

NAHRO MEMBERS SHARE INSIGHTS INTO CONGRESS' NEW EARMARKS PROCESS

In Fiscal Year (FY) 2022, Congress reinstated the popularly known “earmarks” process its members use to help fund constituent projects in annual funding bills. The Republican-controlled House during the Obama Administration banned earmarks to deliver on their campaign promise of reigning in government spending without raising taxes or threatening popular entitlement programs. Congressional leadership restored earmarks during the Biden administration’s first term, with the mandate of improving oversight of the funds. In the House, earmark funds are referred to as **Community Project Funding** while on the Senate side, they’re referred to as **Congressionally Directed Spending**.

In FY 2024, at least 30 NAHRO Member PHAs were awarded over \$52.2 million in earmark funding with awards ranging from \$45k-\$4 million for a wide range of projects. To better understand their experiences and provide some insight for the rest of the NAHRO network on the process of receiving earmarked funding, NAHRO national staff spoke with several PHAs about their experience applying for this often-critical supplemental funding from Congress.

The panel of interviewees includes:



**Marcus King -
Director of Strategy and
Communication**

Housing Authority of Cook County



**Jenny Scanlin -
Chief Strategic
Development Officer**

Housing Authority of the City of
Los Angeles



**Seth Embry -
Senior Advisor and
Chief Strategist**

Housing Authority of Birmingham

Capital Improvements to Properties
– \$1,544,000 (Sen. Tammy Duckworth)

**Electric Vehicle Car Share for Public
Housing Residents**
– \$235,000 (Rep. Nanette Barragán)

Loveman Village
– \$1,000,000 (Rep. Terri Sewell)

**Preserving Pico Gardens and Las Casitas as
Affordable Housing with New Cool Roofs**
– \$500,000 (Rep. Jimmy Gomez)

Rose Hill Courts Phase II-B
– \$500,000 (Rep. Jimmy Gomez)

Avalon Gardens Cool Roofs
– \$510,000 (Rep. Sydney Kamlager-Dove)

Nickerson Gardens Air Conditioner Project
– \$1,000,000 (Rep. Maxine Waters)

Imperial Courts Multi-Sports Field Project
– \$914,166 (Rep. Maxine Waters)

Each NAHRO PHA interviewee participated in the revised earmarks process since its return in FY 22. The panel members all described their intentions for the Congressional funding as a supplement to other funding sources for each of their project submissions. Each described the funding as providing vital support to their projects when the process works well. Jenny Scanlin shared that some of HACLA's successful projects have included:

- **Capital Improvements:** Many of these projects could not get done without helpful earmark funding to help supplement everyday costs.
- **Greening Projects:** These include community gardens, parks, green spaces, sports fields, improvements to community centers and computer labs.
- **Major HVAC Improvements:** Conditioning and filtration projects are among the most successful applications.
- **Cool Roof Projects:** These painting projects help to cool buildings in response to California's unique climate.

Seth Embry of Birmingham District Housing Authority described the Loveman Village project as a once vacant daycare that his PHA would operate as an early learning center in partnership with a local school district. The funding Birmingham requested for this project would be paired with a \$600k grant from the City Council. Cook County's Marcus King shared that multiple applications totaling \$8 million were submitted to supplement capital funding projects for multiple projects but that \$1.5 million were approved in FY 24.

The funds are officially requested by Congressional offices on behalf of eligible constituents that submit applications—including PHAs, city governments, community organizations and nonprofit organizations (when allowed). Panelists agreed that offices welcomed their submission ideas and that long-term partnerships between their agency and Congressional offices and members helped make applying for the directed funds a positive and collaborative experience. In Birmingham, Embry highlighted Rep. Sewell's personal knowledge of his project's daycare and the impact it could have in the district as a motivating factor for Sewell's team to move the project forward.

Scanlin described the engagement between her agency and the Congressional offices in their district as positive but that offices were clear that applications needed to stay below \$1.5-\$2 million. Embry mentioned that Senate offices were supportive of their project ideas but also shared the types of projects they knew appropriators would prioritize during that fiscal year. King described Sen. Duckworth's office as very helpful and hands on, noting that they "normalized yes" when it came to PHA submission ideas. Each PHA representative urged future NAHRO PHA applicants to start early and to develop a working relationship with congressional staffers both in Washington and in the district. Embry shared that his team meets with offices mostly virtually but discussed their project with offices during an in-person visit at NAHRO's annual Capitol Hill Day.

Challenges

The panel shared some of the challenges with receiving earmarked funds from Congress. The pressure of inflation and rising costs were a common theme among the NAHRO member agencies. At HACLA, Scanlin says a project awarded in FY 21-22 only recently received the funding in 2024. Each PHA shared that the time it takes to receive awarded funds can make it impossible to keep up with rising costs and inflation on projects. Scanlin shared an example of a project estimated at \$4 million, of which \$1 million would be paid with earmarked funding. By the time the funds were awarded, the costs of the project had risen to \$7 million against the \$1 million awarded to the PHA. Embry advised that these delays and uncertainty should be factored into the planning process for applicants, sharing that his agency has been notified of an awarded project after initial project estimates had risen by 15-20%. King shared that there's generally no set timeline to hear back from HUD about when awarded funds would be received. Scanlin thinks capacity issues with HUD could be impacting this "new" process and that these growing pains can be costly for applicants. In LA, the challenges with this process are felt mostly when it comes to rising costs associated with HVAC projects, which unsurprisingly have been included in HACLA's FY 25 submissions. While rising costs can undercut the impact of earmarked funds, other challenges are created by national politics and their direct and indirect influences on government funding/spending.

The budget limits built into the 2023 Fiscal Responsibility Act negotiated by Former House Speaker Kevin McCarthy (R-CA) and President Biden has motivated Congressional offices to further tighten submission request amounts. Appropriators sometimes look to the earmarks process as a place to reduce government spending. Former Appropriations Committee Chair Kay Granger (R-TX) previously cut earmarks from the Labor Health & Human Services, and Education (LHHSE) account, driving a flood of applications to the Transportation-HUD account in FY 24. Between FY 22 and FY 23, appropriated earmark funds increased by nearly \$6 billion. House Appropriators have identified a new cut to the program as House Appropriations Chair Tom Cole (R-OK) banned nonprofits from submitting applications for earmark funds. This change reduces the pool of eligible applicants for funding by effectively banning submissions from nonprofits. Scanlin described a positive partnership with a local nonprofit that was a sub-awardee of the earmarked funds but welcomed the change, explaining that this could take some pressure of HUD to manage applications. Scanlin thinks the ban on nonprofit applications could improve the vetting of eligible projects by narrowing the agency's focus in light of capacity challenges at the Department. The impact of Chair Cole's decision on nonprofit submissions in FY 25 may not be felt for months as this year's funding cycle is expected to extend past the general election in November. When negotiations on a final FY 25 budget resume, House and Senate appropriators will need to negotiate this issue as the Senate side has not yet decided whether it will allow nonprofit submissions for earmarks.

Despite the challenges to accessing earmark funding, our panel all agreed on the positive impacts these funds can have on local projects and the impacts those projects can have on communities across the nation. The panel described the projects as critical and life changing and that this funding helps projects that enrich their communities. As NAHRO continues to engage with appropriators, advocacy is needed to ensure that critical HUD programs are funded responsibly and adequately, but also to ensure that the earmarks process works for communities across the country in need of these resources.