

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
2005 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>PUBLIC HOUSING OPERATING FUND</b>	<b><u>Enacted/ Request</u></b>	<b><u>Carryover</u></b>	<b><u>Supplemental/ Rescission</u></b>	<b><u>Total Resources</u></b>	<b><u>Obligations</u></b>	<b><u>Outlays</u></b>
2003 Appropriation .....	\$3,600,000	\$44,263 <sup>a</sup>	-\$23,400	\$3,620,863	\$3,616,858	\$3,395,278
2004 Appropriation/Request .....	3,600,000	4,005	-21,240	3,582,765	3,582,765	3,551,000
2005 Request .....	<u>3,573,000</u>	<u>...</u>	<u>...</u>	<u>3,573,000</u>	<u>3,573,000</u>	<u>3,572,000</u>
Program Improvements/Offsets .....	-27,000	-4,005	21,240	-9,765	-9,765	21,000

a/ Includes \$18 million in recaptures.

**Summary Statement**

The Budget proposes an appropriation of \$3.573 billion for the Public Housing Operating Fund for fiscal year 2005. This includes up to \$15 million in bonus funds for Public Housing Agencies (PHAs) that move program participants away from dependency on public housing assistance programs within the current regulatory and statutory constraints. The remaining amount will be distributed by formula to approximately 3,100 PHAs that own or manage 1.2 million rental units. Units under management take into account HOPE VI activity such as planned units and demolitions that are to occur. The proposed amount is sufficient to meet the needs of PHAs in fiscal year 2005.

For fiscal year 2005, the Department is proposing the Family Self-Sufficiency Coordinator activity previously funded in the Public Housing Operating Fund to be funded out of ROSS program under the Public Housing Capital Fund. However, the annual renewal of the public housing elderly and/or disabled service coordinators is requested to be funded under the Public Housing Operating Fund.

**Initiatives**

**Freedom to House Demonstration.** Establishes a program to assess the advantages and disadvantages of a locally determined public housing program. PHAs will be granted the flexibility to manage their resources, and not be required to seek waivers and exceptions for such flexibility. PHAs will be allowed to operate in a manner more aligned with market-based realities; measures that both the Millennial Housing Commission and the Harvard Study have supported. The test group of 50 PHAs will be required to operate under an asset-based management and accounting system and will be granted full funding fungibility and local rent discretion. Reporting will be streamlined and a new assessment system will measure performance based on financial health and physical soundness of the PHAs' assets.

**Voluntary Graduation Incentive Bonus.** Introduces the concept that assisted housing is intended to be a transitional program and not a permanent institution for families in need. PHAs are encouraged to increase graduation turnover rates so that more families have the opportunity to share in limited housing resources. The incentive will be awarded to PHAs that exceed the baseline for number of families that have exited public housing. Eligibility thresholds will be established incorporating size and other program factors. For 2005, \$15 million is requested for this Initiative.

Public Housing Operating Fund

PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Summary of Resources by Program  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Operating Subsidy .....	\$3,316,665	\$44,263	\$3,360,928	\$3,356,923	\$3,568,819	\$4,005	\$3,572,824	\$3,558,000
Department of Justice . Fiscal Year 2002	9,935	...	9,935	9,935	9,941	...	9,941	...
Shortfall .....	250,000	...	250,000	250,000	...	...	...	...
Voluntary Graduation Incentive Award .....	...	...	...	...	...	...	...	15,000
Total Public Housing Operating Fund .....	3,576,600	44,263	3,620,863	3,616,858	3,578,760	4,005	3,582,765	3,573,000
FTE								
Headquarters .....			190				188	188
Field .....			<u>355</u>				<u>353</u>	<u>353</u>
Total .....			545				541	541

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Program Offsets  
(Dollars in Thousands)**

<b>Operating Subsidy</b>	<b><u>Amount</u></b>
2003 Appropriation .....	\$3,316,665
2004 Appropriation/Request .....	3,568,819
2005 Request .....	<u>3,558,000</u>
Program Improvements/Offsets .....	-10,819

**Program Description and Activity**

Of the \$3.573 billion requested in the fiscal year 2005 Budget, the Department proposes \$3.558 billion for Public Housing Operating Subsidy in 2005. This amount is sufficient to meet the needs of approximately 3,100 PHAs with a total of over 1.2 million units under management. Operating subsidies are provided to PHAs to assist in funding the operating and maintenance expenses of their owned dwellings in accordance with Section 9 of the United States Housing Act of 1937, as amended.

Further, the 2005 Budget request reflects the requirements of operating subsidies for fiscal year 2005 only. No portion of the request will be used for prior fiscal year shortfalls. The Department is aggressively exploring options to improve the timeliness and accuracy of the delivery of operating funding to PHAs. The Department has taken action and is committed to improving HUD information systems that have and will result in better management of the program. In fiscal year 2003, the Department implemented a new online field office data collection tool that has built-in calculations and edit checks to prevent data entry errors, irregularities and overall data integrity. The new system will allow the Department to maintain an accurate inventory of budget submissions and the ability to resolve basic reporting issues early in the process. In addition, the Department developed and implemented enhanced quality control procedures to include identifying data elements that do not compare to previously reported data or do not compare to trends experienced in the population as a whole. The Department has also created and implemented a series for macro and micro management reports that provide real time information which was previously not available.

Finally, for fiscal year 2005, the Department will fund the annual renewal of the public housing elderly and/or disabled service coordinators from the Public Housing Operating Fund. For fiscal year 2005, the Department is also proposing that the Family Self-Sufficiency Coordinator activity previously funded in the Public Housing Operating Fund be funded under the ROSS program in the Public Housing Capital Fund. The ROSS program allows for self-sufficiency activities that are similar to the Family Self-Sufficiency Coordinator activity. These changes will align funding and more effectively target resources.

Public Housing Operating Fund

The table below reflects the primary elements comprising operating subsidy funding for fiscal years 2003-2005.

	<u>ACTUAL</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u> (Dollars in Millions)	<u>ESTIMATE</u> <u>2005</u>
Public Housing Operating Fund Base.....	2,774	3,051	\$2,933
Alternative Subsidy Projects.....	124	138	133
Non-dwelling Units.....	9	10	10
Elderly/Disabled Coordinators.....	0	27	27
Unit Reconfigurations.....	19	21	21
Transition funding for demolitions.....	34	38	37
Disregard of Earned Income for Certain Unemployed.....	0	4	0
Other Approved & Federal Law & Reg.....	2	2	2
MTW Block Grant, PHAs Not In Base.....	325	363	348
Funding for Resident Participation.....	24	26	25
Costs attributable to deprogrammed units.....	13	15	14
Family Self-Sufficiency.....	10	0	0
Energy add-on for Loan Amortization.. ....	19	3	3
Long-term Vacant Units.....	2	3	3
Mutual Help and Turnkey Programs.....	1	2	2
Voluntary Graduation Incentive Bonus.....	0	0	15
Transition funding (Interim Rule).....	1	1	0
Increase to AEL (Interim Rule).....	0	3	0
FY 2002 Payments.....	250	0	0
Less estimated savings from:			
New minimum rent requirements.....	0	(34)	0
Improvements to rental income calculations..	<u>0</u>	<u>(100)</u>	<u>0</u>
Enacted or Proposed.....	\$ 3,607 a/	\$3,573 a/	\$3,573

NOTE: For fiscal year 2005, the Department proposes to fund ROSS as a \$55 million set-aside within the Public Housing Capital Fund.

a/ Includes carryover.

Specific factors affecting the fiscal year 2005 operating subsidy estimates are:

1. Economic Assumptions. The fiscal year 2005 estimate incorporates the most recent economic assumptions about inflation, and presume a 1.62 percent increase in non-utility costs, and a 0.3 percent increase in utility rates over the current 2004 estimate. The calculation of individual PHA subsidy requirements includes the use of an inflation factor which is a weighted average percentage increase in local government wages and salaries for the area in which the HA is located as well as non-wage expenses.

2. Adjustments to Operating Subsidy Requirements. The fiscal year 2005 estimate reflects adjustments in operating subsidy requirements for various PHA income and expense factors based on existing procedures and regulations affecting tenant rent payments and PHA operating costs. These adjustments reflect the following factors:

a. Alternative Subsidy Projects. Pursuant to the Interim Operating Fund rule, the interim formula has special provisions relating to housing owned by Public Housing Agencies (PHAs) in the Virgin Islands, Puerto Rico, Guam, and Alaska due to the unique characteristics of these PHAs.

Public Housing Operating Fund

b. Non-dwelling Units. The estimate reflects additional operating subsidies for the cost of funding units removed from the dwelling rental inventory for non-dwelling use to support resident economic self-sufficiency.

c. Elderly/Disabled Service Coordinators. The estimate reflects funding for the annual renewal of the public housing elderly and/or disabled service coordinators.

d. Unit Reconfiguration. The estimate for unit reconfigurations includes the costs resulting from Section 118 of the 1987 Housing Community Development Act requirement, which eliminates subsidy reductions due to unit reconfigurations (breakthroughs) where the same number of people can reside in the new larger unit formed by combining two or more smaller units.

e. Transition Funding for Demolition. A provision of the Operating Fund provides a short transition period of funding for PHAs that have received approval to demolish units, and have not received Section 8 vouchers for relocation and/or replacement purposes. The purpose of the provision is to encourage and support efforts by PHAs to reduce overhead costs in a planned and orderly manner when the inventory of units is reduced by demolition.

f. Funding for Resident Participation. PHAs are eligible to receive \$25 per occupied unit on an annual basis for this function. These funds will be used to support existing as well as new initiatives associated with resident participation.

Implementation of New Operating Fund Formula. The request does not include estimation in operating subsidies related to the implementation of a new operating fund formula, based in significant part on real estate asset-based management principles as proposed in the Harvard Cost Study. While the Department is expected to implement this new formula in fiscal year 2005, the associated budgetary impact will be reflected in fiscal year 2006.

PHA REVENUE AND EXPENDITURE PATTERN

Based on fiscal year 2003 historical data, the table below represents an estimated pattern of PHAs expenditures from revenue sources such as rental income, operating subsidy, investment, and other income. Such expenditure may vary substantially for individual authorities.

**Public Housing Authorities' Operating Revenues**  
(In Millions of Dollars)

<u>Category</u>	<u>Annual Revenue</u>	<u>Percent of Total</u>
Operating Subsidies	\$3,558	57%
Voluntary Graduation Bonus	15	0%
Dwelling Rental	2,348	38%
Investment Income	127	2%
Other Income	209	3%
Total Operating Revenue	6,257	100%

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**Public Housing Authorities' Expenditures (Based on Current Formula Requirements)**  
(In Millions of Dollars)

<u>Category</u>	<u>Annual Expenditures</u>	<u>Percent of Total</u>
Utilities	\$1,328	21%
Administration	1,725	28%
General Operating Expenses	483	8%
Maintenance	2,266	36%
Tenant Services	132	2%
Protective Services	176	3%
Capital Expenditures	7	0%
Operating Reserves	125	2%
Total Operating Expenses	<u>6,242 a/</u>	<u>100%</u>

a/ Excludes the \$15 million for the Voluntary Graduation Incentive Bonus Initiative.

Operating Subsidies. Includes operating funds received during the year.

Dwelling Rental. Includes tenant rent collected.

Investment Income. Includes income from investments.

Other Income. Includes income from other sources, such as, rental income from non-dwelling space or facility, income from vending machines, etc.

Utilities. Includes water, electricity, gas, fuel, and related labor expenses.

Administration. Includes administrative salaries, legal expenses, staff training, travel, accounting fees, auditing fees, sundry and outside management costs.

General Operating Expenses. Includes insurances, payments made to local governments in lieu of taxes, terminal leave payments, employees benefit contributions, collection losses, interest on administrative and sundry notes, and other general expenses.

Ordinary Maintenance and Operations. Consists of expenses for labor, materials, contracts and garbage fees associated with the day-to-day operation of the public housing authority.

Tenant Services/Resident Participation Activities. Covers salaries of PHA staff that provide tenant services, as well as recreation, publication, contract costs, training, and other expenses.

Protective Services. Includes expenses for labor, materials, and contract costs.

Capital Expenditures. Includes extraordinary maintenance, casualty losses and property betterments (e.g. roofs and furnaces).

Operating Reserves. Provides operating funds, and is a reserve for emergencies. PHAs can use the funds for any eligible budgeted expenses.

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Program Offsets  
(Dollars in Thousands)**

<b>Department of Justice</b>	<u><b>Amount</b></u>
2003 Appropriation .....	\$9,935
2004 Appropriation/Request .....	9,941
2005 Request .....	<u>...</u>
Program Improvements/Offsets .....	-9,941

**Proposed Actions**

The Department of Justice's Executive Office of Weed and Seed (EOWS) invites current Weed and Seed sites that have public, Indian and Federally assisted housing to apply for up to \$50,000 to implement the Weed and Seed Program. A Weed and Seed Funding Application Kit for Continuation Sites was used for awarding these grants. HUD provided a list of HUD-funded public and Indian housing authorities locations to DOJ. Weed and Seed sites that applied for funding provided documentation to EOWS designating their status as public, Indian or assisted housing agencies. Below is a list of State, local and Federal activities that utilized HUD's funding to DOJ to fight crime and drugs in public housing in fiscal year 2003.

**Activities Supported by HUD Funding to DOJ**

	<b><u>FY 2003</u></b>
	(Dollars in Thousands)
Institute of Law and Justice (Technical Assistance and Support to Weed & Seed Sites).....	\$435
National Coalition for Community Economic Development (Technical Assistance and Support to Weed & Seed Sites)	400
Los Angeles, CA (Specialized Anti-Gang and Violent Crime Initiatives).....	500
Miami, FL (Specialized Anti-Gang and Violent Crime Initiatives).....	500
Richmond, VA (Specialized Anti-Gang and Violent Crime Initiatives) .....	500
Milwaukee, WI (Specialized Anti-Gang and Violent Crime Initiatives) .....	500
Urban Institute (Evaluation of Specialized Anti-Gang and Violent Crime Initiatives).....	500
Project Safe Neighborhood (PSN) Sites (FL, Georgia, Louisiana, Michigan, Nevada, Ohio, Puerto Rico and Tennessee) (Crime Reduction and Technical Assistance).....	2,000
Federal Bureau of Investigations (FBI) (Anti-Gang and Crime Investigations).....	875
Community Policing (COPS) (Faith-based Intervention & Crime Prevention).....	300
Drug Enforcement Agency (DEA) (Investigations).....	625
City of Los Angeles (Crime Intervention and Prevention).....	1,000
Kansas City Police Department (Crime Intervention and Prevention).....	100
Niagara Falls Housing Authority (Crime Intervention and Prevention).....	100
Chicago Housing Authority (Crime Intervention and Prevention).....	400
Albany Housing Authority (Crime Intervention and Prevention).....	100
Binghamton Housing Authority (Crime Intervention and Prevention).....	100
City of Newport News Housing Authority (Crime Intervention and Prevention).....	150
City of Portsmouth, VA Police Department (Crime Intervention and Prevention).....	100
Syracuse, NY Home Headquarters, Inc. (Crime Intervention and Prevention).....	150
Buffalo, NY Housing Authority (Crime Intervention and Prevention).....	100
NY State Division of Criminal Justice Agency (Crime Intervention and Prevention).....	<u>500</u>
Total.....	9,935

Public Housing Operating Fund

The table below reflects how the resources from HUD to DOJ were allocated in 2003 and are projected to be allocated in 2004 by function.

Resource Allocation

Actual	Estimate
<u>FY 2003</u>	<u>FY 2004</u>
(Dollars in Thousands)	

Drug Resources by Function:

Intelligence.....	...	...
Interdiction.....	...	...
Investigations.....	\$4,803	\$4,805
Prevention.....	1,413	1,415
Prosecution.....	2,150	2,150
Research & Development.....	500	500
State & Local Assistance.....	500	500
Outreach & Education.....	498	500
Treatment.....	<u>71</u>	<u>71</u>
 Total.....	 9,935	 9,941



**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Program Offsets  
(Dollars in Thousands)**

<b>Voluntary Graduation Incentive Bonus</b>	<b><u>Amount</u></b>
2003 Appropriation .....	...
2004 Appropriation/Request .....	...
2005 Request .....	<u>15,000</u>
Program Improvements/Offsets .....	15,000

**Proposed Actions**

The Department is requesting \$15 million for a Public Housing Voluntary Graduation Incentive Bonus initiative. This proposal will introduce the concept that assisted housing is intended to be a transition and not a permanent institution for families. Public and assisted housing is a scarce resource needed by many families but available only to some. In allocating such a resource, the Federal government has an interest in ensuring that as many people as are eligible have an opportunity to participate. PHAs are encouraged by this incentive to increase graduation rates so that more families have the opportunity to share in limited housing resources. The incentive would be awarded to PHAs that exceed a baseline number of families that have exited public housing. Eligibility thresholds would be established for housing authorities depending on size and other program factors.

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**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Program Offsets  
(Dollars in Thousands)**

<b>Fiscal Year 2002 Shortfall</b>	<b><u>Amount</u></b>
2003 Appropriation .....	\$250,000
2004 Appropriation/Request .....	...
2005 Request .....	<u>...</u>
Program Improvements/Offsets .....	...
<b><u>Proposed Actions</u></b>	

Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Program Offsets  
(Dollars in Thousands)**

<b>Voluntary Graduation Incentive Award</b>	<b><u>Amount</u></b>
2003 Appropriation .....	...
2004 Appropriation/Request .....	...
2005 Request .....	<u>15,000</u>
Program Improvements/Offsets .....	15,000

**Proposed Actions**

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Performance Measurement Table**

Program Name: OPERATING FUND					
Program Mission: The Public Housing Operating Fund provides operating subsidy payments to approximately 3,100 PHAs with a total of over 1.2 million units under management. Operating subsidies are provided to PHAs to assist in funding the operating and maintenance expenses of their owned or managed dwellings.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The high incidence of program errors and improper payments in HUD's rental housing assistance programs will be reduced.	RHIIPS, PDR&R Draft Final Report, Quality Control for Rental Assistance Subsidies Determinations dated Dec 5, 2003	15% reduction in payment errors from initial baseline.	40.9% reduction in payment errors from initial baseline.	30% reduction in payment errors from baseline.	50% reduction in payment errors from baseline
Family Self Sufficiency Program		12,371 families average escrow \$4,925		12,990 families average escrow \$4,975	
By 2008, increase the proportion of those entering HUD's public housing assistance program that "graduate" from assistance within five years (or receive continuing assistance as homeowners) because their income is sufficient to pay for adequate housing.	PIC	NA	NA	Baseline will be determined on FY 2004 actual.	To be determined from FY 2004 baseline.

**Explanation of Indicators**

The Public Housing Operating Fund provides operating subsidy payments to approximately 3,100 PHAs with a total of over 1.2 million units under management. Operating subsidies are provided to PHAs to assist in funding the operating and maintenance expenses or their owned or managed dwellings.

**The high incidence of program errors and improper payments in HUD's rental housing assistance programs will be reduced**

HUD's rental housing assistance programs--including Public Housing, Section 8 Tenant-Based Assistance and Multifamily Housing Project-Based Assistance--have been collectively designated as a "high risk" area by the U.S. General Accounting Office, with material management control weaknesses that contribute to erroneous payments, as reported by HUD's Office of Inspector General. These programs are HUD's largest appropriated program activity with over \$22 billion in expenditures in fiscal year 2002.

To address the high-risk status and longstanding material weakness issues, the Rental Housing Integrity Improvement Project (RHIIP) was established as a Secretarial Initiative in the spring of 2001. The project represents a shift from HUD's previous focus on back-end program error detection and recovery efforts to more proactive front-end program improvements and controls designed to address the root cause of errors and improper payments. The overall purpose of RHIIP is to ensure that the "right benefits go to the right persons" - enabling HUD's limited program funding to correctly serve as many eligible low-income households as possible. Core components of this multi-faceted strategy include more aggressive monitoring and quality control; education, guidance, and training for HUD field staff and POAs (Public Housing Agencies, Owners, and Agents); facilitating state wage matches and other up-front verification initiatives to obtain accurate independent verification of all tenant income; and simplifying program requirements, where feasible.

Based on a study of program activity in the first half of fiscal year 2003, HUD exceeded its interim fiscal year 2003 goal of a 15 percent reduction in estimated program administrator errors in income and rent determinations. The fiscal year 2003 study used the same methodology, sampling procedures, and sample sizes as the baseline 2000 study. However, PHAs that had been placed under "Moving to Work" agreements were excluded in the 2003 study because they are subject to special agreements that are similar to block grant funding and they have discretion to alter program rules, thereby invalidating application of standard error measurement procedures. These PHAs were also taken out of the 2000 baseline results for comparison purposes. Approximately 2 percent of all assisted housing is under such agreements. Whereas the adjusted baseline results showed 54 percent of cases in error, the 2003 study found only 43 percent of cases in error, a 20 percent reduction. The 2003 study also found a significant reduction in erroneous payments attributed to program administrator income and rent determinations.

The rental housing assistance programs (public housing, Housing Choice Vouchers and project-based assistance programs) constitute HUD's largest appropriated activity, with over \$24 billion in expenditures in fiscal year 2003 to serve over 4.8 million households. Based on studies of year 2000 program activity, HUD estimated that 60 percent of all subsidized rent calculations were done in error, and that there were approximately \$3.2 billion in gross erroneous payments and \$2 billion in net annual subsidy overpayments attributed to the combination of program administration errors and tenant underreporting of income upon which the subsidy is based. Further details on the nature of HUD's error measurement activity are provided in Footnote 17 to HUD's consolidated financial statements for fiscal year 2003.

Under the President's Management Agenda, HUD established a goal for a 50 percent reduction in both the frequency of subsidy component and processing errors, and the corresponding portion of the \$2 billion in estimated net annual subsidy overpayments, by 2005. HUD set interim error reduction goals of 15 percent for fiscal year 2003 and 30 percent for fiscal year 2004. However, the reduction of errors and improper payments may have a significant impact on budget outlays, as HUD's experience has been that its efforts will cause many higher income tenants and tenants who have been underreporting their incomes to leave subsidized housing and be replaced with lower income tenants requiring increased rent subsidies. A separate assessment of budget impacts is planned for fiscal year 2004 and fiscal year 2005. To the extent there are any significant outlays savings resulting from HUD's program integrity improvement efforts, HUD plans to work with OMB and the Congress to explore mechanisms for recapture and use of the funds to assist additional household in need. In any event, HUD's goal is to better assure that the right benefits go to the right persons. HUD is also expanding its error measurement process to include a third and final component covering the accuracy of assistance billings and payments. Billing error estimates will be completed for reporting in fiscal year 2004.

In fiscal years 2004 and 2005, HUD will continue to implement RHIIP to meet performance targets and continue to strengthen HUD's capacity for proper oversight of the rental housing assistance programs. Additional initiatives in fiscal year 2005 that will contribute to further improvements in reducing the high incidence of program errors and improper payments are as follows:

Public Housing Operating Fund

- Implement rent simplification strategies enacted into legislation, including the provision of appropriate training and technical assistance.
- Continue full implementation of the Up-front Income Verification System (UIV) with state wage agencies, while phasing in the Directory of New Hires, when approved by HHS.
- Continue oversight and monitoring of selected PHAs as necessary and sanction those PHAs for rental subsidy errors, especially those overpayments attributed to failure to use up-front income verification tools.
- Continue measurement of rental subsidy errors in accordance with the Improper Payments Act.
- Assure that HUD's rental subsidy systems are in place to track and control accurate payments.

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For [2004] *2005* payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g(e)), [\$3,600,000,000: *Provided*, That of the total amount provided under this heading, \$10,000,000 shall be for programs, as determined appropriate by the Attorney General, which assist in the investigation, prosecution, and prevention of violent crimes and drug offenses in public and federally-assisted low-income housing, including Indian housing, which shall be administered by the Department of Justice through a reimbursable agreement with the Department of Housing and Urban Development] \$3,573,000,000: *Provided [further]*, That, in fiscal year [2004] *2005* and all fiscal years hereafter, no amounts under this heading in any appropriations Act may be used for payments to public housing agencies for the costs of operation and management of public housing for any year prior to this current year of such Act: *Provided, That of the total amount provided under this heading, \$15,000,000 in bonus funds shall be provided to public housing agencies that move program participants away from dependency on public housing assistance programs.* *Provided further*, That no funds may be used under this heading for the purposes specified in section 9(k) of the United States Housing Act of 1937, as amended. (*Division G, H.R. 2637, Consolidated Appropriations Bill, FY 2004.*)

**Explanation of Changes**

Deletes language providing \$10 million for the Attorney General to assist in the investigation, prosecution, and prevention of violent crimes and drug offenses in public and federally assisted low-income housing, including Indian housing, which will be administered through the Department of Justice through a reimbursable agreement with HUD.

Adds language providing \$15 million for the Voluntary Graduation Incentive Bonus initiative, which provides bonus funds to PHAs that move program participants away from dependency on public housing assistance programs.

Deletes reference to fiscal year 2004 and add reference to fiscal year 2005.

Deletes 2004 appropriated amount of \$3,600,000,000 and adds 2005 requested amount of \$3,573,000,000.

Public Housing Operating Fund

PUBLIC AND INDIAN HOUSING  
 PUBLIC HOUSING OPERATING FUND  
 Crosswalk of 2003 Availability  
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Operating Subsidy .....	\$3,340,000	-\$23,335	...	...	\$44,263	\$3,360,928
Department of Justice .....	10,000	-65	...	...	...	9,935
Fiscal Year 2002 Shortfall .....	250,000	...	...	...	...	250,000
Voluntary Graduation Incentive Award	...	...	...	...	...	...
Total .....	3,600,000	-23,400	...	...	44,263	3,620,863

NOTES

None.

Transfers to Other Accounts

None.



Public Housing Operating Fund

PUBLIC AND INDIAN HOUSING  
 PUBLIC HOUSING OPERAING FUND  
 Crosswalk of 2004 Changes  
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2004 President's Budget Request</u>	<u>Congressional Appropriations Action on 2004 Request</u>	<u>2004 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Operating Subsidy .....	\$3,574,000	\$3,590,000	-\$21,181	...	\$4,005	\$3,572,824
Department of Justice .....	...	10,000	-59	...	...	9,941
Fiscal Year 2002 Shortfall .....	...	...	...	...	...	...
Voluntary Graduation Incentive Award	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total Changes .....	3,574,000	3,600,000	-21,240	...	4,005	3,582,765

Public Housing Operating Fund