample letter to Congress
- A sample letter for subrecipients to send to Congress
- An updated CDBG Fact Sheet for members to combine with their own project information.
- A sample OP-ED piece for local papers
- A sample Resolution to be approved by your local jurisdiction and sent to your congressional members
- We also have a "Dear Mayor" letter from the President of USCM, Don Plusquellic.

Our Hill contacts tell us it is imperative that our members and their subrecipients call, e-mail and fax information to local and national Congressional offices. It takes up to three weeks for regular mail to get to members of Congress in Washington. The next couple of weeks will be crucial as Congress goes on recess on February 21-25, 2005. This is a good time to contact them. It is very important, for NCDA members and their subrecipients to contact their Congressional Delegations. The Budget Committees will draft their budget Resolutions during the first week of March. These resolutions will set the tone and direction for the rest of the appropriations process.

The Coalition meets weekly to discuss strategy and plan the next media events. As we hear of local media events, we will contact members in those areas. The Coalition held a major press event on February 8, with USCM, NLC, and NACo taking the lead. The Press Event was held at the National Press Club in Washington, D.C. and included inspiring and emotional testimonies from several mayors and county officials on protecting and fully funding the CDBG program in FY06. The press event can be viewed on our web site at: http://www.ncdaonline.org

In addition to our work with the Coalition, NCDA is involved in protecting the program on the Hill. NCDA, along with USCM, NLC, NACo, COSCDA, LISC and NACCED, are working with the Northeast-Midwest Coalition of the Senate to hold a briefing for Congressional members and their staff on CDBG as well as to spearhead a sign-on letter to the Budget Committee. A copy of the letter is attached to this newsletter. Basically, the letter calls for CDBG to remain within HUD and seeks $4.7 in funding for CDBG in FY06. We have gained the support of six prominent senators who have agreed to shepherd the CDBG Support Letter through the Senate. These senators include: Senator Leahy (D-VT), Senator Reed (D-RI), Senator Sarbanes (D-MD), Senator Bond (R-MO), Senator Coleman (R-MN), and Senator DeWine (R-OH).

These same senators will shepherd a similar letter through the Senate during the appropriations process that will be sent to the Senate Appropriations Committee. The above-named senators will send out the CDBG Support Letter to their colleagues today. Our goal is to collect at least 60 signatures by the end of next week. The CDBG Support Letter to the Budget Committee is intended kill any support for the President's Strengthening America's Communities Initiative in the Senate. Senate staff feel that 60 signatures will kill the President's Strengthening America's Communities Initiative and ensure full support for CDBG to remain at HUD. They feel that we need to pound this Initiative in the ground quickly, so that we can put it to rest and move forward with other business. **We will need your help in ensuring that Senators sign-on to the attached letter by February 25. Please have your Mayor, County Executive, or City Council member contact your Senator directly to seek their signature to this letter. We will call you, as needed, to gain support from those Senators that have not signed on.**

The next letter, the CDBG Support Letter to the Appropriations Committee, is intended to obtain $4.7 billion in funding for the program in FY06.

NCDA, along with USCM, NACo, NLC, NACCED, COSCDA, and LISC are also working with the Northeast-Midwest Coalition of the Senate to hold a congressional briefing on CDBG. The briefing is scheduled for March 1 at 2 p.m. and is intended to educate congressional staff on the program as well as spotlight the need to protect the program in FY06. Senate staff have requested that we send press articles from our members on supporting and protecting the program in FY06. Please e-mail your community's press articles to us at cdbg@ncdaonline.org

The Campaign for Housing and Community Development Funding has suggested an industry-wide sign-on letter in support of CDBG. NCDA will take the lead in getting as many signatures as possible. We will work at getting this done before the Budget Resolution is drafted. Stay tuned for more of our strategy efforts to save the CDBG program, as they take shape.

Grassroots Strategy for Preserving CDBG and Restoring Its Funding

The Administration's FY 2006 budget proposes the ***complete elimination*** of the Community Development Block Grant (CDBG) program, not its transfer to the Department of Commerce. The new program proposed for Commerce, at a substantially reduced funding level for the programs "consolidated," bears no resemblance to CDBG as we know it. The next several weeks will be critical in laying the groundwork for pressing Congress to preserve the CDBG program at HUD and funded at $4.7 billion, including no less than $4.35 billion in formula funding.

The first committees in Congress to address the issue will be the House and Senate budget committees who will begin work on the FY 2006 congressional budget resolution in the next couple of weeks. That resolution will set the overall ceiling on domestic spending in FY 2006. It makes certain assumptions (not binding) within the ceiling as to approximate funding levels for programs like CDBG. Our first objective is to insure that the budget category that includes CDBG has sufficient funding to accommodate it. Once the budget resolution is adopted, probably in April, the focus then shifts later this spring to the appropriations committees, followed by floor action over the summer and into the early fall. In addition, any changes to, or shift of, CDBG must be authorized by the respective House Financial Services and Senate Banking Committees, so a parallel effort will be needed with those committees. *An ongoing effort will need to be sustained over the course of the year. A single communication by a stakeholder will not be enough.*

It is essential that local elected officials (particularly republicans) and elected officials of subrecipients take the threat to CDBG seriously and commit to the elements of this strategy as appropriate. They must become engaged and vocal at the local level, with the media, and in pressuring members of Congress.
Below is a suggested set of actions that elected officials of cities and counties and elected officials of subrecipients can take locally to implement this strategy. Please share this strategy with the appropriate (non CDBG-funded) intergovernmental or administrative staff and ask them to take the lead in coordinating this effort.

- Practitioners should determine the impact of the *elimination* of the CDBG in their jurisdiction. Quantify, and put a human face, on the adverse impact.

- Encourage the chief elected or other elected official(s) to hold a press conference, along with the business community and other stakeholders, to dramatize the adverse impact of the proposal. Involve beneficiaries, or potential beneficiaries, as the human face(s).

- Encourage the chief elected or other official(s) to meet with the editorial board of the local newspaper(s) to discuss and encourage editorial(s) in support of the program.

- Utilize the local cable channel to talk about the impact of the administration's proposal and include case studies of successful projects.

- Encourage the governing body of the jurisdiction to adopt the attached sample resolution. Particularize it to show the adverse impact on the jurisdiction if CDBG is eliminated or its funding drastically cut.

- Send a letter by fax or email (don't mail as it will never be received in time) to members of the jurisdiction's congressional delegation (House and Senate). A draft is attached. *Note*: Calling 202-225-3121 will connect you to the Capitol switchboard. Operators will connect you to individual congressional offices where email addresses and fax numbers can be obtained. Please describe the jurisdiction's program and show the adverse impact on the community if funding were eliminated.

- Encourage elected official(s) to call members of the delegation as a follow up to their email/fax. Encourage the elected officials of subrecipients (cooperating jurisdictions, non profits, etc.) to email/fax a letter to members of their congressional delegation. A sample letter is attached. Be sure it's tailored to the particulars of the sub recipient's activities. In addition, encourage the governing body of the jurisdiction to adopt the attached sample resolution. Encourage telephone follow up to the email/fax.

- To dramatize CDBG at work in the community, develop and place on-site signs identifying project(s) assisted with CDBG.

- Set up meetings with members of Congress, who will be back in their districts/states the week of February 21st for the President's day recess, to discuss how CDBG is working in the jurisdiction. Set up a tour of CDBG-funded activities. Invite the local press to attend the project tour.

- National Community Development Week is March 28th – April 3rd. Members will be back in their districts/state. If you haven't already done so, set up a meeting with them to discuss the proposal and set up a tour of CDBG-funded activities.

If the above two activities are not possible to schedule, and if you haven't already done so, set up meetings with the congressional district/state office staff members to discuss the importance of maintaining and restoring funding for CDBG. The local staff is the eyes and ears of members and can be very helpful and responsive.

As we move closer to key events in the legislative process we will set up a hotline to make grassroots contacts and encourage specific members to make key contacts.

Please, please share with us copies of letters/emails and resolutions so that we can make appropriate follow up with congressional offices. Thanks for doing your part in this critical effort.

HOUSE MOVES FORWARD WITH OF THE VA-HUD SUBCOMMITTEE; SENATE REJECTS PLAN

Despite opposition from the Senate, the House is going forward with its plan to eliminate the VA-HUD-IA Appropriations Subcommittee and transfer the jurisdiction of these agencies to several subcommittees. "These changes will make it a little easier to get our work done on time and under budget," said Rep. Jerry Lewis (R-CA), Chairman of the House Appropriations Committee.

Rep. Tom DeLay (R-TX) has been the driving force behind the House reorganization of the VA-HUD-IA Subcommittee, primarily as a means to protect NASA, a very large employer in his district, from having to compete with funding with the Veterans Administration.

According to Rep. Obey (D-WI), DeLay pushed Lewis to dissolve the VA-HUD-IA Subcommittee because senior GOP appropriators crossed DeLay last year on the NASA budget. Rep. James Walsh (R-NY), chairman of the subcommittee last year, passed a FY05 appropriations bill that cut funding for NASA and provided increases to veterans' healthcare. Not to be out maneuvered, DeLay deliberately kept the bill from coming to the House floor for a vote and forced increases for NASA in negotiations on a year-end omnibus. "The originating purpose [of the reorganization] was to engage in payback to the subcommittee that tried to squeeze NASA," Obey has been quoted as saying.

Under the House plan, 13 subcommittees would be reduced to 10 subcommittees, as follows: Agriculture chaired by Rep. Henry Bonilla ®-TX); Defense chaired by Rep. C.W. Bill Young (R-FL); Energy and Water chaired by Rep. David Hobson (R-OH); Foreign Operations chaired by Rep. Jim Kolbe (R-AZ); Interior and Environment chaired by Rep. Charles Taylor (R-NC); Homeland Security chaired by Rep. Harold Rogers (R-KY); Labor, Health, Human Services and Education chaired by Rep. Ralph Regula (R-OH); Military Quality of Life and Veterans Affairs chaired by Rep. James Walsh (R-NY); Science, State, Justice and Commerce chaired by Rep. Frank Wolf (R-VA); and Transportation, Treasury and Housing Chaired by Rep. Joe Knollenberg (R-MI).

Veterans Administration will be transferred to the newly formed Military Quality of Life and Veterans Affairs Subcommittee. NASA will be transferred to the newly formed Science, State, Justice and Commerce Subcommittee. HUD will be transferred to the newly formed Transportation, Treasury and Housing Subcommittee. Independent Agencies will be disbursed throughout these three subcommittees. Americorps will be transferred to Labor-HHS.

The Transportation, Treasury and Housing Appropriations Subcommittee would be chaired by Rep. Joe Knollenberg R-MI). Knollenberg has served on the VA-HUD-IA Appropriations Subcommittee for many years and is certainly knowledgeable of HUD's programs. His district includes several CDBG entitlement communities, including Oakland County, Farmington Hills, Pontiac, and Waterford Township. NCDA has asked for a meeting with his staff to discuss CDBG.

Senator Thad Cochran (R-MS), Chairman of the Senate Appropriations Committee, met with Senate Republican appropriators on Thursday to discuss the House proposed reorganization of the subcommittees. In a resounding "no" Senate appropriators rejected the House proposal. "No. Hell no," said Larry Craig (R-ID). "We're talking about convenience, and we're also talking about people that have very little knowledge of the appropriations process trying to reorganize it," said Senator Ted Stevens (R-AK), in an apparent stab at Tom DeLay.

If the two chambers go their separate ways, however, it would certainly increase the potential for an omnibus appropriation bill at the end of the year; something appropriators want to avoid. "No omnibus, " DeLay said earlier. "We ain't doing an omnibus. Never again." Despite this rhetoric, it appears the two chambers are heading towards an omnibus because each will have a different sub-committee structure that will not allow for joint work on appropriations issues. The only way to solve the dilemma is through an omnibus bill, since it by-passes the subcommittee structure altogether. "We should start writing an omnibus now," said a Senate Appropriations

Democratic aide. Congress has passed an omnibus appropriations measure every year since 2001.

NCDA NOTES

CDBG BASICS: TRAINING FOR PRACTITIONERS

A *CDBG Basics: Training for Practitioners* course will be conducted in conjunction with NCDA 2005 Annual Conference being held at the Hyatt Regency Hotel on May 16-18. Please find the agenda and registration form attached to this newsletter. We hope to see you there.

ATTACHMENTS AND JOB ANNOUNCEMENTS

To access the attachments below please go to NCDAonline (http://ncdaonline.org).

- President Bush's Strengthening America's Communities Initiative
- Programs to be Consolidated Under the Strengthening America's Communities Initiative
- CDBG Support Letter to Senate Budget Committee
- NCDA 2005 Annual Conference Agenda and Registration Form

U.S. Department of Housing and Urban Development

Program	FY04 Enacted	FY05 President's Request	FY 05 Enacted
Community Development Fund	$4.921 billion	$4.618 billion	$4.671 billion
Set-Asides:			
Native American CD Grants	$72 million	$72 million	$68.427 million
NCDI	$35 million	$30 million	$33.5 million
Section 107	$52 million	$35 million	$43.337 million
Housing Assistance Council	$3.3 million	$3 million	$3.272 million
Native Am. Indian Council	$2.5 million	$2 million	$2.380 million
NHDC	$5 million	$0	$4.760 million
National Council of La Raza	$5 million	$0	$4.760 million
SHOP	$27 million	$65 million	$24.792 million
Youthbuild	$65 million	$65 million	$61.485 million
Special Olympics	$0	$0	$1.834 million
EDI Special Purpose Grants	$278 million	$0	$262 million
Neighborhood Initiatives	$21 million	$0	$41.99 million
Working Capital Fund	$4.9 million	$1 million	$3.436 million
Development Challenge Grants	$0	$10 million	$0
Faith Based Pilot	$0	$5 million	$0
Total Set-Asides	***$570.7 million***	***$288 million***	*$560 million**
Formula Grants	$4.350 billion	$4.330 billion	$4.111 billion
HOME	$2.006 billion	$2.084 billion	$1.8495 billion
Set-Asides:			
ADDI	$87.5 million	$200 million	$49.6 million
Housing Counseling	$40 million	$0	$41.65 million
Technical Assistance	$18 million	$18 million	$17 million
Working Capital Fund	$2.1 million	$2 million	$1.983 million
Total Set-Asides	***$147.6 million***	***$220 million***	***$110.233 million***
Formula Grants	$1.858 billion	$1.864 billion	$1.747200 billion
HOPWA	$295 million	$295 million	$281.6illion
Rural Housing & Econ.Dev.	$25 million	$0	$23.980 million
Round II EZ/ECs	$14.9 million	$0	$9.917 million
Section 108	$7.282 million	$0	$5.95 million
Brownfields	$24.8 million	$0	$23.4 million
HOPE VI	$149 million	$0	$1482.804 million

Public Housing Operating Fund	$3.579 billion	$3.573 billion	$2.439 billion
Public Housing Capital Fund	$2.696 billion	$2.674 billion	$2.5878billion
Indian Housing Block Grant	$650 million	$647 million	$62.179 million
Section 202	$774 million	$773 million	$740.7million
Section 811	$249 million	$249 million	$238 million
Homeless Programs	$1.260 billion	$1.282 billion	$1.23 billion
Fair Housing	$47.7 million	$47.7 million	$19.834 million
Lead Hazard Control	$174 million	$139 million	$166.660 million
Housing Certificate Fund	$19.257 billion	$18.466 billion	$20 billion
Samaritan Initiative	$0	$50 million	$0