

**House Report 107-159 - DEPARTMENTS OF VETERANS AFFAIRS AND  
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES  
APPROPRIATIONS BILL, 2002**

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## **MINORITY VIEWS**

### ***THE GOOD, THE BAD, AND THE PRETEND***

The appropriations bill for the Departments of Veterans Affairs, Housing and Urban Development and Independent Agencies reported by the Committee represents the efforts of a skilled and well intentioned Chairman to fashion a good bill. He has worked cooperatively with Subcommittee Members on both sides of the aisle to balance priorities based on need, program performance, and the interests of Members of the House. Unfortunately inadequate resources make it impossible to make a silk purse out of a sow's ear. The result of his sincere effort is a bill which does much good, particularly in adding funds to the President's anemic budget for science, but is disappointing in areas such as veterans medical care and public housing programs that serve this country's most vulnerable citizens and families. Unfortunately, an inadequate overall allocation has also forced the Majority to rely on budgetary gimmicks to stay within the Subcommittee's budget ceiling. These gimmicks include almost \$1 billion of delayed obligations and 'pretend' budget allocations such as the recommendation to eliminate funding for the Corporation for National and Community Service--a recommendation which the Chairman announced prior to reporting the bill that he intends to reverse in conference. These problems will cause the VA-HUD bill to be the first of seven appropriations bills reported by the Committee to not share broad bi-partisan support.

The Minority believes that the shortfalls of this bill are unnecessary. This country has the resources to care for its veterans and to provide adequate housing for the poor, the elderly and the disabled. With a few exceptions, the funding problems are not the result of policy disagreements between the Majority and the Minority on the Committee. They are the artifacts of a Republican President and House Majority's adoption of a budget policy which has focused myopically on tax cuts for wealthy Americans, and financed these by setting totally unrealistic spending limitations on discretionary spending--ceilings which barely keep up with inflation let alone provide new resources to meet emerging needs and opportunities.

During Committee consideration of this bill the Minority offered an amendment that would have modestly scaled back the recent tax cut in order to generate a small amount of additional revenue to address some of the most urgent shortcomings in the bill. This amendment would have reduced the tax cut for the wealthiest taxpayers by one-half of one percent. Under

the amendment the top tax rate of 39.6 percent, which applies to people with incomes in excess of \$330,000 per year, would still be reduced to 39.1 percent but would not drop to 38.6 percent as provided under the Republican tax policy. The wealthiest Americans, those in the top one percent economically are estimated to have had a 157%, \$414,000 increase in inflation adjusted income during the last two decades. The amendment which we offered would have generated \$1.3 billion in fiscal year 2002 revenue and allocated \$1 billion of this amount to programs in the VA-HUD bill--\$300 million for veterans medical care, \$382 million for critical housing programs and \$311 million to partially restore the Corporation for National and Community Service. Unfortunately the amendment failed on a party line vote.

### *Science*

As we indicated earlier, despite the shortage of funds, the Chairman has made scientific research a priority and has provided a generous allocation for the science agencies, especially the \$4,480 million in the bill for the National Science Foundation. The President's budget requested a meager 1.2 percent increase for the NSF, barely half the amount necessary to cover inflation. The Committee has wisely added \$368 million to the President's request bringing the 2002 increase to slightly over 9 percent, an amount which will allow the agency to continue on-going research in basic physics, chemistry, mathematics and engineering as well as take advantage of the new opportunities which have previously been approved by the National Science Board, but which would have been blocked by the Bush budget.

The increases recommended by the Chairman and approved by the Committee for NASA are also positive but more complex. The bill as reported includes \$14,926 million for NASA, an increase of \$415 million over the President's budget. In addition to providing the budget request for the International Space Station, \$275 million in funds are earmarked for the crew return vehicle (CRV), which had been cancelled by the Administration. The bill also includes additional amounts for space station research and for infrastructure improvements at the Kennedy Space Center.

Given the budget constraints faced by the Committee, the Minority is pleased by the increases the Majority was able to provide to NASA.

However, while these additions represent important improvements in the agency's budget, neither the President's budget nor this bill solve the underlying problems facing the International Space Station project. Cost estimates for the space station have risen from \$8 billion in the mid-1980's to close to \$30 billion today including the most recent revelation of a \$4.8 billion new cost overrun. The station has become the `black hole' of the NASA budget consuming other worthwhile projects at the same time it is being downsized to a level that is inadequate to accomplish the science mission for which it was originally designed. The Bush plan as currently

proposed calls for a 3 person station crew, with 2.5 of these devoted to operating the Station. This leaves only half of the time of a single astronaut to conduct research, a situation that is impractical and irresponsible. While the Committee, in allocating initial funding for design and construction of a 6 person crew return vehicle, has begun to address the problem, this is only a first step. It is essential that NASA produce a realistic science and budget plan for the space station. Further, it is absolutely critical that the increasing and still undefined space station costs not impact the earth and space science activities at NASA, which have contributed to most of the success that NASA has enjoyed over the years. Failure to do so could leave the American people picking up the tab for one of the greatest science follies of all time.

### *Veterans*

As discussed earlier, the very solid funding levels for science programs are not matched in many other areas of the bill. Veterans programs are an example of an area where, as a result of the Majority party's tax-cut driven policy, constrained resources have meant that the Chairman was not able to address critical needs. He is to be praised for his recommendations to add \$300 million to the President's request for much needed construction at VA facilities and for a significant increase for medical research. The Chairman also allocated an increase of \$300 million over the President's budget to support the hospitals, clinics and nursing homes which provide care to more than 4 million veterans. Unfortunately this level of increase is inadequate--less than half the increase needed to meet increased health care expenditures nationally. It is \$500 million less than recommended by the Republican Chairman of the Veterans' Affairs Committee. At the levels recommended by the Committee waiting times for medical appointments will continue to increase and new benefits recently authorized such as expanded long term care, mental health, pharmacy and emergency services will be delayed. The major veterans service organizations, in a letter to the Committee dated July 16, 2001, have stated that the funding in the bill . . . is simply inadequate to meet the needs of sick and disabled veterans . . . at a time of skyrocketing health care costs and rising demand from an aging veterans' population.' We in the Minority agree and attempted, in the amendment which we offered unsuccessfully at Committee, to add an additional \$300 million for the medical care account.

### *Department of Housing and Urban Development*

Overall, the funds provided in the Committee bill for the Department of Housing and Urban Development are inadequate. The Chairman has provided for the renewal of all section 8 housing vouchers, and for some new, incremental housing vouchers, but overall funding for critical housing programs serving our most vulnerable citizens is reduced by \$560 million compared to fiscal year 2001. Many accounts within the Department are simply zeroed out. The Public Housing Drug Elimination Grant program has

been eliminated; no funds have been provided for Empowerment Zones; no funds have been provided for the Rural Housing and Economic Development program, and no funds have been provided for the Shelter Plus Care program.

Public housing is cut in two main areas. First, the Public Housing Capital Fund, which provides modernization funds for public housing, is reduced by \$445 million from last year's level of \$3 billion despite a growing affordable housing crisis in America. Public housing is home to approximately 3.2 million low-income Americans--families, elderly, and disabled that could not afford housing in the private market. The funding for public housing will result in its residents living in less secure, less healthy, and increasingly deteriorated housing. Our public housing inventory is valued at \$90 billion, and has a maintenance backlog estimated at nearly \$20 billion. It is shortsighted to let the taxpayer's investment deteriorate.

Second, the Drug Elimination Grants for Low-Income Housing program is completely eliminated. Instead, the majority has increased the Public Housing Operating Fund by \$110 million over the President's request and indicated that housing authorities may use these funds for drug elimination purposes. These operating funds are to cover all operating expenses, as well as drug elimination grant activities. This means other activities, including

higher utility costs, must be paid for out of this account, resulting in a decrease in resources for drug elimination at those housing authorities that receive funding under this account. The Minority believes that funding for drug prevention programs will lead to lower costs for property management and better security around public housing. This priority program should be maintained.

The Shelter Plus Care program, which provides critical funding designed to meet the needs of the homeless, is also zeroed out in the bill. The Committee report states that the fiscal year 2001 appropriation included sufficient funding to fully support all renewal costs for Shelter Plus Care contracts for fiscal year 2002. The Minority does not agree. Last year's bill did not include an advance appropriation for 2002. In this particular program, there is a fairly long lag between an appropriation and the awarding of funds. Thus, providing no new funds in this year's bill creates a funding gap. Grants that would normally be renewed in or around December 2002 will have to wait another year to be funded or these renewals will have to compete with the general funding round.

The Rural Housing and Economic Development program is another program that was terminated in this bill. This program addresses the problems facing residents of rural areas, including people living in Colonias, Native Americans, and migrant farm workers. But the problem is not limited to these populations. The shortage of adequate housing at reasonable prices in America's rural areas is a national problem and the Minority cannot support

the decision to terminate this small but important effort to help rural families find decent housing.

It is clear that these shortfalls in funding for key HUD programs must be addressed before this bill is acceptable to many Members of Congress. The Minority strongly believes that restoring funding for many of these activities should be a high priority as the bill moves through the House and the Senate.

#### *Environmental Protection Agency*

Although this bill provides an increase above the President's request for the Environmental Protection Agency, the \$7,545 million recommended is still almost \$300 million below the FY 2001 level. However, the largest issue of concern in the environmental area is the strength of federal enforcement. Many members have expressed concern about the cut to EPA enforcement personnel requested by the President and approved by the Committee. This Committee cuts funding for 270 federal enforcement FTE and, as a replacement, creates a \$25 million grant program for state enforcement, which will only award 25 to 35 grants--not enough to cover all states. This change weakens enforcement of environmental laws that protect human health and our environment--laws which protect children from neurological impairments from lead based paint, which provide cleaner air to reduce asthma resulting from air pollution, and which provide the basis for cleaning up toxic industrial contamination in our rivers. The Minority does not believe that federal efforts should be reduced, and does not consider awarding roughly half the states grants to replace that abdication of federal responsibility to be an adequate response to nationwide environmental problems.

#### *Corporation for National and Community Service*

As we noted in the beginning of these views, funding for the Corporation for National and Community Service has been eliminated from the bill. While the Chairman has suggested that funding will be restored in conference, that is a very dangerous strategy should the Majority stick with its current limits on discretionary spending. There is great doubt about where the money will come from to restore AmeriCorps and other service initiatives funded by the Corporation. Most members do not want to terminate funding for a program that provides housing to homeless families, arranges for tutors for low income students, rehabilitates community buildings and helps build Habitat for Humanities homes for low income families.

#### *Disaster assistance*

This bill, in addition to providing for the normal operations of the Federal Emergency Management Agency, contains \$1.3 billion of critical emergency funding for disaster assistance. This funding will help victims of tropical storm

Allison, in particular the people of Texas who incurred heavy losses from torrential rains and the subsequent flooding which followed this storm. It also replenishes the fund for future disasters so that other American families and businesses may be assisted when disaster hits their community. While the Minority believes that it would have been wiser to provide this money in the fiscal year 2001 Supplemental, that action was unfortunately blocked by the White House. In the view of the Minority, the President and his advisers have failed to recognize the needs of the people of Texas and many other states. While we understand the desire of the President to limit the artificial use of the emergency funding procedure, we believe that in this case the White House and the OMB have so myopically focused on process that they have failed to responsibly provide for the current situation--a true natural disaster which could not have been anticipated in advance.

The Minority strongly supports the inclusion of these funds, and the request from the Committee to the Rules Committee for a waiver allowing this emergency funding, which is supported by both the Republican Leadership and by the Minority party.

#### *Conclusion*

In summary, the Minority is pleased by the Chairman and the Committee's efforts in many areas, especially the funds added to the President's request for the National Science Foundation and for NASA. However, shortfalls in other areas make the bill in its current form an inadequate response to its many responsibilities to the American people, and we will need to continue to work to improve it as the process moves forward.

Alan Mollohan.  
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