



Everyone has a budget.

These days, everyone's budget is tight. Our elected

officials in Washington, D.C. have been debating the federal budget for several months. Funding for low income housing programs depends on the decisions these Senators and Representatives make about the budget. This issue of *Tenant Talk* is devoted to helping you better understand the federal budget process and how the 2012 budget could affect you and your neighbors.

Here's what you'll find in this issue:

- A primer on the federal budget process.
- Some information about the FY12 federal low income housing budget so far.
- A flow chart that illustrates the process.

In the next issue of *Tenant Talk* we will introduce a new feature, Letters to the Editor. Give us your feedback, ask a question about a housing issue important to you, or weigh in with your opinion on a topic we covered in a past issue. We'll respond with our suggestions and invite your fellow readers to weigh in as well.

As always, I encourage you to reach out to the NLIHC staff with feedback and questions, contact your Members of Congress, and share this issue of *Tenant Talk* with fellow housing advocates! Let's advocate for a better budget together.

Yours in advocacy,



George Moses, Chair  
NLIHC Board of Directors

## THE FEDERAL BUDGET PROCESS IN A NUTSHELL

In order to build and operate affordable housing, each fiscal year Congress must "appropriate," or set aside, new funds for housing programs. The federal fiscal year is October 1 through September 30.

**What is a Fiscal Year?** A fiscal year (also called a financial or budget year) is a period the government uses to calculate yearly financial statements.

This process begins when the Administration creates a budget proposal. Each federal department figures out the amount it needs to fund its programs next year and these figures are submitted to Congress as the President's "budget request." Legally, this must happen by the first Monday of February.

About two thirds of the federal budget is "mandatory" programs such as Social Security, Medicare, Medicaid, and food stamps. The remaining one third of the federal budget is "discretionary" funding. Almost all low income housing programs are discretionary programs.

**What is the difference between mandatory and discretionary spending?**

*Mandatory* programs are also called *entitlements*. They continue to operate year after year unless Congress specifically votes to change them. *Discretionary* programs are funded at the discretion of Congress each year. Congress must approve this funding every year and can choose to increase or decrease the amounts for specific programs or cut a program's funding altogether.

Congress considers the President's request in coming up with its own funding levels for low income housing and other discretionary programs for the next fiscal year. But Congress is not required to accept the President's proposal and rarely does.

Both the House and Senate have Budget Committees that write their own budget resolutions. The House and Senate are supposed to agree on and pass one overall budget resolution by April 15. The budget resolution sets the total amount that can be spent for all discretionary programs in a year.

The House and Senate both have Appropriations Committees as well. They take the total discretionary amount allowed and divide it among 12 Subcommittees. The House and Senate have identically named Subcommittees that make decisions on housing funding. They are the Transportation, Housing and Urban Development, and Related Agencies Subcommittee, known as T-HUD; and the Agriculture, Food and Drug, and Related Agencies Subcommittee, called the Agriculture Subcommittee.

These Subcommittees hold hearings with Administration officials who explain the President's budget request. The Subcommittees then decide how much funding each HUD and Rural Housing Service program will get in their Subcommittee bills. Each Subcommittee votes on its bill and once the bill is approved, sends the bill on to the full Appropriations Committees.

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Learn more about housing policy & what's happening on Capitol Hill.



In-depth info on housing policy & programs from a research perspective.



Keep this section for future reference.

## FY12 APPROPRIATIONS PROCESS: WHERE ARE WE NOW?



Congress is close to finishing the fiscal year 2012 (FY12) appropriations process, although it passed a continuing resolution (CR) to give it until November 18, 2011 to finish its work. This is a critical time for advocates to weigh in with their Representatives and Senators. Here's an overview of progress on the HUD and Rural Housing budget.



### **HUD**

The House T-HUD Subcommittee passed its FY12 spending bill on September 8. The Senate T-HUD Appropriations Subcommittee passed its bill on September 21 and sent it on to the full Senate Committee on Appropriations, which passed it on September 22.

At this point, neither the House nor the Senate bills provide enough money for Public Housing or Tenant Based Rental Assistance (TBRA; also known as vouchers). Residents and advocates should be concerned.

### **Public Housing**

The President requested \$2.4 billion for FY12 for the public housing capital fund. The House Subcommittee bill would provide \$1.5 billion, while the Senate bill would provide \$1.9 billion. Without sufficient capital funding, public housing agencies (PHAs) will not be able to maintain all of their public housing units and some PHAs may shut down some of their units. Households on the waiting list will have to wait even longer. It also means a loss of the federal government's investment in building public housing units if the units are no longer available for occupants.

### **Tenant Based Vouchers**

Neither the House nor Senate bills provide enough funding for the Tenant Based Rental Assistance account to keep some people from losing their vouchers. The House would provide \$17.04 billion and the Senate would provide \$17.14 billion. It is estimated that it could cost \$17.37 billion or more to prevent the loss of vouchers.

If Congress funds the program at the House level, an estimated 42,000 households could lose their vouchers. The Senate bill would provide more funding than the House but would still fall short of the total needed.

Both the House and Senate bills would provide \$75 million for new Veterans Affairs Supportive Housing (VASH) vouchers and \$75 million for Tenant Protection vouchers. The House and Senate would also both provide \$60 million for vouchers used in the Family Self Sufficiency program.

### **Rural Housing**

The House passed its Agriculture, Rural Housing, Food and Drug Administration, and Related Agencies FY12 spending bill on June 17 and the Senate Appropriations Committee passed its Rural Housing bill on September 7. The House bill would cut Section 521 Rural Rental Assistance by \$65 million. These cuts are so deep that tens of thousands of households in rural areas could lose their rental assistance.

### **What happens next?**

At the time of this writing, the Senate was about to bring its T-HUD bill to the floor for debate and a vote. The House is not expected to bring its T-HUD bill to the floor. Instead, the T-HUD Subcommittees will negotiate a final spending bill. The final T-HUD bill likely will then be grouped with other appropriations bills and passed all together in an omnibus bill.

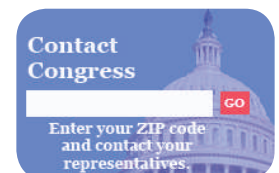
The Senate was also about to bring its agriculture bill to the floor for debate and a vote. The Agriculture Subcommittees will also negotiate a final spending bill for Rural Housing programs. This bill will also be grouped with other appropriations bills in the omnibus bill.

### **What can you do?**

Congress must hear from you now before negotiating the final FY12 T-HUD bill. If your Member of Congress serves on one of the T-HUD Subcommittees or the full Appropriations Committees, he or she needs to hear the messages below about HUD programs. If they are not on the Subcommittees or full Committees, ask them to tell the Representatives and Senators who are that:

- Tenant Based Rental Assistance (vouchers) contract renewals must be increased to a minimum of \$17.37 billion.
- The Public Housing Capital Fund must be increased to the President's requested level of \$2.4 billion.
- Resident Opportunity and Supportive Services should be funded at the Senate level of \$50 million.
- Section 202 Housing for the Elderly program should be funded at the President's requested level of \$757 million, not the House level of \$600 million or the Senate level of \$370 million.
- Section 811 Housing for People with Disabilities program should be funded at the House and President's requested level of \$196 million, not the Senate level of \$150 million.
- HOME Investments Partnership program should be funded at the President's request of \$1.65 billion.

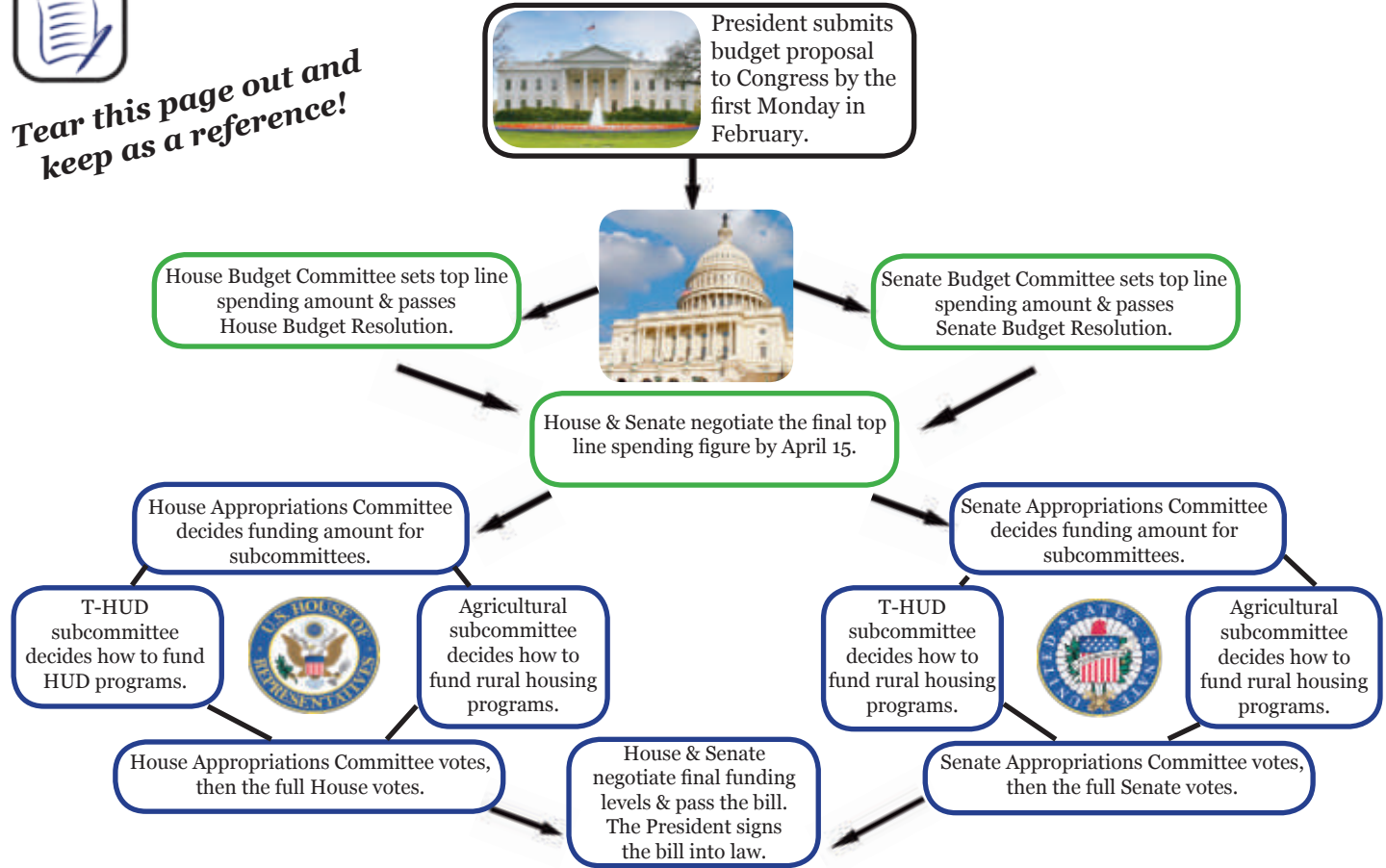
Not sure who your Members of Congress are? Contact the NLIHC Outreach Team at [outreach@nlihc.org](mailto:outreach@nlihc.org), or type your ZIP code into the "Contact Congress" box at [www.nlihc.org](http://www.nlihc.org).





**Tear this page out and keep as a reference!**

## Housing Funds Allocation and Process



## THE FEDERAL BUDGET PROCESS

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The Appropriations Committees then vote on each bill. Once the bills are approved, they are sent to the full House and full Senate for debate and a vote.

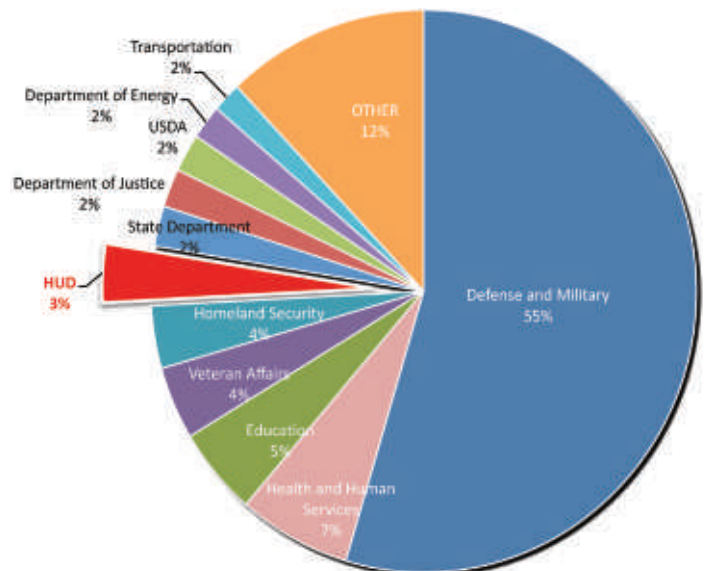
Once the House and Senate each pass a bill they must iron out the differences between their bills, in what is called a Conference Committee. After they have reached a compromise so that their bills are identical, the House and Senate each pass this bill. If the President agrees with the bill, he signs it into law.

At least, this is supposed to be the process. But frequently Congress cannot make it through these steps each year in time for the new fiscal year. If the Appropriations bills are not enacted by September 30, all programs will run out of money and have to shut down. To prevent a government shutdown, Congress has to pass a Continuing Resolution (CR) that keeps the government operating at the funding levels for the year that just ended. Each CR runs out on a specific date and if Congress has not completed its work by that date, it must pass another CR. Some years, Congress has had to pass several CRs before it reaches an agreement on a final budget.

The other approach Congress frequently takes is to roll several or all of the 12 Appropriations into one big bill, called an omnibus bill. This puts pressure on all Members to vote for the bill even if they disagree with some parts of it.



## HUD's Size Relative to the Rest of the Federal Government



Source: Office of Management and Budget. Historical Tables. Table 5.4 - Discretionary Budget. Authority by Agency.

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**Mark your Calendars!**  
**NLIHC's 2012 Annual Housing  
Policy Conference & Lobby Day:**  
**March 25 – 28, 2012**

## ABOUT NLIHC

The National Low Income Housing Coalition is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes. Established in 1974 by Cushing N. Dolbeare, NLIHC educates, organizes, and advocates to ensure decent, affordable housing within healthy neighborhoods for everyone.

**Contact NLIHC.** Your first point of contact at NLIHC is your Outreach Associate. NLIHC's Outreach Associates are members' direct contacts for answers to federal policy or membership questions. NLIHC's Outreach Associates are each assigned to specific states. Email [outreach@nlihc.org](mailto:outreach@nlihc.org) or call Elisha Harig-Blaine at **202-662-1530 x316** to be put in touch with your Outreach Associate today!

**Become a Member.** Join NLIHC today to stay informed about affordable housing issues, keep in touch with advocates around the country, and support NLIHC's work. Residents of public or assisted housing or other self-identified low income individuals can join for \$3 a year. Resident association memberships are \$10 per year.

Join at [www.nlihc.org/join](http://www.nlihc.org/join). You can also e-mail us at [outreach@nlihc.org](mailto:outreach@nlihc.org) or call **202-662-1530**.



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**on the home front**  
Read NLIHC's blog at [www.nlihc.wordpress.com](http://www.nlihc.wordpress.com)