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## **The President's 2008 Appropriation Veto Threats**

### **What's at Stake?**

#### **A State-by-State Analysis of Two Key Programs in the Transportation, Housing and Urban Development Conference Agreement**

- Community Development Block Grant
- Essential Air Service

## Community Development Block Grant

The 2008 Transportation-Housing and Urban Development appropriations conference agreement provides \$3.8 billion for the Community Development Block Grant (CDBG), which provides flexible funding to states and communities for economic development and job creation, affordable housing, and help for citizens in need. CDBG helped nearly 180,000 families rehabilitate their homes and created over 55,000 new jobs in 2006, in addition to improving infrastructure and helping those in need. The conference report's CDBG increase is in contrast to the President's budget, which slashed funding for CDBG. If the President's cut to CDBG were adopted, there would be cuts in every state, meaning that each of the 4,800 communities that currently receives CDBG funds would be at risk to lose some or all of its funding at a time when job creation is still sluggish and both home loan foreclosures and the number of renters paying more than they can afford are at an all-time high.

The following table estimates the impact of the President's \$1.1 billion cut below the Congressional level using the assumptions detailed in the technical notes. State allocations do not equal the difference in funding levels because the table does not show funding for national projects or funding for non-state regions other than the District of Columbia.

	President's Cut vs. Congress	Communities at Risk of Losing Funding		President's Cut vs. Congress	Communities at Risk of Losing Funding
Alabama	-\$15,721,000	54	Montana	-\$2,931,000	3
Alaska	-\$1,502,000	2	Nebraska	-\$6,183,000	2
Arizona	-\$17,234,000	31	Nevada	-\$6,448,000	9
Arkansas	-\$8,762,000	14	New Hampshire	-\$4,211,000	5
California	-\$149,313,000	368	New Jersey	-\$32,189,000	427
Colorado	-\$12,171,000	40	New Mexico	-\$6,704,000	5
Connecticut	-\$13,296,000	22	New York	-\$111,388,000	313
Delaware	-\$2,296,000	15	North Carolina	-\$22,691,000	41
District of Columbia	-\$5,922,000	1	North Dakota	-\$2,025,000	3
Florida	-\$51,317,000	223	Ohio	-\$51,660,000	306
Georgia	-\$26,053,000	60	Oklahoma	-\$9,646,000	9
Hawaii	-\$4,851,000	3	Oregon	-\$11,626,000	44
Idaho	-\$3,875,000	6	Pennsylvania	-\$70,793,000	982
Illinois	-\$55,939,000	376	Rhode Island	-\$5,466,000	6
Indiana	-\$22,380,000	44	South Carolina	-\$12,384,000	32
Iowa	-\$13,123,000	11	South Dakota	-\$2,546,000	2
Kansas	-\$8,894,000	32	Tennessee	-\$15,954,000	22
Kentucky	-\$14,530,000	10	Texas	-\$81,537,000	209
Louisiana	-\$19,807,000	18	Utah	-\$6,544,000	23
Maine	-\$6,301,000	27	Vermont	-\$2,659,000	1
Maryland	-\$17,701,000	52	Virginia	-\$19,560,000	47
Massachusetts	-\$34,967,000	36	Washington	-\$19,589,000	117
Michigan	-\$41,953,000	223	West Virginia	-\$8,003,000	8
Minnesota	-\$18,507,000	252	Wisconsin	-\$21,291,000	126
Mississippi	-\$11,211,000	6	Wyoming	-\$1,340,000	2
Missouri	-\$21,358,000	103			

*Sources and Technical Notes:* State allocations are estimated based on the 2007 allocation and assuming 100% of funds are distributed according to the statutory formula. Totals do not add up to the funding difference because the table does not include funding to the territories and other non-state allocations. The President's funding levels are from his 2008 budget as corrected by HUD, and Congressional funding levels are from the conference report on H.R. 3074. CDBG statistics are from the Department of Housing and Urban Development (HUD). Number of communities at risk includes both the 1,149 entitlement communities and communities that received state-administered CDBG funds in 2007. In 2004, Hawaii chose to stop participating in the State-Administered CDBG program, so Hawaii's funds are administered by HUD.

## Essential Air Service

The 2008 Transportation-Housing and Urban Development appropriations conference agreement makes available \$125 million for the Essential Air Service, which preserves passenger air service at rural airports that would otherwise not be able to provide it. Without the EAS, rural Americans would have to travel on average an additional 35 miles to reach an airport, and some residents would have to travel as far as 196 miles from their current airport. Unlike the President's budget, which cut the EAS by more than 50 percent, the conference report funding would keep rural airports open to passengers. If Congress adopted the President's request, over 100 rural airports would be at risk of closing.

The following table estimates the impact of the President's \$75 million cut below the level that would be provided if the conference agreement is enacted, using the assumptions detailed in the technical notes. By statute, an EAS subsidy is only provided if an airport cannot maintain passenger service without it, so cuts in the subsidy lead to loss of access to air travel in affected communities. State cuts may not equal the total cut because of rounding.

State	President's Cut vs. Congress	Airports at Risk	State	President's Cut vs. Congress	Airports at Risk
Alabama	-\$1,000,000	1	Nebraska	-\$4,000,000	7
Alaska	-\$14,460,000	39	Nevada	-\$430,000	1
Arizona	-\$2,560,000	4	New Hampshire	-\$710,000	1
Arkansas	-\$2,240,000	5	New Mexico	-\$2,370,000	5
California	-\$1,700,000	3	New York	-\$3,350,000	6
Colorado	-\$1,820,000	3	North Dakota	-\$2,920,000	3
Georgia	-\$420,000	1	Oregon	-\$430,000	1
Illinois	-\$2,670,000	4	Pennsylvania	-\$3,530,000	6
Iowa	-\$2,070,000	3	Puerto Rico	-\$870,000	2
Kansas	-\$4,840,000	8	South Dakota	-\$2,140,000	3
Kentucky	-\$600,000	1	Tennessee	-\$600,000	1
Maine	-\$2,390,000	4	Texas	-\$340,000	1
Maryland	-\$570,000	1	Utah	-\$1,840,000	3
Michigan	-\$1,800,000	4	Vermont	-\$570,000	1
Minnesota	-\$1,370,000	2	Virginia	-\$430,000	1
Mississippi	-\$610,000	1	West Virginia	-\$970,000	5
Missouri	-\$2,690,000	5	Wyoming	-\$970,000	2
Montana	-\$4,720,000	8			

*Sources and Technical Notes:* The conference agreement provides \$60 million in appropriated funding and \$50 million in over-flight fees. By providing \$110 million, it triggers a provision of the Deficit Reduction Act which provides another \$15 million which would not be available at the President's funding level, making a total of \$125 million available – \$75 million more than at the President's level. State allocation estimates assume current airports remain eligible for subsidy and any cuts are evenly distributed across states. States not shown do not currently have EAS-subsidized air service. Data on EAS subsidy distribution, rules, and impact is from the Office of Aviation Analysis, U.S. Department of Transportation. Analysis of data from the past five years shows that EAS airports and subsidy levels are extremely constant from year to year. Data on the President's funding level is from his 2008 budget. Data on Congressional funding levels is from the conference report on H.R. 3074. Number of airports at risk is the total number of airports in the state currently receiving EAS subsidy.