



DATE: September 27, 2012

Upcoming NCDA Training

One-Day CDBG Basics Training, Waco, TX: October 9
Three-Day CDBG Basics Training, Decatur, GA: November 5-7
Advanced CDBG Training, Portsmouth, NH: November 13-14

FEATURED ARTICLES

- ✓ ***Congress Passes Six-Month Continuing Resolution***
- ✓ ***OMB Releases Sequestration Report***
- ✓ ***House Members Scramble for Prized Chairmanship Positions***
- ✓ ***HUD NEWS – CDBG-R Spending Deadline Looms Near; Make Your Final Draw on September 28***
- ✓ ***NCDA NEWS – NCDA/NACCED Working Group Develop Comments on the CoC Interim Rule; CDBG Training Available Through NCDA; NCDA Document Archive; Tekmeca Offers Total Grant Solution Discount to NCDA Members; Fall Regional Conference Dates***
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Congress Passes Six-Month Continuing Resolution

On September 13, the House passed a six-month continuing resolution to fund the federal government through March 27, 2013 by a vote of 329 to 91. The stopgap funding measure will set government spending at \$1.047 trillion, as established by the Budget Control Act of 2011. The \$1.047 trillion cap represents a slight 0.6 percent across-the-board increase to FY12 spending levels. In addition, the CDBG Coalition was successful in obtaining an additional \$248 million increase in CDBG by convincing appropriators not to fund disasters out of the Community Development Fund.

The CR is needed because Congress has yet to pass the 12 appropriations bills to provide funding for the fiscal year beginning on October 1. While the House finished most of its spending bills on time, the Senate failed to pass most of its spending bills, including the Transportation-HUD spending bill. In a floor statement Senate Appropriations Committee Chairman Daniel Inouye (D-AK) said, “I have served in this Senate for 49 years and 9 months. During my tenure the Congress has only completed its work and enacted all of its spending bills without needing a continuing resolution on three occasions. This is not a record we should be proud of, but it demonstrates how difficult it is to agree on funding for the thousands of federal programs.”

Unfortunately, for CDBG grantees with program years that begin on January 1 and April 1, the CR will mean a delay in receiving their annual allocation as the Office of Management and Budget (OMB) has directed that federal block grant allocations not be released until final spending bills have been negotiated or until a year-long CR has been approved.

OMB Releases Sequestration Report

On September 14, OMB released a report on the impact of the across-the-board cuts to federal programs under the proposed sequestration which will take effect on January 2, 2013. Sequestration was enacted as part of the Budget Control Act of 2011 and required over \$1 trillion in spending cuts over ten years in exchange for an increase in the debt limit. The Budget Control Act also created the Joint Committee on Deficit Reduction (also known as the “Super Committee”). The bipartisan Super Committee was composed of members from both the House and Senate and was given the mandate to develop legislation to reduce the deficit by at least \$1.2 trillion over 10 years – through 2021. Sequestration language was included in the Budget Control Act as a stopgap measure to force spending cuts in case the Super Committee could not reach agreement on a deficit reduction package. We all know the ending to this story; the Super Committee failed to reach agreement by the November 21, 2011 deadline which then set in motion the sequestration cuts beginning January 2, 2013. Congress still has time to act to avoid sequestration before January and it is expected to look at the issue after the November elections. With the Republicans expected to maintain control of the House and the Democrats expected to hold the Senate, it’s difficult to determine what sort of deal may be reached.

Sequestration includes automatic, across-the-board cuts to most federal programs in 2013 and reductions in discretionary appropriation caps beginning 2014 through 2021. This is important to note because program cuts will be decided by congressional appropriators beginning in 2014 and will not face across-the-board cuts as in the first year of sequestration. The following programs are exempt from sequestration: Food Stamp Program, Medicaid, Social Security, Children’s Health Insurance Program, child nutrition, Supplemental Security Income (SSI), refundable tax credits such as the Child Tax Credit and the Earned Income Tax Credit, veterans compensation and benefits, and federal retirement. Cuts to Medicare will be limited to 2 percent.

The OMB report provides Congress with an estimate of the sequestration cuts across federal programs that will take effect on January 2. OMB estimates that sequestration would result in a 9.4 percent reduction in defense discretionary programs and a 8.2 percent reduction to non-defense discretionary programs (e.g., CDBG, HOME and all other federal programs).

There is concern among Pentagon supporters that if sequestration is not re-negotiated or delayed that defense contractors, both large and small, will begin to lay-off employees in response to the cuts. This will cause angst for those communities supported by military bases and personnel. Despite this unwelcome outcome and the outcome of non-Defense discretionary program cuts, word has it that Senate GOP conservatives want the sequester to move forward in order to cut the

deficit and are willing to sacrifice the Pentagon budget in order to do so. They view the cuts as money in the bank and will try to slow down any effort to negate the sequestration through procedural tactics. However, they will be a minority bloc in the Senate and their tactics will not prevail.

House Members Scramble for Prized Chairmanship Positions

The GOP will likely maintain control of the House of Representatives in November but at a possibly smaller margin. Because of term limits, seven House committees will get new chairmen in the next Congress. The 113th Congress will tackle major issues such as the deficit, jobs policy, immigration reform, GSE reform, Section 8 reform, infrastructure funding, possibly tax reform, and the winding down of the war in Afghanistan. These new House chairmen will be at the forefront of these national debates and will help set the tone of the debates in the House. The chairmen will also have the coveted ear of House Speaker John Boehner (R-OH) and other House leaders.

A GOP steering committee will meet in November to put forward recommendations to the House Republican Conference which will then vote on the recommendations. Washington pundits predict the following replacements.

- Financial Services Chairman Spencer Bachus (R-AL) is likely to be replaced by Rep. Jeb Hensarling (R-TX). This committee oversees financial services policy (banking, GSEs) and housing policy (HUD programs).
- Transportation and Infrastructure Chairman John Mica (R-FL) is likely to be replaced by Rep. Bud Shuster (R-PA). As the title suggests, this committee oversees transportation policy (highway and transit programs) and national infrastructure policy and programs..
- Foreign Affairs Chairwomen Ileana Ros-Lehtinen (R-FL) will likely be replaced by Rep. Chris Smith (R-NJ). This committee oversees State Department programs.
- Homeland Security Chairman Peter King (R-NY) will likely be replaced by Rep. Candice Miller (R-MI). This committee oversees cybersecurity, counterterrorism, border security, emergency preparedness, and transportation security.
- Judiciary Committee Chairman Lamar Smith (R-TX) will likely be replaced by Rep. Bob Goodlatte (R-VA). This committee oversees Department of Justice programs.
- Science, Space, and Technology Chairman Ralph Hall (R-TX) will be replaced by either Rep. Ralph Hall (R-TX) or Rep. Jim Sensenbrenner (R-WI), both of whom are making a play for the position. This committee oversees NASA programs, Department of Energy programs, and some programs administered by the EPA.

The coveted Rules Committee is up for grabs as Chairman David Dreier (R-CA) retires from Congress. No successors have been named yet. The Rules Committee sets the rules for legislation and the House floor.

HUD NEWS

CDBG-R Spending Deadline Looms Near; Make Your Final Draw on September 28

Grantees must spend all of their CDBG-R funds by September 30, 2012 or risk reallocation to the federal treasury. In anticipation of this deadline, HUD recommends that grantees make their final draw in IDIS by 5 pm PST on September 28. Grantees have until midnight on September 30 to expend all of their CDBG-R funds. All CDBG-R costs, including administrative costs, are to be spent by this date. According to HUD, grantees are not permitted to draw down funds to “temporarily” park them in local accounts. IDIS will block grantee access to CDBG-R funds on this date. According to HUD, IDIS will re-open for CDBG-R grantees on October 3 for the reporting of accomplishment data only.

NCDA NEWS

NCDA/NACCED Working Group Develop Comments on the CoC Interim Rule

Over the past couple of months, a working group of members from both NCDA and the National Association for County Community and Economic Development (NACCED) have been meeting via conference call to develop comments on HUD’s Continuum of Care Interim Rule. After many conversations and rewrites a final set of comments were forwarded to HUD today. NCDA would like to thank the following members for participating in the working group: Bob Gehret (Boston, MA), Rita Pribyl (Davenport, IA), Becky Wade (Knoxville, TN), Bonnie Moore (Shreveport, LA), and Patrick Sullivan (New Bedford, MA). Working group members from NACCED included the following communities: Salt Lake County, UT, Westchester County, NY, King County, WA, Allegheny County, PA, and Shelby County, TN, Clark County, NV.

A copy of the final comment letter is attached.

CDBG Training Available Through NCDA

The following CDBG training courses are available through NCDA. Please go to www.ncdaonline.org/cdbg.asp to register for the courses.

CDBG Basics Course

One Day Course
Waco, TX
October 9, 2012

CDBG Basics Course

Three Day Course
Decatur, GA

November 5-7, 2012

Advanced CD Course

One and a Half Day Course

Portsmouth, NH

November 13-14, 2012

NCDA Document Archive

In the past few weeks there has been a flurry of requests on the NCDA Forum for examples of internal policy documents. To help provide one collection point for the documents, NCDA is asking members to send any documents they would like to share with other NCDA members to vicki@ncdaonline.org. We will post the documents to the NCDA website.

As HUD monitors grantees for updated policy and procedures manuals and other documents, it would be helpful to share already updated documents with one another. Please note that we are only seeking documents that have been recently updated (in the last three years). In particular, the following CDBG, HOME, ESG, HOPWA, Continuum of Care documents would be helpful:

- internal policy and procedures manuals
- subrecipient documents (applications, grant agreements, etc.)
- procedures and policies for conducting a market analysis under the HOME program
- underwriting procedures and policies for HOME projects
- section 3 compliance procedures and documents
- procedures and policies for conducting an analysis of impediments to fair housing choice
- Davis-Bacon compliance procedures and documents
- rehabilitation policy and procedures and documents (including lead-based paint policy)

Thank you in advance for sharing your program documents with your fellow grantees.

Tekmeca Offers Discount to NCDA Members

Tekmeca, a non-profit technology development company, located in California has developed a grants management system for local governments and their subrecipients. Known as Total Grants Solution or TGS the system allows grantees and their subrecipients to manage their grants from beginning to end with a unified data approach to support each step in the grant making process. From initial RFP to funding to final project completion TGS minimizes tedious data input by deploying scheduled auto-reporting capabilities and other companion tools that make grant compliance easy for grantees and their grant recipients. At the Annual Conference in Palm Springs, CA, NCDA challenged Tekmeca to provide better pricing and access to its Total Grants Solution technology for small- and medium-sized communities. Tekmeca rose to the challenge by offering the following discount to NCDA members.

- NCDA members receive a 10% discount on the annual subscription fee

- Small communities (with an annual CDBG allocation of less than \$2 million) receive an additional 30% discount on the annual subscription fee
- Mid-size communities (with an annual CDBG allocation of between \$2 million and \$5 million) receive an additional 20% discount
- All Palm Spring Conference attendees receive a 50% discount on the initial set-up fee if they sign up by October 31, 2012.

For more information and pricing contact Tekmeca at info@tekmeca.org or contact Alfred Cheung at alfred@tekmeca.org

Budget Chart

Program	FY12 Enacted Level	FY13 President's Request	FY13 Six Month CR (Through 3/27/13)*
Community Development Fund	\$3.308 billion	\$3.143 billion	\$3.308 billion
<i>Set-Asides:</i>			
Disaster Assistance	[\$300 million]	0	0
Native American Block Grant	[\$60 million]	[\$60 million]	[\$60 million]
Sustainable Communities	0	[\$100 million]	0
SHOP	0	[\$35 million]	0
University Community Fund	0	0	0
EDI Grants	0	0	9
Neighborhood Initiatives	0	0	0
Rural Innovation Fund	0	0	0
Formula Grants	\$2.948 billion	\$2.948 billion	\$3.248 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$275 million
Brownfields	\$0	\$0	\$0
HOME Program	\$1.0 billion	\$1.0 billion	\$1.0 billion
Homeless Programs	\$1.9 billion	\$2.2 billion	\$1.9 billion
SHOP	\$53.5 million	\$35 million**	\$53.5 million
Housing Counseling	\$45 million	\$55 million	\$45 million
Lead Hazard Control	\$120 million	\$120 million	\$120 million
HOPWA	\$332 million	\$330 million	\$332 million
Section 202 for the Elderly	\$375 million	\$475 million	\$375 million
Section 811 for the Disabled	\$165 million	\$150 million	\$165 million
Fair Housing	\$71 million	\$68 million	\$71 million
Section 8 TBRA	\$17.2 billion	\$17.2 billion	\$17.2 billion
Section 8 Project-Based Assistance	\$8.94 billion	\$8.7 billion	\$8.94 billion
Public Housing Capital	\$1.875 billion	\$2.07 billion	\$1.875 billion
Public Housing Operating	\$3.962 billion	\$4.5 billion	\$3.962 billion
HOPE VI	\$0	\$0	\$0
Choice Neighborhoods	\$120 million	\$150 million	\$120 million
Native American Housing Block Grant	\$648 million	\$650 million	\$648 million

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Native Hawaiian Housing Block Grant	\$13 million	\$13 million	\$0
Indian Housing Loan Guarantees	\$6 million	\$7 million	\$0
Native Hawaiian Loan Guarantees	\$386 thousand	\$1 million	\$0

*The CR provides a 0.6 percent increase for all federal programs. This increase has not been calculated in the chart.

**The Administration's FY13 budget funds SHOP as a set-aside within the CDBG Program.

