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108TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 108–119

# INCREASING THE WAIVER REQUIREMENT FOR CERTAIN LOCAL MATCHING REQUIREMENTS FOR GRANTS PROVIDED TO AMERICAN SAMOA, GUAM, THE VIRGIN ISLANDS, OR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, AND FOR OTHER PURPOSES

MAY 20, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. POMBO, from the Committee on Resources, submitted the following

# REPORT

[To accompany H.R. 1189]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 1189) to increase the waiver requirement for certain local matching requirements for grants provided to American Samoa, Guam, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

## PURPOSE OF THE BILL

The purpose of H.R. 1189 is to increase the waiver for certain local matching requirements for grants provided to American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and for other purposes.

## BACKGROUND AND NEED FOR LEGISLATION

Federal law currently allows federal departments or agencies to waive the first $200,000 matching requirement for grants to the U.S. Territories of American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands (CNMI). The waiver of a matching requirement was first enacted in 1980 (Public Law 96–205) because accessing federal grants was difficult for territorial governments. At the time, the waiver was set at $100,000 and was extended only to American Samoa and the CNMI. Later amendments in 1983 and 1984 to the underlying law increased the

waived amount to $200,000 (Public Law 98–213, Sec. 6) and added Guam and the Virgin Islands (Public Law 98–454, title VI, Sec. 601(b)).

While territorial economies have improved over the last several years, each government continues to be challenged with rising unemployment, decreased government revenues, and limited new capital for diversification. H.R. 1189 will help broaden U.S. territories' access to federal grants by raising to $500,000 the floor for requiring matching funds from territorial governments. Specifically, for a grant requiring matching funds of $500,000 or less, the legislation waives the entire amount. For a grant requiring matching funds of more than $500,000, the legislation waives the first $500,000 of the matching requirement.

H.R. 1189 also seeks to end the inconsistent manner in which current law is applied by clarifying that the matching waiver applies to all federal agencies and departments making grants to the U.S. Territories, not just the Department of the Interior. The Committee recognizes the authority of any federal agency or department to consolidate any or all grants to American Samoa, Guam, the Virgin Islands, or the CNMI (48 U.S.C. Sec. 1469(a)). However, the Committee believes that the exercise of this authority by any federal agency or department shall not be employed in order to reduce the number of grants that would otherwise be subject to the matching waiver requirement increased by this legislation.

Finally, the legislation directs the Secretary of the Interior to complete and submit to the House Committee on Resources and the Senate Committee on Energy and Natural Resources the results of a study of the implementation of the changes to the matching requirement made through the legislation.

## COMMITTEE ACTION

H.R. 1189, which was introduced on March 11, 2003 by Delegate Eni Faleomavaega (D–AS), is similar to legislation introduced by Delegate Robert Underwood (D–GU) that was reported out of the Committee on Resources during the 107th Congress. H.R. 1189 was referred to the Committee on Resources. On May 7, 2003, the Full Resources Committee met to consider the bill. The bill was ordered favorably reported to the House, without amendment, by voice vote.

## COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

## CONSTITUTIONAL AUTHORITY STATEMENT

Article IV, section 3 of the Constitution of the United States grants Congress the authority to enact this bill.

## COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in car-

rying out this bill. The Committee on Resources believes that enactment of this bill will not have a significant effect on the federal budget.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enacting this bill will increase direct spending by $2 million annually.

3. General Performance Goals and Objectives. This bill does not authorize funding and therefore, clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, May 14, 2002.*

Hon. RICHARD W. POMBO,
*Chairman, Committee on Resources,*
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1189, a bill to increase the waiver requirement for certain local matching requirements for grants provided to American Samoa, Guam, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

BARRY B. ANDERSON
(For Douglas Holtz-Eakin, Director).

Enclosure.

*H.R. 1189—A bill to increase the waiver requirement for certain local matching requirements for grants provided to American Samoa, Guam, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, and for other purposes*

Under current law, federal agencies are allowed to waive the requirement for the first $200,000 of local matching funds for federal grants to the territories of American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands. H.R. 1189 would increase that waiver from $200,000 to $500,000.

CBO estimates that enacting H.R. 1189 would increase direct spending by $2 million annually. The territories would be allowed to spend less of their own funds for several mandatory programs including the Temporary Assistance for Needy Families, Medicaid, Food Stamp, and Child Support Enforcement (CSE) programs. Federal contributions to the territories are capped for most programs, so federal spending would generally remain unchanged. However, funding for the territories is not capped for administrative costs in

the Food Stamp and CSE programs. We estimate that federal spending would increase by about $1 million a year for each of the programs. Guam and the Virgin Islands participate in those programs.

Under H.R. 1189, each territory's contribution would be reduced by $300,000 in each of the Food Stamps and CSE programs, and the federal payment to the territory would be increased by that amount. In addition, CBO expects that the territories would use some of the waived amounts to draw down additional federal matching funds in those programs. In total, assuming an enactment date of October 1, 2003, CBO estimates that federal spending for those progams would increase by about $2 million annually, beginning in fiscal year 2004.

CBO estimates that increasing the local matching fund waiver would not have a significant effect on the value of grants awarded that are subject to appropriation.

H.R. 1189 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the affected territories.

The CBO staff contacts for this estimate are Matthew Pickford, Kathleen FitzGerald, and Sheila Dacey. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

## PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## ACT OF OCTOBER 15, 1977

(Public Law 95–134)

AN ACT To authorize certain appropriations for the territories of the United States, to amend certain Acts relating thereto, and for other purposes.

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## TITLE V

SEC. 501. In order to minimize the burden caused by existing application and reporting procedures for certain grant-in-aid programs available to the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Government of the Northern Mariana Islands (hereafter referred to as "Insular Areas") it is hereby declared to be the policy of the Congress, notwithstanding any provision of law to the contrary, that:

(a) * * *

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(d) Each department or agency making grant-in-aid shall, by regulations published in the Federal Register, provide the method by which any Insular Area may submit (i) a single application for a consolidated grant for any fiscal year period, but not more than one such application for a consolidated grant shall be required by any department or agency unless notice of such requirement is transmitted to the appropriate committees of the United States Congress together with a complete explanation of the necessity for requiring such additional applications and (ii) a single report to such department or agency with respect to each such consolidated grant: *Provided*, That nothing in this paragraph shall preclude such department or agency from providing adequate procedures for accounting, auditing, evaluating, and reviewing any programs or activities receiving benefits from any consolidated grant. The administering authority of any department or agency, in its discretion, may (i) waive any requirement for matching funds otherwise required [by law] to be provided by the Insular Area involved and (ii) waive the requirement that any Insular Area submit an application or report in writing with respect to any consolidated grant.

*(e) Notwithstanding any other provision of law, in the case of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands, each department or agency of the United States shall waive any requirement for local matching funds (including in-kind contributions) that the insular area would otherwise be required to provide for any grant as follows:*

*(1) For a grant requiring matching funds (including in-kind contributions) of $500,000 or less, the entire matching requirement shall be waived.*

*(2) For a grant requiring matching funds (including in-kind contributions) of more than $500,000, $500,000 of the matching requirement shall be waived.*

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## ACT OF MARCH 12, 1980

(Public Law 96–205)

AN ACT To authorize appropriations for certain insular areas of the United States, and for other purposes.

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### TITLE VI—MISCELLANEOUS

SEC. 601. Title V of the Act of October 15, 1977, entitled "An Act to authorize certain appropriations for the territories of the United States, to amend certain Acts relating thereto, and for other purposes" (91 Stat. 1159) shall be applied with respect to the Department of the Interior by substituting "shall" for "may" in the last sentence of subsection (d)[, and adding the following sentence at the end of subsection (d): "Notwithstanding any other provision of law, in the case of American Samoa and the Nothern Mariana Islands any department or agency shall waive any requirement for local matching funds under $200,000 (including in-kind contribu-

tions) required by law to be provided by American Samoa or the Northern Mariana Islands.”**]**.

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