

Coburn Amendment #1758 — To implement the President’s recommended funding level of \$2.798 billion for the Community Development Block Grant (CDBG) program

This amendment would implement the funding level in the President’s FY2014 budget request for the Community Development Block Grant (CDBG) program. The requested level was \$2.798 billion, which is below the THUD level of \$3.15 billion.

The CDBG program has opportunity to do more with less, collaborating with other federal programs.

CDBG is a program that states and localities have relied on for decades. Billions of dollars doled out every year are intended primarily to assist low- and moderate-income people. Eligible uses include housing assistance and construction, ending blight, addressing homelessness, and encouraging economic development.

Yet, CDBG has extensive overlap with other programs. In the short term, all programs should collaborate to stretch their resources as far as possible. In the long term, Congress needs to address the proliferation of programs all trying to address the same problems. Significant resources could be saved or put to better use.

The Government Accountability Office (GAO) has previously highlighted the duplication in CDBG’s housing assistance activities. In its 2012 review of duplication, GAO wrote, “Housing assistance is fragmented across 160 programs and activities.”¹ For example, there are “a total of 23 federal housing programs that target or have special features for the elderly. Specifically, one [Department of Housing and Urban Development (HUD)] and one [Department of Agriculture] program target the elderly exclusively, while three HUD programs target the elderly and disabled. The remaining 18 programs serve a variety of household

¹ “HOUSING ASSISTANCE: Opportunities Exist to Increase Collaboration and Consider Consolidation,” *Government Accountability Office*, GAO-12-554, August 2012, <http://gao.gov/products/GAO-12-554>.

types but have special features for elderly households, such as income adjustments that reduce their rents.”²

Economic development, another major component of CDBG, is also practiced by dozens of other programs. GAO has found “80 programs that make funding available to communities to enhance local economic activity.”³

Most prominently, CDBG duplicates the work of the Economic Development Administration at the Department of Commerce. The Department of Health and Human Services also administers three programs focused on community development, including the community economic development program, the Social Services Block Grant, and the Community Services Block Grant. HUD’s *Rural Innovation Fund Program*, which addresses economic development activities in rural areas, for example, should be eliminated with any of its essential functions consolidated into the Department of Agriculture’s Rural Development program.

The President’s decreased funding request for CDBG highlights how CDBG could be reformed and save federal resources. This funding decrease should be coupled with reforms to improve CDBG. For example, a minimum grant size would strengthen the efficiency with which grants are administered.

Additionally, improving the formula allocation would ensure that communities with higher populations under poverty would receive sufficient resources. One recent analysis found that the ten lowest income counties received no CDBG funds. In contrast, eight of the top 10 highest-income counties received millions of CDBG dollars.⁴

Opportunities to put CDBG dollars to better use assisting the poor and encouraging development in needy areas are clearly rife.

² “ELDERLY HOUSING; Federal Housing Programs That Offer Assistance for the Elderly,” *Government Accountability Office*, GAO-05-174, February 2005, <http://www.gao.gov/new.items/d05174.pdf>.

³ “Economic Development Programs: Efficiency and Effectiveness of Fragment Economic Development Programs Are Unclear,” *Government Accountability Office*, GAO-11-477R, September 2012, <http://gao.gov/assets/650/648367.pdf>.

⁴ Victor Nava and Anthony Randazzo, “Crony Capitalism and Community Development Subsidies,” Reason Foundation, June 2013, http://reason.org/files/cronyism_community_development.pdf.