

Calendar No. 493

104TH CONGRESS }
2d Session }

SENATE

{ REPORT
104-318

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGEN- CIES APPROPRIATIONS BILL, 1997

JULY 11, 1996.—Ordered to be printed

Mr. BOND, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 3666]

The Committee on Appropriations to which was referred the bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes, reports the same to the Senate with amendments and recommends that the bill as amended do pass.

Amount of new budget (obligational) authority

Amount of bill as recommended in House	\$83,995,260,000
Amount of change by Committee	+ 714,429,000
Amount of bill as reported to Senate	84,709,689,000
Amount of appropriations to date, 1996	82,641,085,000
Amount of budget estimates, 1997	87,496,966,000
Under estimates for 1997	2,787,277,000
Above appropriations for 1996	2,068,604,000

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INTRODUCTION

The Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies appropriations bill for fiscal year 1997 embodies a comprehensive and systematic restructuring of Federal programs and activities within its jurisdiction.

As recommended by the Committee, this bill attempts to provide a fair and balanced approach to the many competing programs and activities under the VA-HUD subcommittee's jurisdiction, within the constraints imposed by a very tight budget allocation. The Committee made a conscious effort to avoid reopening past disagreements and controversies which blocked enactment of this bill last year. By pursuing this measured and deliberate course, expeditious consideration of this measure and enactment before the start of the fiscal year should be possible.

The Committee recommendation provides \$39,070,731,000 for the Department of Veterans Affairs, including full funding for VA medical care, and an increase for VA research. VA medical programs were afforded the highest priority in order to ensure quality care to all veterans currently being served by the VA and to ensure a smooth transition to the new organizational structure and its emphasis on managed care.

For the Department of Housing and Urban Development, the Committee's recommendation continues policy and programmatic reforms enacted last year. The Committee strongly supports enactment of a comprehensive public and assisted housing reform bill under the jurisdiction of the authorizing committee. This appropriations bill, however, contains temporary extensions of provisions needed to halt the ever-increasing cost of housing subsidy commitments.

Similarly, this appropriations bill complements the multifamily housing restructuring proposals now under consideration by the authorizing committee. The excessive subsidies necessary to sustain this inventory of nearly 1 million units of low-income housing cannot be continued within the constraints of a balanced budget plan for discretionary spending. Unless Congress acts to provide a process to deal with the excessive debt of this housing inventory, there could be massive defaults and substantial resident displacement.

The bill provides additional funding to preserve housing occupied by low-income families in developments which could prepay their subsidized mortgages and convert to market rates. The bill as recommended by the Committee provides \$19,664,845,000 for the Department of Housing and Urban Development. Perhaps more importantly, the increases proposed by the Committee are focused toward activities which prevent the displacement of currently assisted families through contract renewals and housing preservation payments.

The Committee-reported bill also restores funding for the Community Development Block Grants Program [CDBG] at the full current fiscal year 1996 funding level of \$4,600,000,000. In addition, the HOME program is also maintained at its current \$1,400,000,000 level.

For the Environmental Protection Agency, the Committee recommendation totals \$6,598,172,000, an increase of \$70,145,000 over the current fiscal year, with increases in such areas as Superfund and drinking water State revolving funds.

The Committee's recommendation does not include any so-called riders for EPA in order to minimize the potential for controversy or extended disputes.

The bill provides the President's full request for the Federal Emergency Management Agency, and, in addition, restores \$1,000,000,000 disaster relief funds which were rescinded as part of the Omnibus Consolidated Rescission and Appropriations Act for 1996. FEMA anticipates these funds will be needed to meet ongoing disaster relief requirements and the Committee strongly supports full funding of these critical assistance activities.

The Committee recommendation for National Aeronautics and Space Administration totals \$13,704,200,000, an increase of \$100,000,000 over the House allowance. The Committee recommends restoration of funds for the Mission to Planet Earth Program. For the National Science Foundation, the Committee recommends \$3,275,000,000. While a modest increase of \$55,000,000 over the 1996 level and \$17,000,000 over the House allowance, it does reflect the Committee's commitment to support of high-priority basic research and technology development activities, notwithstanding our growing budgetary constraints.

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

Appropriations, 1996	\$38,372,807,000
Budget estimate, 1997	38,838,849,000
House allowance	38,895,588,000
Committee recommendation	39,070,731,000

GENERAL DESCRIPTION

The Veterans Administration was established as an independent agency by Executive Order 5398 of July 21, 1930, in accordance with the Act of July 3, 1930 (46 Stat. 1016). This act authorized the President to consolidate and coordinate Federal agencies especially created for or concerned with the administration of laws providing benefits to veterans, including the Veterans' Bureau, the Bureau of Pensions, and the National Home for Disabled Volunteer Soldiers. On March 15, 1989, VA was elevated to Cabinet-level status as the Department of Veterans Affairs.

The VA's mission is to serve America's veterans and their families as their principal advocate in ensuring that they receive the care, support, and recognition they have earned in service to the Nation. The VA's operating units include the Veterans Health Administration, Veterans Benefits Administration, National Cemetery System, and staff offices.

The Veterans Health Administration develops, maintains, and operates a national health care delivery system for eligible veterans; carries out a program of education and training of health care personnel; carries out a program of medical research and development; and furnishes health services to members of the Armed Forces during periods of war or national emergency. A system of 173 medical centers, 404 outpatient clinics, 135 nursing homes, and 39 domiciliaries is maintained to meet the VA's medical mission.

The Veterans Benefits Administration provides an integrated program of nonmedical veteran benefits. This Administration administers a broad range of benefits to veterans and other eligible beneficiaries through 58 regional offices and the records processing center in St. Louis, MO. The benefits provided include: compensation for service-connected disabilities; pensions for wartime, needy, and totally disabled veterans; vocational rehabilitation assistance; educational and training assistance; home buying assistance; estate protection services for veterans under legal disability; information and assistance through personalized contacts; and six life insurance programs.

The National Cemetery System provides for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans; permanently maintains these graves; marks graves of eligible persons in national and private cemeteries; and administers the grant program for aid to States in establishing, expanding, or improving State vet-

erans' cemeteries. The National Cemetery System includes 148 cemeterial installations and activities.

Other VA offices, including the general counsel, inspector general, Boards of Contract Appeals and Veterans Appeals, and the general administration, support the Secretary, Deputy Secretary, Under Secretary for Health, Under Secretary for Benefits, and the Director of the National Cemetery System.

COMMITTEE RECOMMENDATION

The Committee recommends \$39,070,731,000 for the Department of Veterans Affairs, including \$20,259,993,000 in mandatory spending and \$18,810,738,000 in discretionary spending. The amount provided for discretionary activities represents an increase of \$481,282,000 above the current estimate, a decrease of \$91,523,000 below the budget request, and \$148,262,000 below the House amount.

The Committee's recommendation for the Department of Veterans Affairs reflects its support for and commitment to the reorganization of the Veterans Health Administration and its new orientation to managed care and the provision of health care services in ambulatory care settings. Indeed, the Committee's recommendation for VA medical care accounts for almost one-half of the new outlays available to the VA-HUD Subcommittee.

An increase of \$444,447,000 has been recommended for VA medical care, and an increase of \$5,000,000 has been recommended for VA research in view of the importance of this program to the VA medical care system.

The Committee notes that under the President's out-year budget plan, which would reduce VA medical programs to \$13,000,000,000 by the year 2000, VA would be unable to provide comprehensive health care services to the 2.8 million veterans currently served. Indeed, according to the VA Secretary, the President's plan would result in the closure of 41 VA hospitals and the denial of care to hundreds of thousands of veterans. As per the concurrent resolution on the budget, the Committee does not expect such cuts to be applied to the VA.

In conjunction with the changes taking place within VHA, the Committee has recommended major construction funding only for outpatient, research, and cemetery projects. Notwithstanding the very compelling need at some of the facilities for which major construction renovation funding has been requested, it is expected that the relative need for such projects may be impacted by the reorganization. The Committee has approved full funding for minor construction, to ensure that all code, health and safety, space deficiencies, and other critical requirements are addressed. Also, the Committee has restored the administration's proposed reduction to the State nursing home construction grant program, a cost-effective means of providing long-term care to elderly veterans.

In view of the substantial mismanagement within the Veterans Benefits Administration and its reluctance to adopt strategic approaches to improving service to veterans, the Committee has not recommended the full request for general operating expenses. The recommended reduction is not intended to impact negatively service to veterans; it is intended to send a strong message to VBA that

change is imperative, and the status quo is unacceptable. No reductions are recommended to VBA staffing levels below the President's request.

Finally, the Committee has recommended the full request for the National Cemetery Program to ensure the resting grounds of more than 2 million veterans are maintained appropriately to honor, recognize, and commemorate veterans' service.

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$18,331,561,000
Budget estimate, 1997	18,497,854,000
House allowance	18,497,854,000
Committee recommendation	18,671,259,000

PROGRAM DESCRIPTION

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the impact of disabilities on earning capacity. Death compensation or dependency and indemnity compensation is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty or result from service-connected disabilities. A clothing allowance may also be provided for service-connected veterans who use a prosthetic or orthopedic device.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to non-service-connected disabilities which render them permanently and totally disabled. Under the Omnibus Budget Reconciliation Act of 1990, veterans 65 years of age or older are no longer considered permanently and totally disabled by law and are thus subject to a medical evaluation. Death pensions are payable to needy surviving spouses and children of deceased wartime veterans. The rate payable for both disability and death pensions is determined on the basis of the annual income of the veteran or his survivors.

This account also funds burial benefits and miscellaneous assistance.

COMMITTEE RECOMMENDATION

The Committee has provided \$18,671,259,000 for compensation and pensions. This is an increase of \$339,698,000 over the current budget, and an increase of \$173,405,000 above the original budget estimate and the House amount. The recommendation reflects the Department's current estimate for compensation and pension requirements in fiscal year 1997. An increase in the average retroactive payment and an increase in the number of retroactive payees account for the upward revision to the original estimate.

The estimated caseload and cost by program follows:

	1996	1997	Difference
Caseload:			
Compensation:			
Veterans	2,241,000	2,252,100	+ 11,100
Survivors	305,700	303,800	- 1,900
Clothing allowance (nonadd)	(65,600)	(65,900)	(+ 300)
Pensions:			
Veterans	422,700	413,000	- 9,700
Survivors	340,800	320,700	- 20,100
Vocational training (nonadd)	(125)	(110)	(- 15)
Burial allowances	102,600	101,500	- 1,100
Funds:			
Compensation:			
Veterans	\$12,092,733,000	\$12,259,159,000	+ \$166,426,000
Survivors	3,144,800,000	3,141,800,000	- 3,000,000
Clothing allowance	32,989,000	33,141,000	+ 152,000
Payment to GOE (Public Laws 101-508 and 102-568)	2,105,000	2,098,000	- 7,000
Pensions:			
Veterans	2,289,569,000	2,302,800,000	+ 13,231,000
Survivors	804,400,000	787,400,000	- 17,000,000
Vocational training	366,000	332,000	- 34,000
Payment to GOE (Public Laws 101-508, 102-568, and 103-446)	11,630,000	10,078,000	- 1,552,000
Payment to medical care (Public Laws 101-508 and 102-568)	11,445,000	14,241,000	+ 2,796,000
Payment to medical facilities	2,188,000	2,254,000	+ 66,000
Burial benefits	114,794,000	116,147,000	+ 1,353,000
Other assistance	1,811,000	1,809,000	- 2,000
Unobligated balance and transfers	- 177,269,000	.....	+ 177,269,000
Total appropriation	18,331,561,000	18,671,259,000	+ 339,698,000

The appropriation includes \$26,417,000 in payments to the "General operating expenses" and "Medical care" accounts for expenses related to implementing provisions of the Omnibus Budget Reconciliation Act of 1990, the Veterans' Benefits Act of 1992, and the Veterans' Benefits Improvements Act of 1994. The amount provided includes funds for a proposed cost-of-living increase of 2.8 percent for pension recipients.

Also, the bill includes language permitting this appropriation to reimburse such sums as may be necessary, estimated at \$2,254,000, to the medical facilities revolving fund to help defray the operating expenses of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

As in the House, the Committee has not included language proposed by the administration that would provide indefinite 1997 supplemental appropriations for compensation and pension payments.

READJUSTMENT BENEFITS

Appropriations, 1996	\$1,345,300,000
Budget estimate, 1997	1,227,000,000
House allowance	1,227,000,000
Committee recommendation	1,377,000,000

PROGRAM DESCRIPTION

The readjustment benefits appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985. These benefits are included in the All-Volunteer Force Educational Assistance Program (Montgomery GI bill) authorized under 38 U.S.C. 30. Eligibility to receive this assistance began in 1987. Basic benefits are funded through appropriations made to the readjustment benefits appropriation. Supplemental benefits are also provided to certain veterans and this funding is available from transfers from the Department of Defense. This account also finances vocational rehabilitation, specially adapted housing grants, automobile grants with the associated approved adaptive equipment for certain disabled veterans, and finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total permanent service-connected disability as well as dependents of servicepersons who were captured or missing in action.

COMMITTEE RECOMMENDATION

The Committee has provided \$1,377,000,000 for readjustment benefits. The amount provided is an increase of \$150,000,000 over the original budget estimate and the House amount, and an increase of \$31,700,000 above the enacted level. The Department's revised estimate reflects a shortfall experienced in the "Compensation and pension" account in fiscal year 1996, and the need to transfer \$150,000,000 to that account in fiscal year 1996. The Department originally had anticipated carryover of \$150,000,000 in this account due to lower education and training caseload than estimated in 1996. The recommended appropriation will provide education and training benefits for 526,345 veterans, servicepersons, reservists, or dependents.

The estimated caseload and cost for this account follows:

	1996	1997	Difference
Number of trainees:			
Education and training: Dependents	38,668	37,938	- 730
All-Volunteer Force educational assistance:			
Veterans and servicepersons	301,776	320,084	+ 18,308
Reservists	114,825	109,243	- 5,582
Vocational rehabilitation	54,459	59,080	+ 4,621
Total	509,728	526,345	+ 16,617
Funds:			
Education and training: Dependents	\$98,211,000	\$96,267,000	-\$1,944,000
All-Volunteer Force educational assistance:			
Veterans and servicepersons	843,907,000	902,867,000	+ 58,960,000
Reservists	113,471,000	110,693,000	- 2,778,000
Vocational rehabilitation	348,810,000	388,215,000	+ 39,405,000
Housing grants	16,327,000	16,327,000	.....
Automobiles and other conveyances	5,615,000	5,615,000	.....
Adaptive equipment	16,433,000	12,506,000	- 3,927,000
Work-study	34,045,000	38,243,000	+ 4,198,000
Payment to States	13,000,000	13,000,000	.....

	1996	1997	Difference
Jobs training (Public Law 102-484)	- 518,000	- 173,000	+ 345,000
Balance forward and offsetting collections	- 296,341,000	- 206,560,000	+ 89,781,000
Unobligated balance, end of year	+ 152,340,000	.....	- 152,340,000
Transfer to compensation and pensions	- 150,000,000	.....	+ 150,000,000
Total appropriation	1,195,300,000	1,377,000,000	- 181,700,000

VETERANS INSURANCE AND INDEMNITIES

Appropriations, 1996	\$24,890,000
Budget estimate, 1997	38,970,000
House allowance	38,970,000
Committee recommendation	38,970,000

PROGRAM DESCRIPTION

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; Servicemen's indemnities, applicable to Korean conflict veterans; and veterans mortgage life insurance to individuals who have received a grant for specially adapted housing.

COMMITTEE RECOMMENDATION

The Committee has provided \$38,970,000 for veterans insurance and indemnities, as requested by the administration and provided by the House. This is an increase of \$14,080,000 above the current budget. The Department estimates there will be 5,135,956 policies in force in fiscal year 1997.

GUARANTY AND INDEMNITY PROGRAM FUND

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$504,122,000	\$65,226,000
Budget estimate, 1997	158,643,000	107,703,000
House allowance	158,643,000	105,226,000
Committee recommendation	158,643,000	105,226,000

PROGRAM DESCRIPTION

This appropriation provides for the cost of direct and guaranteed loans, as well as the administrative expenses to carry out the direct and guaranteed loan programs, which may be transferred to and merged with the general operating expenses appropriation.

The purpose of the VA Home Loan Guaranty Program is to facilitate the extension of mortgage credit on favorable terms by private lenders to eligible veterans.

COMMITTEE RECOMMENDATION

The Committee recommends such sums as may be necessary, estimated to be \$158,643,000 for funding subsidy payments of the guaranty and indemnity program fund and \$105,226,000 for administrative expenses. The administrative expenses may be transferred to the "General operating expenses" account.

The increase of \$40,000,000 in administrative expenses over the 1996 enacted level reflects the Department's decision to allocate veterans assistance services [VAS] personnel costs across program areas, in lieu of a separate budget for veterans services. This better reflects the cost of the Veterans Benefits Administration's [VBA] programs, and represents the first phase of a long-term initiative to shift all VBA administrative and support costs to the five business programs. VAS costs previously have been funded entirely in the general operating expenses appropriation.

LOAN GUARANTY PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$22,950,000	\$52,138,000
Budget estimate, 1997	14,091,000	33,810,000
House allowance	14,091,000	33,810,000
Committee recommendation	14,091,000	33,810,000

PROGRAM DESCRIPTION

The "Loan guaranty program" account provides for the cost of direct and guaranteed loans, pay subsidies, and covers the administrative expenses to carry out the direct and guaranteed loan programs.

COMMITTEE RECOMMENDATION

The Committee recommends such sums as may be necessary, estimated to be \$14,091,000 for funding subsidy payments, and \$33,810,000 to pay administrative expenses. The administrative expenses may be transferred to the "General operating expenses" account.

DIRECT LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$28,000	\$459,000
Budget estimate, 1997	30,000	80,000
House allowance	30,000	80,000
Committee recommendation	30,000	80,000

PROGRAM DESCRIPTION

The “Direct loan program” account provides funds for subsidies to severely disabled veterans for specially adapted housing and for administrative expenses to carry out the direct loan program.

COMMITTEE RECOMMENDATION

The bill includes the requested \$300,000 limitation on specially adjusted housing loans; such sums as may be necessary for subsidy payments, estimated to be \$30,000; and \$80,000 for administrative expenses. The administrative expenses may be transferred to the “General operating expenses” account.

EDUCATION LOAN FUND PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$1,000	\$195,000
Budget estimate, 1997	1,000	204,000
House allowance	1,000	195,000
Committee recommendation	1,000	195,000

PROGRAM DESCRIPTION

This appropriation covers the cost of direct loans for eligible dependents and, in addition, it includes administrative expenses necessary to carry out the direct loan program. The administrative funds may be transferred to and merged with the appropriation for the general operating expenses to cover the common overhead expenses.

COMMITTEE RECOMMENDATION

The bill includes \$1,000 for program costs and \$195,000 for administrative expenses. The administrative expenses may be transferred to and merged with the “General operating expenses” account. Bill language is included limiting program direct loans to \$3,000.

VOCATIONAL REHABILITATION LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$54,000	\$377,000
Budget estimate, 1997	49,000	507,000
House allowance	49,000	377,000
Committee recommendation	49,000	377,000

PROGRAM DESCRIPTION

This appropriation covers the cost of direct loans for vocational rehabilitation of eligible veterans and, in addition, it includes ad-

ministrative expenses necessary to carry out the direct loan program. Loans of up to \$791 (based on indexed chapter 31 subsistence allowance rate) are available to service-connected disabled veterans enrolled in vocational rehabilitation programs as provided under 38 U.S.C. chapter 31 when the veteran is temporarily in need of additional assistance. Repayment is made in 10 monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay.

COMMITTEE RECOMMENDATION

The bill includes the requested \$49,000 for program costs and \$377,000 for administrative expenses. The administrative expenses may be transferred to and merged with the "General operating expenses" account. Bill language is included limiting program direct loans to \$2,822,000. The House recommended a loan limitation of \$1,964,000. It is estimated that VA will make 6,203 loans in fiscal year 1997, with an average amount of \$455.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	<i>Administrative expenses</i>
Appropriations, 1996 ¹	\$205,000
Budget estimate, 1997 ¹	434,000
House allowance	205,000
Committee recommendation	205,000

¹ Subsidy amounts necessary to support this program were appropriated in fiscal year 1993.

PROGRAM DESCRIPTION

This program will test the feasibility of enabling VA to make direct home loans to native American veterans who live on U.S. trust lands. This program is a 5-year pilot program which began in 1993.

COMMITTEE RECOMMENDATION

The bill includes \$205,000 for administrative expenses associated with this program in fiscal year 1997, as in the House bill. These funds may be transferred to the "General operating expenses" account.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

Appropriations, 1996	\$16,564,000,000
Budget estimate, 1997	17,008,447,000
House allowance	17,068,447,000
Committee recommendation	17,008,447,000

PROGRAM DESCRIPTION

The Department of Veterans Affairs [VA] operates the largest Federal medical care delivery system in the country, with 173 hospitals, 39 domiciliaries, 135 nursing homes, and 404 outpatient

clinics which includes independent, satellite, community-based, and rural outreach clinics.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliaries, and outpatient clinic facilities; contract hospitals; State home facilities on a grant basis; contract community nursing homes; and through the hometown outpatient program, on a fee basis. Hospital and outpatient care also are provided for certain dependents and survivors of veterans under the Civilian Health and Medical Program of the VA [CHAMPVA]. The medical care appropriation also provides for training of medical residents and interns and other professional paramedical and administrative personnel in health science fields to support the Department's and the Nation's health manpower demands.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$17,008,447,000 for VA medical care. This represents an increase of \$444,447,000 over the current level, and will enable VA to provide care to all veterans currently receiving VA health care services.

The Committee is very supportive of efforts made within the Veterans Health Administration [VHA] to restructure the system consistent with modern health care practices. The recently implemented veterans integrated services networks [VISN] are expected to result in improved quality of care, including primary care services for all enrolled veterans, and reduced costs through the elimination of wasteful, redundant or unnecessary activities. Improvements have already been demonstrated, including reduced waiting times for appointments.

The Committee urges VHA through the VISN's to implement aggressively all appropriate cost-saving measures, as recommended by the General Accounting Office, the inspector general, internal task forces, and others. The Committee has not mandated any specific reductions in an effort to provide flexibility to the Department, but strongly encourages VHA to consider such cost-saving measures as additional consolidations and integrations of services, reducing management layers, eliminating redundant services, restructuring small hospitals or programs, eliminating high cost and low volume programs, eliminating some categories of beneficiary travel, and improving formulary management.

The Committee is concerned about the increase in costs associated with beneficiary travel payments, a benefit typically not offered to patients in the private sector. Costs for these benefits have risen over 40 percent in the past 4 years and continue to rise. At the same time, VA has discontinued centralized reporting of beneficiary travel costs, making it difficult to ascertain what accounts for such large increases. The VA's management improvement task force has recommended limiting the extent such payments are made, but very little is known about the recipients of these payments and the potential impact of redirecting these resources to direct patient care.

To obtain a better understanding the use of beneficiary travel payments, the Committee directs VA to submit a report within 60

days of enactment of this act summarizing: (1) the number of veteran and nonveteran (attendant) recipients of and claims for beneficiary travel payments by category of travel; (2) the associated costs by category of travel; (3) the number of claims for inpatient and outpatient purposes; (4) the eligibility basis for the recipients of beneficiary travel; and (5) the potential impacts of eliminating one or more categories of beneficiary travel. Any available information on whether the veteran was traveling from a rural area or to participate in a special health care program such as research, spinal cord injury, or donor program, should also be included in this report.

The Committee is encouraged by the progress made in moving to a capitated system to allocate resources. Capitation represents a far more equitable method of allocating resources than VA traditionally has employed, and should ensure that cost-effective management practices are rewarded. In developing capitated rates, the Committee supports the recommendation of the veterans service organizations' independent budget to reflect in the rates the additional costs of special services infrastructure and staffing. As the Department works to establish capitation rates for the fiscal year 1998 budget, the Committee wishes to be kept informed of progress in this area.

The Committee also is supportive of the development of performance measures for VISN and medical center administrators, to ensure appropriate incentives for the provision of high quality, cost-effective care. The General Accounting Office recently stated, "Unlike private care providers, VA bears few of the risks associated with inefficient practices and, as such, has little economic incentive to reduce costs." Performance measures should help rectify this systemic disincentive. VA is to keep the Committee apprised of progress in the implementation of performance measures.

In Senate Report 104-140, which accompanied the fiscal year 1996 VA-HUD bill, the Committee noted concerns with VA's proposal to create community-based primary care access points. In response to those concerns, VHA recently finalized basic requirements and criteria for the establishment of such access points. These criteria represent an appropriate response to the need to enhance veterans' access to community-based outpatient services within the confines of a constrained budget. The Committee expects VHA will monitor closely the outcomes of access points and ensure that they fulfill stated objectives, including more cost-effective care, improved quality and patient satisfaction, and more equitable access to care throughout the system. The Committee wishes to be kept apprised of this initiative.

VA and the Department of Defense recently completed a joint report on ways the two Departments can enhance cooperation, reduce costs, and improve health care services. The Committee strongly supports this initiative, commends both Departments for their efforts, and urges the continuation of such joint endeavors. Initiatives such as using VA and DOD combined purchasing to reduce costs, and increasing sharing of laboratory and other services, should be implemented expeditiously in an effort to make better use of resources.

The Committee notes the extraordinary needs of homeless veterans in the State of Alaska. These veterans must cope with the severe weather, isolation, and long, harsh winters that are associated with life in Alaska. The Committee directs the Department to provide \$400,000 for the homeless veterans domiciliary program in Alaska, including the purchase of transitional housing units (\$300,000) and the expansion of the domiciliary's video-conferencing capabilities (\$100,000).

VA is to continue the demonstration project involving the Clarksburg VA Medical Center and the Ruby Memorial Hospital at West Virginia University.

The Committee encourages VA to continue the psychology internship program at no less than the 1995 level and use these health care professionals aggressively in primary care settings to counsel behavioral modification to reduce mortality and morbidity and the need for hospital services.

The Committee notes the need for a mobile clinic to be operated from the Wilkes-Barre VAMC to serve veterans in rural and isolated areas of Pennsylvania, and urges VHA to address this need.

VA is to continue adequately funding the Williamsport Veterans Center at no less than the current level of \$300,000.

In view of the importance of increasing rural veterans' access to health care services, VA should consider funding pilot programs such as the Veterans Rural Access Program [V-RAP] at the Grand Island VA Medical Center. This program would shorten the distance required for many Nebraska veterans to receive VA surgical services through such initiatives as contractual arrangements with community hospitals.

The Committee recognizes the importance of outpatient clinics in providing access to medical care to veterans in rural and outlying areas, and is concerned about the VA's commitment to continuing to provide outpatient services in Cambridge and Cumberland, MD. In both cases, there are issues relating to the current leases for space for VA clinics which need to be addressed expeditiously in order to ensure that veterans' access to medical care in these locations is uninterrupted. The Committee expects the VA to take immediately the necessary steps to address the need for acquiring new space for these clinics, and to report to the Committee within 90 days on the plan for continuity of service to veterans in each location.

The Committee is aware that the Lebanon VA Medical Center has operated a health screening van since 1988. This vehicle allows access to veterans in 12 counties to health screening and referrals for follow-up care. While the program has been very successful in an area with a large rural population, the van presently is in need of replacement due to age and use. VA should give appropriate consideration to providing necessary resources for this purpose.

The Committee is aware of ongoing efforts by the Kansas Historical Society, the National Trust for Historic Preservation, and concerned local citizens to save the historically significant Ward Building at the Leavenworth VA Medical Center from demolition. It is expected that the Department will refrain from demolishing this historic Victorian-style structure, built in 1888, to allow additional time to identify private funds for its restoration.

The Committee concurs with the House in requesting the Department to conduct a feasibility study of establishing a health care facility in Alamogordo, NM. Currently, veterans living in southwest New Mexico travel 150 miles round trip to seek care at a VA outpatient clinic.

The Committee recognizes the unique national resource in neuroimaging at the Albuquerque VA Medical Center. The Institute of Neuroimaging utilizes medical imaging technologies to provide a live picture of the human brain at work, which greatly enhances the ability to diagnose and treat complex and debilitating illnesses. The demand for neuroimaging services exceeds current staffing levels. The Committee expects the VA to acknowledge the importance of this national resource, and urges VA to provide the additional staff it requires to provide these services.

The Committee is concerned that the most advanced prostate cancer treatment be made available to veterans being treated in VA medical facilities. The Committee directs the Secretary to convene a study on prostate cancer diagnosis and treatment in the VA, in cooperation with the Center for Prostate Disease Research and in coordination with the Department of Defense which is conducting a similar study. The study should review current diagnostic and treatment options, and recommend Department-wide clinical practice guidelines for available treatment options. The study should include a plan to ensure that the highest quality care for prostate cancer is made available to all beneficiaries, and to provide regular physician education on prostate cancer diagnosis and treatment, and routine updates on therapeutic advances. VA is to report to the Committee not later than June 30, 1997, on the findings and recommendations of the study.

The Committee notes that current regulations under title 38 require VA officials to report to State licensing boards any separated licensed health care professional who resigned after having had his clinical privileges restricted or revoked, or who resigned after serious concerns about his clinical competence were raised but not resolved. VA should, wherever appropriate and available, use statistical analyses as a factor in determining an employee's clinical competence. Such information should be considered when determining whether to report a nurse to a State's board of nursing. In the absence of stricter Federal guidelines, VA should adhere to State law relating to the reporting of licensed health care professionals to the appropriate health care licensing board when questions about competence have been raised.

Bill language is included, as in the past, delaying the availability of \$596,000,000 in the equipment and land and structures object classifications. This is an increase of \$26,000,000 over the House amount and the administration request level, and a decrease of \$193,000,000 below the enacted level.

MEDICAL AND PROSTHETIC RESEARCH

Appropriations, 1996	\$257,000,000
Budget estimate, 1997	257,000,000
House allowance	277,000,000
Committee recommendation	262,000,000

PROGRAM DESCRIPTION

The “Medical and prosthetic research” account provides funds for medical, rehabilitative, and health services research. Medical research supports basic and clinical studies that advance knowledge leading to improvements in the prevention, diagnosis, and treatment of diseases and disabilities. Rehabilitation research focuses on rehabilitation engineering problems in the fields of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. Health services research focuses on improving the effectiveness and economy of delivery of health services.

COMMITTEE RECOMMENDATION

The Committee recommends \$262,000,000 for medical and prosthetic research. This is an increase of \$5,000,000 over the current budget and the budget request.

The Committee has recommended an increase for this program in view of its importance in recruiting and retaining highly qualified medical professionals in the VA system; the high priority of improving the diagnosis, treatment, rehabilitation, and prevention of diseases and disabilities, especially those with high prevalence among veterans; and the mounting backlog of approved, but unfunded projects.

The Committee continues to support VA’s health services research program and urges the Department to continue its funding at no less than current levels. As VA continues the transition to managed care, this research program becomes increasingly important.

Recognizing the large number of veterans who suffer from prostate cancer, the Committee encourages VA to consider increasing the amount of prostate cancer research selected through the normal merit review process.

In view of the link between neurofibromatosis [NF] and common human cancers, VA should consider increasing funding for NF research, through the normal peer review process, and is encouraged to collaborate with other relevant Federal entities on future NF research projects.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING
EXPENSES

Appropriations, 1996	\$63,602,000
Budget estimate, 1997	62,207,000
House allowance	59,207,000
Committee recommendation	62,207,000

PROGRAM DESCRIPTION

This appropriation provides funds for central office executive direction (Under Secretary for Health and staff), administration and supervision of all VA medical and construction programs, including development and implementation of policies, plans, and program objectives.

COMMITTEE RECOMMENDATION

The Committee recommends \$62,207,000 for medical administration and miscellaneous operating expenses, the same as the budget request, \$1,395,000 below the current budget, and \$3,000,000 above the House amount. The Committee supports VHA's leadership in aggressively implementing the VISN reorganization and improvements to the VA medical system.

TRANSITIONAL HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1996	\$7,000	\$54,000
Budget estimate, 1997	7,000	54,000
House allowance	7,000	54,000
Committee recommendation	7,000	54,000

PROGRAM DESCRIPTION

This account provides for the cost of direct loans and the associated administrative expenses, for the transitional housing loan program to nonprofit organizations.

VA is authorized under Public Law 102-54 to make transitional housing loans to nonprofit organizations exclusively for use as transitional group residences for veterans who are in a program for the treatment of substance abuse. The amount of a loan cannot exceed \$4,500 for any single residential unit and each loan must be repaid within 2 years through monthly installments.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$7,000 for the estimated cost of providing loans for this program, associated administrative expenses of \$54,000 which may be transferred to the general post fund, and a limitation on direct loans of \$70,000.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

Appropriations, 1996	\$848,143,000
Budget estimate, 1997	843,730,000
House allowance	840,584,000
Committee recommendation	813,730,000

PROGRAM DESCRIPTION

This appropriation provides for the administration of nonmedical veterans benefits through the Veterans Benefits Administration [VBA], the executive direction of the Department, several top level supporting offices, of the Board of Contract Appeals, and the Board of Veterans Appeals.

COMMITTEE RECOMMENDATION

The Committee recommends \$813,730,000 for general operating expenses, a reduction of \$26,854,000 below the House amount, \$34,413,000 below the current budget and \$30,000,000 below the budget request.

The Committee has made the following changes from the budget request:

Deferred relocation expenses	-\$10,000,000
Travel costs	- 6,000,000
Restructuring plans which will not be implemented	- 6,000,000
Information technology such as software development activities	- 2,000,000
Cash awards and bonuses	- 2,000,000
Increase requested for the Board of Veterans Appeals	- 4,000,000

The Committee notes the number of original compensation and pension claims is declining in concert with decreases in the military separation rate. This accounts in part for the decrease in the administration's requested budget for compensation and pension staffing. As a result of the decline in new claims, it is anticipated that the claims backlog will be reduced to approximately 277,000 pending claims by the end of fiscal year 1997, and the timeliness of claims processing will improve.

The reduction in the number of pending claims does not, however, reflect improvements within the Veterans Benefits Administration. Indeed, the Committee is very concerned with the management of VBA and its failure comprehensively to address fundamental, systemic shortcomings in service delivery to veterans. Last fall, VBA announced plans to restructure several field offices. While there is little question that the VBA needs restructuring, a reorganization must involve more than cost-cutting measures. It must be based on a long-term strategic plan addressing VBA's myriad problems, including the bureaucratic organizational structure, antiquated business processes, inadequate automation, the effects of judicial review, and the relationship of VBA to the Veterans Health Administration and the Board of Veterans Appeals. VBA's proposal failed to meet such basic requirements and has yet to complete a strategic plan.

While VA recently announced it will not proceed with plans to move compensation and pension processing services out of offices in Anchorage, Honolulu, Fort Harrison, and Wilmington, the Committee remains very troubled with the manner in which the proposed restructuring was handled. The Committee expects the Department will not proceed with significant restructuring activities until it completes a long-term strategic plan and comprehensively addresses the systemwide weaknesses.

The Veterans' Claims Adjudication Commission, authorized in Public Law 103-446 to examine VA's system for adjudicating veterans' claims and appeals for service-connected disability compensation, recently issued their preliminary conclusions. The Commission identified significant shortcomings, concluding, "VA faces fundamental organizational and philosophical difficulties that would present a significant challenge even during times of readily available resources." The Committee concurs with this assessment.

The Committee also concurs with the following testimony presented by a representative of the Disabled American Veterans before a House Veterans Affairs Subcommittee earlier this year:

VA must be held accountable for its continuing failure to take decisive and meaningful actions to improve decision-making and claims processing at the regional office level. And if VA officials are to make real changes, there must be accountability through each level of the system that flows down to the adjudicator. C&P service management must set the proper example for adjudicators; must instill in them the proper attitudes and sense of fidelity to the law; must properly train them; must oversee them, review their performance, and follow up on training; and hold them accountable for their work products.

The Committee agrees with the recommendations of the veterans service organizations' independent budget that VBA should establish performance criteria, which include measures of technical proficiency, timeliness, and work quality, for regional office adjudicators. It is expected that such performance criteria will be included in VBA's long-awaited strategic plan. VBA is to report on its progress in meeting these recommendations within 60 days of enactment of this act.

The Committee remains concerned with VBA's ADP technology modernization initiative. While approximately \$300,000,000 has been expended to date, VBA has not been able to demonstrate any quantifiable benefits in terms of improved service to veterans. Modernization efforts have proceeded prior to the development of a strategic plan for VBA or the implementation of business process reengineering. VBA has procured hardware and software before assessing the benefits or identifying the technology needs. Further, according to GAO, investments being made in software development may not achieve the desired results. The mishandling of this resource-intensive initiative demonstrates the very significant management problems within VBA.

The National Academy of Public Administration currently is conducting a review of VBA, at this Committee's direction, which should provide specific recommendations for comprehensive, strategic improvements to the organization and the many problems which have been identified. VBA should cooperate fully with NAPA as it performs this analysis. It is expected that NAPA will build upon the Adjudication Commission's significant work to date.

The Committee notes that the Adjudication Commission, in its preliminary findings, found "the basic purpose of the Board of Veterans Appeals came into question with the advent of judicial review. In its present role, BVA does not appear to be an effective vehicle for the fair, impartial, and timely processing of appeals. Given the availability of the Court of Veterans Appeals to review the Board's final decisions, the Board's current form of de novo review of regional office decisions may no longer be necessary or in veterans' best interests." The Committee agrees that the role of the Board needs to be reassessed. It is expected that the National Academy of Public Administration review will address this issue.

While long overdue, the Committee supports VBA's efforts in business process reengineering. Such efforts should be, to the extent possible, protected from budget reductions and should be implemented expeditiously.

The Committee supports VBA's plans to improve telephone service to veterans which will greatly reduce the blocked call rate. Currently, VBA experiences an unacceptably high telephone call blockage rate in excess of 50 percent.

As in the House, the Committee has retained bill language limiting the number of noncareer senior executive service and schedule C positions in 1997 to 6 and 11, respectively. Bill language is included, as in the House, authorizing the expenditure of funds to administer the Service Members Occupational Conversion and Training Act.

NATIONAL CEMETERY SYSTEM

Appropriations, 1996	\$72,604,000
Budget estimate, 1997	76,864,000
House allowance	76,864,000
Committee recommendation	76,864,000

PROGRAM DESCRIPTION

The National Cemetery System was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program.

There are a total of 147 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico. The Committee's recommendation for the National Cemetery System provides funds for all of these cemeterial installations, including the Tahoma National Military Cemetery, which would be the first of its kind for Washington State veterans.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$76,864,000 for the National Cemetery System, as provided by the House. This is an increase of \$4,260,000 over the enacted level.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1996	\$30,900,000
Budget estimate, 1997	31,175,000
House allowance	30,900,000
Committee recommendation	30,900,000

PROGRAM DESCRIPTION

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit and investiga-

tion and inspections of all Department of Veterans Affairs programs and operations.

COMMITTEE RECOMMENDATION

The Committee recommends \$30,900,000 for the inspector general, as in the House. This is a decrease of \$275,000 below the request and the same as the current budget.

CONSTRUCTION, MAJOR PROJECTS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$136,155,000
Budget estimate, 1997	249,900,000
House allowance	245,358,000
Committee recommendation	178,250,000

PROGRAM DESCRIPTION

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is \$3,000,000 or more.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$178,250,000 for construction, major projects. The Committee has made the following changes to the budget request:

Brevard County, FL, new medical center	-\$42,600,000
Travis, CA new medical center	- 32,100,000
Marion, IN, renovation	- 17,300,000
Pittsburgh, PA, renovation	- 17,400,000
Salisbury, NC, renovation	- 18,200,000
Advance planning fund	- 1,258,000
Leavenworth, KS, consolidated ambulatory care facility	+ 26,950,000
Albany, NY, cemetery	+ 13,000,000
Portland, OR, research addition	+ 16,000,000
Guilford Township, OH, cemetery	+ 1,258,000

In view of the recent implementation of the veterans integrated service networks [VISN's] and the structural changes which are anticipated to occur as a result of this reorganization, the Committee recommends a limited major construction appropriation for the medical program. The VISN reorganization will have significant implications for VA's infrastructure requirements. Significant renovation projects, therefore, should not go forward at this time.

The Committee also continues to disapprove of the construction of new VA hospitals. Such construction cannot be justified in an era of declining resources and in view of the increasing shift away from hospital-based services.

The Committee is concerned the Department has refused to proceed with the construction of outpatient clinics in Brevard County, FL and Travis, CA, as provided for in fiscal year 1996 authorization and appropriation legislation. The Department is directed to proceed expeditiously with these projects to ensure that VA health

care services can be provided to veterans in those areas as soon as possible.

The Committee has recommended funding for three outpatient projects, including Honolulu, HI, and Wilkes-Barre, PA, as requested by the administration, and Leavenworth, KS. Given the importance of enhancing outpatient care services and the compelling need for these facilities, the Committee believes these projects are justified fully.

The Committee notes the Honolulu ambulatory care project is a joint venture with the Tripler Army Medical Center which will effect cost efficiencies through consolidated functions, service exchange and cost reimbursement.

The Wilkes-Barre outpatient addition will correct serious space, functional and safety deficiencies which now exist. The ambulatory care program currently is operating in 44 percent of the space required to meet current workload. According to the Department, it is anticipated that this medical center's role will not only continue under the VISN, but increase because of the realignment.

The Leavenworth ambulatory care addition is required to correct critical space, functional, and safety deficiencies. This project is to be expedited through a design-build contract.

The Committee's recommendations are as follows:

CONSTRUCTION, MAJOR PROJECTS

[In thousands of dollars]

Location and description	Available through 1996	1997 budget request	House allowance	Committee recommendation
Medical Program:				
Replacement and modernization:				
Brevard County, FL, new medical center/nursing home	25,000	42,600	.....	.....
Travis, CA, replacement medical center	47,600	32,100	32,100	.....
Subtotal	72,600	74,700	32,100	.....
Outpatient improvements:				
Honolulu, HI ambulatory care/renovate "E" wing	27,000	16,000	16,000	16,000
Leavenworth, KS, ambulatory care	2,500	.....	.....	26,950
Lyons, NJ, ambulatory care .....	.....	.....	1,000	.....
Murfreesboro, TN, renovate/reconstruction psychiatric care design .....	.....	.....	2,300	.....
Wilkes-Barre, PA, ambulatory care addition/environmental improvements	5,000	42,700	42,700	42,700
Subtotal	34,500	58,700	62,000	85,650
Relocation: Mountain Home, TN, renovation and relocate medical school				
.....	.....	.....	15,500	.....
Patient environment:				
Marion, IN, replace psychiatric beds .....	.....	17,300	17,300	.....

CONSTRUCTION, MAJOR PROJECTS—Continued

[In thousands of dollars]

Location and description	Available through 1996	1997 budget request	House allowance	Committee recommendation
Tampa, FL, SCI/energy plant first phase			20,000	
Pittsburgh (UD), PA, environmental improvements		17,400	17,400	
Salisbury, NC, environmental enhancements		18,200	18,200	
Subtotal		52,900	72,900	
Research: Portland, OR, research addition	16,000			16,000
Advance planning fund: Various stations		8,845	3,845	8,845
Design fund: Various stations		1,000	1,000	1,000
Hazardous substance abatement: Various stations		800	800	800
Asbestos abatement: Various stations		15,000	10,000	13,742
Less: Fiscal year 1996 design fund		(2,645)	(2,645)	(2,645)
Subtotal	123,100	209,300	195,500	123,392
National Cemetery Program:				
Various stations: Design fund		500	500	500
Guilford Township, OH, design			1,258	1,258
Chicago, IL, new cemetery	1,500	18,400	18,400	18,400
Albany, NY, new cemetery			13,000	13,000
Dallas/Fort Worth, TX, new cemetery	5,000	16,200	16,200	16,200
Subtotal	6,500	35,100	49,358	49,358
Judgment fund: Various stations		5,000		5,000
Claims analyses: Various stations		500	500	500
Total construction, major projects	129,600	249,900	245,358	178,250

CONSTRUCTION, MINOR PROJECTS

Appropriations, 1996	\$190,000,000
Budget estimate, 1997	189,241,000
House allowance	160,000,000
Committee recommendation	190,000,000

PROGRAM DESCRIPTION

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$3,000,000.

COMMITTEE RECOMMENDATION

The Committee recommends \$190,000,000, the same as the current budget, an increase of \$30,000,000 above the House amount,

and \$759,000 above the budget request. This appropriation will provide for approximately 115 construction awards and 80 design awards.

The administration's budget proposed an increase in the minor construction project cost limitation to \$10,000,000. As in the House, the Committee has not changed the current limitation.

The Committee has not recommended bill language requested by the administration authorizing the expenditure of up to \$3,000,000 in minor construction funding for enhanced use projects. The Committee does not believe this authorization is justifiable at this time.

PARKING REVOLVING FUND

Appropriations, 1996	
Budget estimate, 1997	
House allowance	\$12,300,000
Committee recommendation	

PROGRAM DESCRIPTION

The revolving fund provides funds for the construction, alteration, and acquisition (by purchase or lease) of parking garages at VA medical facilities authorized by 38 U.S.C. 8109.

The Secretary is required under certain circumstances to establish and collect fees for the use of such garages and parking facilities. Receipts from the parking fees are to be deposited in the revolving fund and would be used to fund future parking garage initiatives.

COMMITTEE RECOMMENDATION

No new budget authority is requested by the administration or provided for fiscal year 1997.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Appropriations, 1996	\$47,397,000
Budget estimate, 1997	39,909,000
House allowance	47,397,000
Committee recommendation	47,397,000

PROGRAM DESCRIPTION

This account is used to provide grants to assist States in acquiring or constructing State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

COMMITTEE RECOMMENDATION

The Committee recommends \$47,397,000 for grants for the construction of State extended care facilities. The amount provided is the same as the House amount and the current budget, and represents an increase of \$7,488,000 above the budget request. The

Committee recognizes that this program is a cost-effective means of meeting the long-term health care needs of veterans.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS' CEMETERIES

Appropriations, 1996	\$1,000,000
Budget estimate, 1997	1,000,000
House allowance	1,000,000
Committee recommendation	1,000,000

PROGRAM DESCRIPTION

Public Law 95–476, as codified in title 38 U.S.C. 2408, established authority to provide aid to States for establishment, expansion, and improvement of State veterans' cemeteries which are operated and permanently maintained by the States. A grant may not exceed 50 percent of the total value of the land and the cost of improvements.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,000,000 for grants for construction of State veterans' cemeteries in fiscal year 1997, as requested by the administration and provided by the House.

FRANCHISE FUND

The Committee recommends bill language, as in the House, authorizing the establishment of a franchise fund. The VA was chosen as a pilot franchise fund agency under Public Law 103–356, the Government Management and Reform Act of 1994. The franchise fund will be financed on a fee-for-service basis rather than through the general operating expenses appropriation. This revolving fund will be used to supply common administrative services on the basis of services supplied, with billings of about \$50,000,000 in fiscal year 1997.

The Committee expects to be kept apprised of VA's activities in this area, including quarterly status reports.

ADMINISTRATIVE PROVISIONS

The Committee has included seven administrative provisions carried in earlier bills. Included is a provision enabling VA to use surplus earnings from the national service life insurance, U.S. Government life insurance, and veterans special life insurance programs to administer these programs. This provision was included for the first time in fiscal year 1996 appropriations legislation. The Department estimates that \$32,000,000 will be reimbursed to the "General operating expenses" account as a result of this provision.

TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Appropriations, 1996	\$19,127,122,000
Budget estimate, 1997	21,963,813,000
House allowance	19,867,152,000
Committee recommendation	19,664,845,000

GENERAL DESCRIPTION

The Department of Housing and Urban Development [HUD] was established by the Housing and Urban Development Act (Public Law 89–174), effective November 9, 1965. This Department is the principal Federal agency responsible for programs concerned with the Nation’s housing needs, fair housing opportunities, and improving and developing the Nation’s communities.

In carrying out the mission of serving the needs and interests of the Nation’s communities and of the people who live and work in them, HUD administers mortgage and loan insurance programs that help families become homeowners and facilitate the construction of rental housing; rental and homeownership subsidy programs for low-income families who otherwise could not afford decent housing; programs to combat discrimination in housing and affirmatively further fair housing opportunity; programs aimed at insuring an adequate supply of mortgage credit; and programs that aid neighborhood rehabilitation and the preservation of our urban centers from blight and decay.

HUD administers programs to protect the homebuyer in the marketplace and fosters programs and research that stimulate and guide the housing industry to provide not only housing, but a suitable living environment.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$19,664,845,000 for the Department of Housing and Urban Development. This is an increase of \$537,723,000 above the 1996 enacted level, \$2,298,968,000 below the budget estimate, and \$202,307,000 below the House allowance.

This bill represents the third major iteration undertaken by this Congress of comprehensive restructuring of the Department of Housing and Urban Development and reform of programs under its jurisdiction. The first measure was enacted by this Congress 1 year ago as part of the Disaster Emergency Supplemental and Rescission Act of 1995, Public Law 104–19. It was that measure which made sweeping changes in housing policy and program levels, including the rescission of \$6,400,000,000 from previously appropriated incremental housing commitments and additional subsidized housing authorizations.

During consideration of that measure, this Committee established its policy goals to transform ongoing Federal housing programs. Central to the Committee's program is the critical task of reversing the ever-increasing cost of Federal housing subsidy commitments, which cannot be sustained if the Federal budget is to be brought into balance. Related to this fundamental budgetary goal are the programmatic needs of reducing the concentration of welfare-dependent families in subsidized and public housing developments, and reorienting these programs to assist families in working toward financial independence.

Recognizing the enormous scope of these changes, the Committee proposed a multifaceted strategy of legislative reform. This included deregulation of costly, complex, confusing, and counter-productive Federal mandates. Instead, the Committee insisted on delegation of responsibility to States and local units of government which are best positioned to target resources toward priority local needs and to curb potential abuse. Finally, the Committee implemented a comprehensive policy of eliminating unsustainable program commitments, first with the rescissions enacted in July of last year, and with the redirection of funding priorities in the appropriations act for fiscal year 1996 and in this measure for fiscal year 1997.

The sweeping reforms of the Disaster Emergency Supplemental and Rescission Act were finally enacted into law after an initial veto, in part prompted by objections of the President over the scope and magnitude of the changes proposed by the Congress in housing and community development programs. Similarly, the President also vetoed H.R. 2099—the VA, HUD, and Independent Agencies Appropriations Act for Fiscal Year 1996—in December 1995, again, partially based on objections to reforms proposed for HUD. Ultimately these changes were accepted by the President as part of the Balanced Budget Downpayment Act, I and the Omnibus Consolidated Rescission and Appropriations Act. Since Congress still has under consideration authorization legislation to reform HUD housing programs, this measure contains extensions of the reform legislation enacted in the appropriations bill over 1 year ago.

One significant change proposed in this act is a change to the basic appropriations structure for the Department. The Committee proposes elimination of the antiquated "Annual contributions for assisted housing" account which was a catchall for a large number of different categorical programs. Many of these activities have been eliminated, including public housing development and incremental certificates and vouchers, while others have been merged into flexible grants. Instead, this act categorizes Federal housing programs into three primary accounts. The first includes the remaining housing construction programs: housing for the elderly under section 202; housing for the disabled under section 811; and public housing for Indian families.

The other two primary housing accounts are for prevention of displacement of low-income families, and for preservation of privately owned subsidized housing and to maintain public housing developments. It is the Committee's view that this new account structure will permit the Congress to make more informed judgments as to the allocation of scarce budgetary resources for low-in-

come housing assistance. For example, despite the elimination of all other direct housing production activities, the Committee's deep support of housing for the elderly and the disabled is reflected in the appropriation for development of additional housing of this type. Similarly, another limited exception to the policy of eliminating expensive new housing construction is the appropriation for housing on Indian reservations which constitutes a unique and especially compelling need.

This account structure also makes clear the priority for avoidance of involuntary displacement of currently assisted families due to the growing constraints on discretionary Federal expenditures, and for protecting the massive previous investment in public housing, estimated at \$90,000,000,000, and the comparable Federal financial commitment in various forms of assisted private housing developments. Since foreseeable budgetary trends preclude similar investment in the future, it is critical that this stock be protected and maintained in the best condition possible for use by needy families.

The following accounts are proposed for elimination:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

Appropriations, 1996	\$9,818,795,000
Budget estimate, 1997	5,597,000,000
House allowance	5,132,000,000
Committee recommendation	

PROGRAM DESCRIPTION

The "Annual contributions for assisted housing" account has been the principal appropriation for the Department for providing housing assistance to low-income families. For fiscal year 1997, the House-passed bill provided funding only for renewals of expiring section 8 contracts and for contract amendments.

The Committee is recommending funding of these activities under the new account head: "Prevention of resident displacement."

HOUSING FOR SPECIAL POPULATIONS: ELDERLY AND DISABLED

Appropriations, 1996	
Budget estimate, 1997	\$769,000,000
House allowance	909,000,000
Committee recommendation	

PROGRAM DESCRIPTION

The "Housing for special populations" account is a new account intended to provide funding for development of housing for the elderly under section 202 and the disabled under section 811. The Committee is proposing continuing these activities under the new account head: "Development of additional new subsidized housing."

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATES FUND

Appropriations, 1996	
Budget estimate, 1997	\$290,000,000
House allowance	166,000,000
Committee recommendation	

PROGRAM DESCRIPTION

The housing certificates fund is a new account proposed by the House to consolidate funding for the existing section 8 voucher and certificate program. These activities are proposed for inclusion in the account under the head: "Prevention of resident displacement."

PUBLIC AND INDIAN HOUSING OPERATION FUNDS

Appropriations, 1996	\$2,800,000,000
Budget estimate, 1997	2,900,000,000
House allowance	2,850,000,000
Committee recommendation	

PROGRAM DESCRIPTION

This account provides funding for the payment of operating subsidies to public housing authorities and to Indian housing authorities to augment rent payments by residents in order to provide sufficient revenue to meet reasonable operating costs as calculated by the performance funding system. The Committee is recommending funding this activity under the head: "Preserving existing housing investment."

PUBLIC AND INDIAN HOUSING CAPITAL FUNDS

Appropriations, 1996	
Budget estimate, 1997	\$2,700,000,000
House allowance	2,700,000,000
Committee recommendation	

PROGRAM DESCRIPTION

This new account has been proposed by the House to provide funding for public and Indian housing modernization capital requirements. Also included in this account is funding for supportive service activities as well as technical assistance. The Committee recommends providing for the capital improvements needs of public and Indian housing under the account head: "Preserving existing housing investment." Supportive services for public housing is continued as an earmark under the Community Development Block Grants Program in the manner provided for in fiscal year 1996.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
[HOPE VII]

Appropriations, 1996	\$480,000,000
Budget estimate, 1997	650,000,000
House allowance	550,000,000
Committee recommendation	

PROGRAM DESCRIPTION

The "Revitalization of severely distressed public housing" account is intended to make awards to public housing authorities on a competitive basis to demolish obsolete failed developments or to revitalize, where appropriate, sites upon which these developments exist. This is a focused effort to eliminate public housing which was, in many cases, poorly located, ill-designed, and not well constructed. Such unsuitable housing has been very expensive to operate, and not possible to manage in a reasonable manner due to multiple de-

iciencies. The Committee proposes funding for this high-priority purpose under the head: "Preserving existing housing investment."

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Appropriations, 1996	\$290,000,000
Budget estimate, 1997	290,000,000
House allowance	290,000,000
Committee recommendation	

PROGRAM DESCRIPTION

Drug elimination grants are provided to public and Indian housing agencies to combat drug-related crime in and around public housing developments. The Committee recommends inclusion of this activity in the appropriation under the head: "Preserving existing housing investment."

The previous accounts have been replaced by the following three new accounts as described previously in the report:

DEVELOPMENT OF ADDITIONAL NEW SUBSIDIZED HOUSING

Appropriations, 1996	
Budget estimate, 1997	
House allowance	
Committee recommendation	\$969,000,000

PROGRAM DESCRIPTION

This account comprises all remaining new subsidized housing construction programs of the Department: housing for the elderly under section 202; housing for the disabled under section 811; and public housing for Indian families. Under these programs the Department provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. Twenty-five percent of the funding provided for housing for the disabled is available for tenant-based assistance under section 8.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$969,000,000 for development of additional new subsidized housing. Included in this recommendation is \$595,000,000 for capital advances for housing for the elderly, \$174,000,000 for capital advances for housing for the disabled, and \$200,000,000 for development or acquisition of public housing for Indian families. These amounts will maintain the current fiscal year 1996 levels of subsidized housing production for these three programs.

HUD formerly financed a number of low-income housing production programs as a strategy to address shelter needs in the Nation. These programs included public housing construction and development of new multifamily housing under long-term subsidy contracts under section 8. The high cost of such new housing construction and the long-term financial commitment for annual operating subsidies made such continued expansion of the federally supported housing inventory impossible in light of constraints on the discretionary budget. The Committee's recommendation maintains funding for only the highest priority populations for such expensive housing assistance.

A serious concern has been brought to the Committee's attention with respect to the recapture of funds previously allocated to the Cheyenne River Indian Tribe for the development of 30 housing units. The Committee appreciates the competitive policies governing the award of such funds and the requirement that recipient agencies utilize such funds in a prompt manner. Nonetheless, the Committee is very concerned over the potential loss of such urgently needed housing on this reservation and urges the Department to reexamine this circumstance.

PREVENTION OF RESIDENT DISPLACEMENT

Appropriations, 1996 .....	.....
Budget estimate, 1997 .....	.....
House allowance .....	.....
Committee recommendation	\$4,775,000,000

PROGRAM DESCRIPTION

This account seeks to avoid the disruptive and painful effects of displacement that families may confront from loss of existing subsidized housing. The largest component of this account are amounts to extend expiring rental subsidy contracts. For fiscal year 1997, such contract extensions are proposed for 1 year in duration, as contracted from prior contract terms which extended several years. In addition to amounts necessary to maintain existing rental subsidy contracts, amounts are provided for contract amendments which arise when a prior-year rental subsidy contract is in danger of depleting all funds previously committed and available. In such cases, contract amendments are necessary to finance the contract through the remaining term of the contract. This account also includes funds for new section 8 certificates and vouchers to assist residents that are facing potential displacement due to the prepayment of subsidized mortgages under sections 236 and 221(d)(3) of the National Housing Act or because of demolition and redevelopment activities of public housing agencies under HOPE VII.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,775,000,000 for prevention of resident displacement. Included in this recommendation is \$3,800,000,000 for expiring or terminating section 8 subsidy contracts and \$800,000,000 for amendments to section 8 contracts. The Committee recommendation also includes a total of \$175,000,000 for relocation of residents in public housing losing continuing Federal rental subsidies because of expiring project-based contracts or foreclosure, and for a new demonstration program linking housing assistance to State welfare reform initiatives to help families make the transition from welfare to work.

PRESERVING EXISTING HOUSING INVESTMENT

Appropriations, 1996 .....	.....
Budget estimate, 1997 .....	.....
House allowance .....	.....
Committee recommendation	\$6,590,000,000

PROGRAM DESCRIPTION

This account includes funding for the payment of operating subsidies for public housing and for Indian housing; the capital cost of modernization of such housing; demolition of obsolete public housing and revitalization of such housing; housing preservation activities under the LIHPRHA program; and for public housing drug elimination activities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$6,590,000,000 for preserving existing housing investment. Included in this appropriation is \$2,900,000,000 for public housing operation subsidies, the same level proposed by the administration, and \$50,000,000 more than the House allowance. The recommendation also includes \$2,500,000,000 for modernization of existing public housing developments, and \$550,000,000 for the demolition and revitalization of obsolete public housing. Finally, this account includes \$350,000,000 for low-income housing preservation activities authorized under the LIHPRHA program, but as amended in this act to require the use of capital grants and loans, and to target limited funding to the highest priority projects. This appropriation, together with an estimated \$150,000,000 of funds recaptured from interest subsidy contracts, will provide a program total of \$500,000,000.

Last year Congress appropriated \$624,000,000 to preserve low-income multifamily housing originally developed under section 236 or section 221(d)(3), which are eligible for prepayment of their original Government-sponsored and subsidized mortgage. Such prepayment terminates rent and use restrictions and would lead to likely displacement of low-income residents.

The fiscal year 1996 appropriations act included a number of reforms of this preservation program [LIHPRHA] and allowed for the use of a capital grant to financing sales of these projects to non-profits and resident affiliated groups. Priority was given to such sales over refinancing requests from owners that wished to extend the low-income use restrictions.

The program has proven to be very popular. It is anticipated that by August 15, when refinancing will become eligible for funding, sales will consume the entire appropriation. The administration has not requested funding for this program for the past 2 years. The House did not recommend an appropriation for fiscal year 1997. If no additional funds are provided, a high rate of prepayments is expected with potential displacement of low-income residents that cannot afford higher rent or who live in tight rental markets.

The Committee recommends continuation of the preservation program with a new appropriation of \$500,000,000. In addition, the Committee recommends a change to the preservation program which limits assistance to capital grants, for purchases by nonprofit groups, and capital loans for refinancing by current owners to avoid additional section 8 dependence. Legislation to narrow program costs to eliminate high cost projects, and prioritize remaining funding for special populations such as the elderly also is recommended.

The Committee is aware of and supports the memorandum of understanding [MOU] that was recently entered into between the Department of Housing and Urban Development, the Housing Authority of New Orleans, and Tulane University, as part of a recovery effort for the troubled housing authority. The Committee is not opposed to the agreement to fund this initiative, subject to the availability of appropriations. The Committee also recognizes the role of Tulane's campus affiliates program in developing self-sufficiency opportunities for residents to complement the recovery effort.

INDIAN HOUSING LOAN GUARANTEE PROGRAM ACCOUNT

(LIMITATION ON DIRECT LOANS)

	Program account	Limitation on direct loans
Appropriations, 1996	\$3,000,000	(\$36,900,000)
Budget estimate, 1997	3,000,000	(36,900,000)
House allowance	3,000,000	(36,900,000)
Committee recommendation	3,000,000	(36,900,000)

PROGRAM DESCRIPTION

Section 184 of the Housing and Community Development Act of 1992 authorizes the creation of an Indian Housing Loan Guarantee Program. The program would provide a 10-to-1 ratio of leverage and seed money to finance new construction of homes on Indian reservations. The program would allow Indian families who can afford housing to remain on their native land and act as positive role models for other families aspiring to homeownership.

COMMITTEE RECOMMENDATION

The Committee has included the budget request of \$3,000,000 in program subsidies to support a loan guarantee level of \$36,900,000. This is the same as the House allowance.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

Appropriations, 1996	\$4,600,000,000
Budget estimate, 1997	4,600,000,000
House allowance	4,600,000,000
Committee recommendation	4,600,000,000

PROGRAM DESCRIPTION

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. A wide range of physical, economic, and social development activities are eligible with spending priorities determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. Grant recipients are required to use

at least 70 percent of their block grant funds for activities that benefit low- and moderate-income persons.

Funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock. Seventy percent of appropriated funds are distributed to entitlement communities and 30 percent are distributed to nonentitlement communities after deducting designated amounts for special purpose grants and Indian tribes. Pursuant to the Cranston-Gonzalez National Affordable Housing Act, Indian tribes are eligible to receive 1 percent of the total CDBG appropriation, on a competitive basis.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,600,000,000 for the Community Development Block Grant Program in fiscal year 1997. This amount is the same as the 1996 enacted level and the House allowance. The House-passed bill proposed delaying the availability of \$300,000,000 of this appropriation until the last day of the fiscal year. The Committee recommends this delay of funding be stricken.

The amounts for various activities within the CDBG appropriation in fiscal year 1997 are outlined in the following table:

<i>Category</i>	<i>Committee recommendation</i>
Entitlement cities and counties	\$3,032,400,000
Nonentitlement (States and small cities)	1,299,600,000
Indian tribes	68,500,000
Special purpose grants (sec. 107)	49,000,000
Public housing supportive services	50,000,000
Youthbuild Program	40,000,000
Lead-based paint	60,000,000

The Committee is concerned with recent delays in processing section 108 loan guarantees. The Department has engaged Price Waterhouse to develop additional collateral requirements to further secure section 108 loans. These collateral requirements appear evolutionary and are not widely known. Entitlement and nonentitlement jurisdictions processing 108 loans have not been consulted with on the Price Waterhouse recommendations and have no knowledge that these requirements have changed. As a result, the section 108 program has endured significant processing delays, threatening the viability of projects as interest rates have risen.

The Committee directs HUD to establish a working group of practitioners to consider formally the proposed section 108 collateral requirements, and urges HUD to utilize rulemaking procedures with a comment period in implementing any section 108 collateral requirements.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Appropriations, 1996	\$1,400,000,000
Budget estimate, 1997	1,400,000,000
House allowance	1,400,000,000
Committee recommendation	1,400,000,000

PROGRAM DESCRIPTION

Title II of the National Affordable Housing Act, as amended, authorizes the HOME Investment Partnerships Program. This program provides assistance to States, units of local government, and Indian tribes for the purpose of expanding the supply and affordability of housing. Eligible activities include tenant-based rental assistance, acquisition, and rehabilitation of affordable rental and ownership housing and, also, construction of housing. To participate in the HOME Program, State and local governments must develop a comprehensive housing affordability strategy [CHAS]. There is a matching requirement for participating jurisdictions which can be reduced or eliminated if they are experiencing fiscal distress.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,400,000,000 for the HOME Investment Partnership Program. This amount is the same level as the 1996 appropriation and the House allowance.

HOMELESS ASSISTANCE

HOMELESS ASSISTANCE GRANTS

Appropriations, 1996	\$823,000,000
Budget estimate, 1997	1,010,000,000
House allowance	823,000,000
Committee recommendation	823,000,000

PROGRAM DESCRIPTION

The proposed Homeless Assistance Grants Program is a restructuring of existing McKinney Act programs and would be authorized under an amendment to title IV of the McKinney Act. The existing programs and requirements would be replaced by a comprehensive continuum of care approach to homeless assistance. Under the new program, support would be provided to States, local governments, nonprofit organizations, and Indian tribes. A wide range of activities would be funded which are components of an innovative approach to assist homeless persons and to prevent future homelessness.

COMMITTEE RECOMMENDATION

The Committee recommends \$823,000,000 for homeless assistance grants. The amount recommended represents a reduction of \$187,000,000 from the level of the budget request for homeless programs, but is the same amount appropriated for fiscal year 1996 and the House allowance.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS [HOPWA]

Appropriations, 1996	
Budget estimate, 1997	\$171,000,000
House allowance	171,000,000
Committee recommendation	171,000,000

PROGRAM DESCRIPTION

The Housing Opportunities for Persons with AIDS [HOPWA] Program, previously funded within the “Annual contributions for assisted housing” account, is designed to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$171,000,000 for this program. This is the same level enacted into law for fiscal year 1996, the administration’s budget request, and the House allowance.

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation on direct loans	Limitation on guaranteed loans	Administrative expenses
Appropriations, 1996	(\$200,000,000)	(\$110,000,000,000)	\$341,595,000
Budget estimate, 1997	(200,000,000)	(110,000,000,000)	350,595,000
House allowance	(200,000,000)	(110,000,000,000)	341,595,000
Committee recommendation	(200,000,000)	(110,000,000,000)	350,595,000

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation on direct loans	Limitation on guaranteed loans	Administrative expenses	Program costs
Appropriations, 1996	(\$120,000,000)	(\$17,400,000,000)	\$202,470,000	\$85,000,000
Budget estimate, 1997	(120,000,000)	(17,400,000,000)	207,470,000	160,000,000
House allowance	(120,000,000)	(17,400,000,000)	202,470,000	85,000,000
Committee recommendation	(120,000,000)	(17,400,000,000)	207,470,000	85,000,000

PROGRAM DESCRIPTION

The Federal Housing Administration [FHA] fund covers the mortgage and loan insurance activity of about 40 HUD mortgage/loan insurance programs which are grouped into the mutual mortgage insurance [MMI] fund, cooperative management housing insurance [CMHI] fund, general insurance fund [GI] fund, and the special risk insurance [SRI] fund. For presentation and accounting control purposes, these are divided into two sets of accounts based on shared characteristics. The unsubsidized insurance programs of the mutual mortgage insurance fund and the cooperative management housing insurance fund constitute one set; and the general risk insurance and special risk insurance funds, which are partially composed of subsidized programs, make up the other.

Pursuant to the requirements for direct and guaranteed loan programs established in the Omnibus Budget Reconciliation Act of

1990 [OBRA], the administration is requesting a direct appropriation for administrative expenses in the “MMI/CMHI program” account of \$350,595,000. Amounts to fund this direct appropriation are to be derived from offsetting receipts transferred to a “CMHI receipt” account. For the “GI/SRI program” account a direct appropriation of \$207,470,000 is requested for administrative expenses, and \$160,000,000 is requested for a credit subsidy to cover the value of expected long-run costs associated with fiscal year 1997 insurance commitments.

The amounts for administrative expenses are to be transferred from the FHA program accounts to the HUD “Salaries and expenses” accounts.

Language is proposed to provide a commitment limitation amounting to \$110,000,000,000 in the “MMI/CMHI” account and \$17,400,000,000 in the “GI/SRI” account.

In addition, HUD proposes direct loan programs in 1997 for multifamily bridge loans and single family purchase money mortgages to finance the sale of certain properties owned by the Department. Temporary financing would be provided for the acquisition and rehabilitation of multifamily projects by purchasers who have obtained commitments for permanent financing from another lender. Purchase money mortgages would enable governmental and non-profit intermediaries to acquire properties for resale to owner-occupants in areas undergoing revitalization. For the MMI Program, a loan limitation of \$200,000,000 is requested. For the GI/SRI Program, \$120,000,000 is requested as a loan limitation.

COMMITTEE RECOMMENDATION

The Committee has included the requested amounts for the “Mutual Mortgage Insurance Program” account: a limitation on guaranteed loans of \$110,000,000,000, a limitation on direct loans of \$200,000,000, and an appropriation of \$350,595,000 for administrative expenses. The administrative expenses appropriation will be transferred and merged with the sums in the Department’s “Salaries and expenses” account.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996:	
Limitation on guaranteed loans	(\$110,000,000,000)
Administrative expenses	9,101,000
Budget estimate, 1997:	
Limitation on guaranteed loans	(110,000,000,000)
Administrative expenses	9,383,000
House allowance:	
Limitation on guaranteed loans	(110,000,000,000)
Administrative expenses	9,101,000
Committee recommendation:	
Limitation on guaranteed loans	(110,000,000,000)
Administrative expenses	9,383,000

PROGRAM DESCRIPTION

The Government National Mortgage Association [GNMA], through the mortgage-backed securities program, guarantees privately issued securities backed by pools of mortgages. GNMA is a wholly owned corporate instrumentality of the United States within the Department. Its powers are prescribed generally by title III of the National Housing Act, as amended. GNMA is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust or pool composed of mortgages that are guaranteed and insured by the Federal Housing Administration, the Farmers Home Administration, or the Department of Veterans Affairs. GNMA's guarantee of mortgage-backed securities is backed by the full faith and credit of the United States.

In accord with the Omnibus Budget Reconciliation Act of 1990 [OBRA] requirements for direct and guaranteed loan programs, the administration is requesting \$9,383,000 for administrative expenses in the mortgage-backed securities program. Amounts to fund this direct appropriation to the "MBS program" account are to be derived from offsetting receipts transferred from the "Mortgage-backed securities financing" account to a Treasury receipt account.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on new commitments of mortgage-backed securities of \$110,000,000,000. This amount is the same level as proposed by the budget request and recommended by the House. The Committee also has included \$9,383,000 for administrative expenses, the same as the budget request and \$282,000 more than the level proposed by the House.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

Appropriations, 1996	\$34,000,000
Budget estimate, 1997	45,000,000
House allowance	34,000,000
Committee recommendation	34,000,000

PROGRAM DESCRIPTION

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, studies, testing, and demonstrations relating to the Department's mission and programs. These functions are carried out internally and through grants and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The research programs focus on ways to improve the efficiency, effectiveness, and equity of HUD programs and to identify methods to achieve cost reductions. Additionally, this appropriation is used to support HUD evaluation and monitoring activities and to conduct housing surveys.

COMMITTEE RECOMMENDATION

The Committee recommends \$34,000,000 for research and technology activities in fiscal year 1997. This amount is \$11,000,000 less than the budget request, and the same as the House allowance and the 1996 level.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Appropriations, 1996	\$30,000,000
Budget estimate, 1997	33,000,000
House allowance	30,000,000
Committee recommendation	30,000,000

PROGRAM DESCRIPTION

The fair housing activities appropriation includes funding for both the Fair Housing Assistance Program [FHAP] and the Fair Housing Initiatives Program [FHIP].

The Fair Housing Assistance Program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, as amended, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies.

The Fair Housing Initiatives Program is authorized by section 561 of the Housing and Community Development Act of 1987, as amended, and by section 905 of the Housing and Community Development Act of 1992. This initiative is designed to alleviate housing discrimination by increasing support to public and private organizations for the purpose of eliminating or preventing discrimination in housing, and to enhance fair housing opportunities.

COMMITTEE RECOMMENDATION

The Committee recommendation provides \$30,000,000, of which \$15,000,000 is for the fair housing assistance program [FHAP] and \$15,000,000 is for the fair housing initiatives program [FHIP]. Additionally, the Committee agrees with the House recommendation for a study by GAO of the fair housing initiatives program to evaluate its financial accountability systems and its general effectiveness in combating housing discrimination.

The Committee intends that funds appropriated to the fair housing initiatives program for enforcement of title VIII of the Civil Rights Act of 1968, as amended, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services, be used only to address such forms of discrimination as they are explicitly identified and specifically described in title VIII. Recognizing that there are limited resources available for FHIP activities, the Committee believes that FHIP funds should serve the purposes of Congress as reflected in the express language of title VIII.

The Committee notes that HUD's Office of Fair Housing and Equal Opportunity has undertaken a variety of activities pertain-

ing to property insurance under the authority of the Fair Housing Act. HUD recently testified that, due to congressional concern about such activities, it does not intend to focus its regulatory initiatives on property insurance. The Committee is encouraged by this statement, but remains concerned about HUD's use of funds for other fair housing activities aimed at property insurance practices.

HUD's insurance-related activities duplicate State regulation of insurance. Every State and the District of Columbia have laws and regulations addressing unfair discrimination in property insurance and are actively investigating and addressing discrimination where it is found to occur. HUD's activities in this area create an unwarranted and unnecessary layer of Federal bureaucracy.

The Fair Housing Act makes no mention of discrimination in property insurance. Moreover, neither it nor its legislative history suggests that Congress intended it to apply to the provision of property insurance. Indeed, Congress' intention, as expressly stated in the McCarran-Ferguson Act of 1945 and repeatedly reaffirmed thereafter, is that, unless a Federal law specifically relates to the business of insurance, that law shall not apply where it would interfere with State insurance regulation. HUD's assertion of authority regarding property insurance contradicts this statutory mandate.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

	Appropriation	FHA funds by transfer	GNMA funds by transfer	CGDB funds by transfer	Total
Appropriations, 1996	\$420,000,000	\$532,782,000	\$9,101,000	\$675,000	\$962,558,000
Budget estimate, 1997	430,718,000	546,782,000	9,383,000	675,000	987,558,000
House allowance	376,589,000	532,782,000	9,101,000	675,000	919,147,000
Committee recommendation	420,000,000	546,782,000	9,383,000	675,000	976,840,000

PROGRAM DESCRIPTION

The recommendation includes a single "Salaries and expenses" account to finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development. These include the following activities:

Housing and mortgage credit programs.—This activity includes staff salaries and related expenses associated with administering housing programs, the implementation of consumer protection activities in the areas of interstate land sales, mobile home construction and safety, and real estate settlement procedures.

Community planning and development programs.—Funds in this activity are for staff salaries and expenses necessary to administer community planning and development programs.

Equal opportunity and research programs.—This activity includes salaries and related expenses associated with implementing equal opportunity programs in housing and employment as required by law and executive orders and the administration of research programs and demonstrations.

Departmental management, legal, and audit services.—This activity includes a variety of general functions required for the Department's overall administration and management. These include the Office of the Secretary, Office of General Counsel, Office of Chief Financial Officer, as well as administrative support in such areas as accounting, personnel management, contracting and procurement, and office services.

Field direction and administration.—This activity includes salaries and expenses for the regional administrators, area office managers, and their staff who are responsible for the direction, supervision, and performance of the Department's field offices, as well as administration support in areas such as accounting, personnel management, contracting and procurement, and office services.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$420,000,000 for salaries and expenses. This amount is the same level as the 1996 appropriation, \$10,718,000 less than the budget request, and \$43,411,000 more than the House allowance. The appropriation includes the requested amount of \$546,782,000 transferred from various funds from the Federal Housing Administration, \$9,383,000 transferred from the Government National Mortgage Association, and \$675,000 from the "Community development" appropriation.

The Committee recommends the following changes to the budget request:

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	FHA funds by transfer	Drug elimination grants transfer	Total
Appropriations, 1996	\$36,567,000	(\$11,283,000)	.....	(\$47,850,000)
Budget estimate, 1997	36,567,000	(11,283,000)	(\$5,000,000)	(52,850,000)
House allowance	36,567,000	(11,283,000)	(5,000,000)	(52,850,000)
Committee recommendation	36,567,000	(11,283,000)	(5,000,000)	(52,850,000)

PROGRAM DESCRIPTION

This appropriation would finance all salaries and related expenses associated with the operation of the Office of the Inspector General.

COMMITTEE RECOMMENDATIONS

The Committee recommends a funding level of \$52,850,000 for the Office of Inspector General. This amount is \$5,187,000 above the 1996 level, the same as the budget request and the House allowance. This funding level includes \$11,283,000 by transfer from various FHA funds and \$5,000,000 from drug elimination grants, the same level as proposed in the budget request.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
SALARIES AND EXPENSES
(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$14,895,000
Budget estimate, 1997	15,751,000
House allowance	14,895,000
Committee recommendation	15,751,000

PROGRAM DESCRIPTION

This appropriation funds the Office of Federal Housing Enterprise Oversight [OFHEO], which was established in 1992 to regulate the financial safety and soundness of the two housing Government sponsored enterprises [GSE's], the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The Office was authorized in the Federal Housing Enterprise Safety and Soundness Act of 1992, which also instituted a three-part capital standard for the GSE's, and gave the regulator enhanced authority to enforce those standards.

COMMITTEE RECOMMENDATION

The Committee recommends \$15,751,000 for the Office of Federal Housing Enterprise Oversight, the same level as the budget request. This is \$856,000 more than the 1996 level and the House allowance.

ADMINISTRATIVE PROVISIONS

Section 201 of the House-passed bill provides for the imposition of minimum rents by public housing agencies. This provision, however, is different from the minimum rent law that was enacted in January of this year in the Balanced Budget Downpayment Act, I. That provision provided for a minimum rent of at least \$25 per month, with discretionary authority to impose a minimum rent of up to \$50 per month, subject to a waiver procedure for such rents for up to 3 months to provide for a transitional period of adjustment. The provision passed by the House proposes to change the minimum rent calculation by permitting the imposition of a minimum rent of up to \$25 per month.

The Committee recommends the simple extension of current law with respect to minimum rents so as to avoid further confusion and uncertainty as to the responsibilities of residents in meeting some portion of the costs of their housing.

The House-passed bill does not continue any of the nonsavings housing reform provisions enacted in appropriations legislation for the last 2 fiscal years. Furthermore, the measure, as passed the House, does not contain any provisions governing a workout process for that portion of the multifamily inventory which is facing contract expirations in fiscal year 1997.

Both the Fiscal Year 1995 Emergency Supplemental and Rescission Act (Public Law 104-19) and the fiscal year 1996 appropriation legislation (Public Law 104-99 and Public Law 104-134) enacted numerous legislative provisions reforming public and assisted

housing policies. In deference to the authorizing committees of jurisdiction, these legislative packages were limited to that fiscal year, at the end of which the programs would revert back to prior law.

An exception has been made with respect to those reforms which have a budgetary effect, such as changes which reduce the expenditure rate of already appropriated funds. An example of this is the 3-month delay in reissuance of section 8 certificates and vouchers. This provision, which was enacted last year and is again recommended by the House for fiscal year 1997, delays the use of section 8 funds where a previously assisted resident moves out prior to the end of the section 8 contract term. Rather than immediately permitting the PHA to provide rental assistance to another family with the remaining funds, a deferral of 3 months is imposed.

While it has no effect on budget authority, it is estimated to reduce fiscal year 1997 outlays by \$151,000,000 by slowing down the expenditure of this previously appropriated funding. This is contrasted with simple policy reform which may have the effect of reducing the cost of operations of public housing on a prospective basis, and only reducing the demand for future discretionary appropriations. The House-passed appropriations bill, however, does include the following provisions which reduce fiscal year 1997 outlays:

- Caps PHA section 8 administrative fees at 7 percent (–\$80,000,000);
- Requires a 3-month delay in reissuance of section 8 assistance (–\$151,000,000) (described above);
- Mandates a minimum rent of \$25 (–\$24,000,000);
- Extends the waiver of existing law with respect to disposition of foreclosed properties in the FHA multifamily inventory (–\$80,000,000);
- Limits annual adjustments on high-cost project-based multifamily contracts and on units in which existing residents don't move (–\$164,000,000); and
- Makes applicable the FHA single-family assignment reform provisions applicable to loans closed during fiscal year 1997 (–\$128,000,000).

By contrast, the House, in deference to legislation pending before their authorizing committee, did not seek to reenact housing policy reform provisions which do not have budgetary effect. This means that repeal of the Federal selection criteria, take-one, take-all, and endless lease repeals applicable to section 8; and the rent reform, selection criteria, modernization flexibility, and one-for-one replacement rule reforms affecting public housing will lapse on October 1.

The Committee recommendation includes all such public housing and section 8 reforms. Permitting these program reforms to lapse would be confusing, disruptive, and very costly. The Committee affirms its support for the enactment of comprehensive reform legislation and anticipates explicitly such permanent legislation superseding the interim appropriations reforms.

The Committee recommends a new administrative provision designated section 205 which recaptures up to \$20,000,000 of funds previously appropriated for the Nehemiah homeownership program and redirects their use for a targeted homeownership effort in

inner city areas which can serve as anchors for neighborhood revitalization efforts.

Section 206 of the bill, as recommended by the Committee, provides loan forgiveness for a defaulted public facility loan to Greene County, MS. This loan financed a rural health clinic which subsequently failed and has been adjudged bankrupt.

Sections 207 and 208 provide for the disposition and utilization of funds related to the currently inactive section 236 program of the National Housing Act. These provisions are identical to language included by the House under appropriations paragraphs in title II of this bill.

The Committee recommends a new section designated 209 which provides a temporary waiver of rules which would otherwise result in the recapture and loss of modernization funds previously allocated to the D.C. Public Housing Authority. Recapture of these funds is pending because this housing authority failed to utilize these sums in a timely manner. That is one of the major reasons that a court-ordered receiver was appointed and this very troubled agency, removed from D.C. government control. This provision will grant the receiver additional time to demonstrate effective management of the modernization program, in a manner which holds the receiver accountable for timely performance from the point at which the receivership was established.

Section 210 continues a provision which permits the sharing of refinancing savings between State housing finance agencies and the Federal Government. This provision was enacted in previous years, and included in the House-passed bill under the "Annual contributions" account.

Multifamily portfolio restructuring

The administration has proposed a portfolio reengineering proposal to deal with the inventory of FHA insured, project-based section 8 assisted multifamily housing projects. The HUD proposal, however, is oriented toward a third-party liquidation mechanism to direct project specific workouts incentivized on the basis of financial returns. The HUD proposal also seeks to discontinue FHA guarantees and project-based assistance.

The House Appropriations Committee recommended a 1-year program of workouts which would grant the administration most of the authorities they requested, and would have permitted renewal of expiring project-based section 8 contracts at the lower of current contract rates or a comparable street rent (as contrasted with the generally higher fair market rent).

Although the House Committee proposal applied only to those developments with expiring section 8 contracts in fiscal year 1997 and with subsidies at rent levels in excess of market, this represented a significant step toward the initiating a workout program resembling the administration's position. These provisions have been stricken from the bill as passed by the House.

The complex and confusing nature of multifamily housing activities rarely permits deliberate formulation of a policy on its merits. Instead, proposals are judged largely on the reaction of certain groups or interests. This is the principal reason why Federal housing programs are so expensive: they have to satisfy many insatiable

appetites and, heretofore, have not been subject to rigorous budgetary scrutiny. It is, therefore, salutary that current proposals are being examined for overall economic and budgetary effect. This bottom-line assessment provides some external discipline to what has been little more than a popularity contest.

Continuing existing subsidy arrangements would be very popular given the growing concern over the implications of reduced funding on maintaining this assisted housing inventory. Unfortunately, while it is possible to temporalize and forestall unpleasant actions for some limited period, the growing tide of discretionary budget cuts soon will force the abandonment of such policies. Failing to anticipate these changes can lead to even greater disruption and loss of affordable housing stock, at a greater total cost to the Government.

The recently enacted appropriations act for fiscal year 1996 contains a very broad demonstration authority to permit HUD and property owners to explore a variety of workout procedures. That measure provided an appropriation of \$30,000,000 for this purpose, applicable to voluntary deals proposed by property owners whose section 8 contracts would expire over the next 2 fiscal years. Until some tax relief is given, this represents the best opportunity to explore alternative workout arrangements.

The Committee is exploring mechanisms to augment funding of this demonstration and to establish certain set-asides to require the evaluation of workout strategies which are disfavored by the Department such as continuing FHA insurance and project-based rental assistance.

With respect to the expiring section 8 contracts, budgetary constraints will not permit continued renewal of contracts at current payment levels. The Balanced Budget Downpayment Act, I, enacted in January of this year, specified that multifamily housing contracts expiring in fiscal year 1996 be renewed at current rates for a term of 1 year. That provision established a basic renewal policy which will take effect on October 1, 1996, that constrains future renewals of such contracts at a level subject to the section 8 existing fair market rent [FMR]. This limitation on renewals in fiscal year 1997 prohibits contract extensions above 120 percent of the section 8 FMR rent level. The Secretary has the authority to permit renewals up to this level to the extent that these rents are reasonable for the housing involved and are necessary to prevent displacement of residents. Despite this flexibility, rents limited to 120 percent of FMR will force a number of projects with expiring section 8 contracts into default during the up coming fiscal year.

This funding shortfall for some multifamily projects has prompted an assessment of alternative renewal policies. One such approach was the renewal policy advanced by the House Committee which would have imposed a comparable street rent limitation on renewals. Another alternative would be to use a budget-based rent computation to determine subsidy levels. Budget-based rents are calculated on the basis of adding up debt service, reasonable operating costs, and some limited return on equity, to determine the cash flow level necessary to maintain these projects. This process has been in use for years to determine permissible rent levels for

sections 236 and 221(d)(3) projects. The Committee is evaluating the policy and budgetary implications of these alternatives.

The Committee recommends inclusion of a new section 211 to institute a renewal policy governing expiring project-based section 8 contracts for fiscal year 1997 only. Furthermore, this provision, which waives the previously enacted restrictions of section 405 of the Balanced Budget Downpayment Act, I (Public Law 104-99), will permit the Secretary to renew these expiring contracts for a 1-year term at the lesser of the current contract rent or the comparable market rent. Two important additional authorities are granted under this provision: first, the Secretary is permitted to extend subsidy contracts, at currently contracted rent levels, for State agency-financed projects which do not have mortgages guaranteed by the Federal Housing Administration [FHA]. Second, the Secretary is permitted to renew expiring project-based contracts at levels in excess of the comparable market rent, or the currently contracted rent, if such rent level would be inadequate to meet reasonable operating costs and debt service. This second exemption from current law is intended to provide a temporary increase in the permissible section 8 subsidy to avoid mortgage default for projects which currently require excessive ongoing rental subsidies. No return on equity is permitted under this authority, and this renewal authority is available only through fiscal year 1997.

The Committee's recommendation represents a compromise between a renewal policy which would seek to maintain current contract rents, as advocated by project owners and resident groups, and more fiscally constrained steps which would lead to some resident displacement and financial losses by project owners and investors. It must be clearly understood, however, that current budgetary constraints will not permit continued payment of these excessively high rental subsidies, and major restructuring of the financing and operating costs of this inventory is inevitable if these projects are to survive as affordable housing stock.

Statistical data provided by HUD indicates that in fiscal year 1997, section 8 subsidy contracts in as many as 2,169 multifamily housing projects, with nearly 132,000 rental units may be expiring with rents which exceed current fair market rent limits. It is clear that such excessive rental subsidies cannot be sustained indefinitely. However, until a reasonable and effective mechanism is implemented to deal with this inventory in a manner which does not lead to wholesale resident displacement, the Committee cannot recommend inaction in the face of potential widespread defaults.

Failure to adjust current renewal policies and authorities to deal effectively with excessively debt-burdened properties would result in an accelerated liquidation of this inventory. These defaults will require tens of billions of expenditures by the Federal Housing Administration [FHA] fund in loan guarantee claims, potential displacement of families from affordable housing, and further deterioration and disinvestment in distressed neighborhoods.

Unfortunately, only limited progress has been made in reaching consensus on a fiscally prudent strategy to handle rental subsidy and property disposition procedures which addresses adequately the shortage of available affordable housing for low-income families and neighborhood development needs of our cities. Last year the

administration proposed a mark-to-market scheme which was designed to reduce subsidy levels to comparable street rents by offering only tenant-based assistance. The plan advanced would deal with the resulting defaults through a expedited liquidation procedure. This year the administration unveiled a portfolio reengineering proposal which added incentives for project owners to proactively restructure their project financing prior to section 8 contract expiration.

These proposals have not received significant support in the Congress. As noted earlier, the House Appropriations Committee proposed a renewal and project workout program which was stricken out in floor debate in the House, largely due to objections interposed by the authorizing committee of jurisdiction. Unfortunately that committee has not yet considered any legislation dealing with this looming crisis which involves over 850,000 units of low-income housing, about one-quarter of the entire federally subsidized housing inventory.

Recently, the Senate authorizing committee of jurisdiction convened a hearing on legislation it is developing and may soon introduce. The delay in submission of this proposed legislation reflects the complexity of the issues and the financial arrangements underpinning this inventory. Furthermore, it has not yet been determined that current budgetary constraints will permit enactment of this legislation in its present form.

To prevent unnecessary disruption and loss in this multifamily housing inventory, Congress enacted legislation which permitted renewals of expiring project-based section contracts at current contract rent levels. This authority applies only to contracts expiring in fiscal year 1996, and allows contract extensions of 1 year in duration. In addition, earlier this year, the Congress enacted legislation proposed by this Committee which established a FHA multifamily housing demonstration which grants the Department authority to experiment with a wide variety of workout strategies and techniques to identify efficient and effective means of maintaining this very valuable inventory of affordable housing. The demonstration is limited to a total of 15,000 units and \$30,000,000 was appropriated for this purpose.

The Department recently published guidelines for implementation of this demonstration, and it is hoped that individual project proposals will be under evaluation and negotiation shortly. The Committee considers this demonstration as the best opportunity to develop the attention, understanding, and consensus necessary to enact and implement a formal multifamily portfolio restructuring program.

The Committee recommends, in a new section designated 212, a modest augmentation of this demonstration with the appropriation of an additional \$10,000,000 to carry out individual project debt restructuring and subsidy commitments. In particular, the additional sum is to evaluate the technique of carrying out debt restructuring with soft second mortgages instead of simple debt forgiveness which may have very adverse tax consequences for project owners. This means of achieving lower operating cost is a central focus of the proposal under consideration by the Senate authorizing committee.

The Committee recommends a new section designated 213 which would facilitate the extension of assistance under the HOME program to lands set-aside under the Hawaiian Homes Commission Act (Act of July 9, 1921) for the benefit of native Hawaiians. Three recent studies document the fact that native Hawaiians have the most severe unmet housing needs in the United States, and this amendment is designed to facilitate access to existing Federal housing programs that are designed to address such needs.

TITLE III—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

Appropriations, 1996	\$20,265,000
Budget estimate, 1997	20,400,000
House allowance	22,265,000
Committee recommendation	22,265,000

PROGRAM DESCRIPTION

The American Battle Monuments Commission [ABMC] is responsible for the maintenance and construction of U.S. monuments and memorials commemorating the achievements in battle of our Armed Forces since April 1917; for controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and for the design, construction, and maintenance of permanent military cemetery memorials in foreign countries. The Commission maintains 24 military cemetery memorials on foreign soil; 17 monuments and memorials not a part of the cemeteries; and 4 bronze tablets. In addition, the Commission administers four large memorials on U.S. soil. It is presently charged with erecting a Korean and a World War II war veterans memorial in the Washington, DC, area.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$22,265,000 for the American Battle Monuments Commission, as provided by the House. This is an increase of \$1,865,000 above the budget estimate and \$2,000,000 above the enacted level. The increase is needed due to the continued decline in the value of the dollar in foreign currency markets, and will ensure that critical maintenance projects will be conducted at U.S. monuments and memorials.

DEPARTMENT OF THE TREASURY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Appropriations, 1996	\$45,000,000
Budget estimate, 1997	125,000,000
House allowance	45,000,000
Committee recommendation	45,000,000

PROGRAM DESCRIPTION

The community development financial institutions [CDFI] fund would provide grants, loans, and technical assistance to new and

existing community development financial institutions such as community development banks, community development credit unions, revolving loan funds, and microloan funds. Recipient institutions would be required to support mortgage, small business, and economic development lending in currently underserved, distressed neighborhoods.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$45,000,000 for the "CDFI program" account within the Department of the Treasury. This is the same level provided in the fiscal year 1996 appropriations bill and the House allowance. This amount is \$80,000,000 less than the budget request. The Committee does not believe it prudent to provide such a large increase for this new program which is in the initial stages of beginning operations and only now is preparing to issue its first round of awards from funding provided for fiscal year 1995.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Appropriations, 1996	\$40,000,000
Budget estimate, 1997	42,500,000
House allowance	42,500,000
Committee recommendation	42,500,000

PROGRAM DESCRIPTION

The Commission is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the Commission establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data, and promotes uniform product regulations by governmental units.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing \$42,500,000 for the Consumer Product Safety Commission, the same as the budget estimate and \$2,500,000 above the current level.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
NATIONAL AND COMMUNITY SERVICE PROGRAMS
OPERATING EXPENSES
(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$400,500,000
Budget estimate, 1997	543,549,000
House allowance	
Committee recommendation	400,500,000

PROGRAM DESCRIPTION

The Corporation for National and Community Service, a Corporation owned by the Federal Government, was established by the National and Community Service Trust Act of 1993 (Public Law 103-82) to enhance opportunities for national and community service and provide national service educational awards. The Corporation makes grants to States, institutions of higher education, public and private nonprofit organizations, and others to create service opportunities for a wide variety of individuals such as students, out-of-school youth, and adults through innovative, full-time national and community service programs. National service participants may receive educational awards which may be used for full-time or part-time higher education, vocational education, job training, or school-to-work programs.

The Corporation is governed by a board of directors and headed by the Chief Executive Officer of the Corporation. Board members and the Chief Executive Officer of the Corporation are appointed by the President of the United States and confirmed by the Senate.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$400,500,000 for the Corporation for National and Community Service. Of this amount, \$59,000,000 is for educational awards; \$215,000,000 is for grants under the National Service Trust, including the AmeriCorps program; \$5,500,000 is for the Points of Light Foundation; \$18,000,000 is for the Civilian Community Corps; \$43,000,000 is available for school-based and community-based service-learning programs; \$30,000,000 is for quality and innovation activities; \$25,000,000 is administrative expenses; and \$5,000,000 is for audits and other evaluations. The total amount appropriated and each of the program earmarks are identical to the level appropriated for fiscal year 1996.

The House-passed bill provides no funding for the Corporation. The Committee recommendation is \$143,049,000 less than the budget estimate. In consideration of the substantial controversy surrounding this program, the Committee believes it prudent to maintain these previously established funding levels for 1 additional fiscal year. The Committee directs the Corporation to pursue aggressively efforts to correct material weaknesses in its accounting and administrative control structure identified in the inspector general audit issued earlier this year.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1996	\$2,000,000
Budget estimate, 1997	2,125,000
House allowance	
Committee recommendation	2,000,000

PROGRAM DESCRIPTION

The Office of Inspector General within the Corporation for National and Community Service is authorized by the Inspector General Act of 1978, as amended. The goals of the Office are to increase organizational efficiency and effectiveness and to prevent fraud, waste, and abuse. The Office of Inspector General within the Corporation for National and Community Service was transferred to the Corporation from the former ACTION agency when ACTION was abolished and merged into the Corporation in April 1994.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,000,000 for the Office of Inspector General. This is the same amount appropriated for this Office in fiscal year 1996 and \$125,000 less than the budget request.

U.S. COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

Appropriations, 1996	\$9,000,000
Budget estimate, 1997	8,795,000
House allowance	10,640,000
Committee recommendation	9,229,000

PROGRAM DESCRIPTION

The Court of Veterans Appeals was established by the Veterans' Judicial Review Act. The court has exclusive jurisdiction to review decisions of the Board of Veterans' Appeals. It has the authority to decide all relevant questions of law, interpret constitutional, statutory, and regulatory provisions, and determine the meaning or applicability of the terms of an action by the Department of Veterans Affairs. It is authorized to compel action by the Department unlawfully withheld or unreasonably delayed. It is authorized to hold unlawful and set-aside decisions, findings, conclusions, rules and regulations issued or adopted by the Department of Veterans Affairs or the Board of Veterans' Appeals.

COMMITTEE RECOMMENDATION

The Committee recommends \$9,229,000 for the Court of Veterans Appeals, an increase of \$434,000 over the budget estimate and \$229,000 above the 1996 level. The recommendation includes \$700,000 for the pro bono representation program.

While the court has complained about the inclusion of the pro bono program in its budget, the Committee does not believe there is a more suitable funding arrangement available at this time. The Committee notes the court was responsible originally for proposing funding for this program in its budget.

All appropriate efforts should be made to see that the pro bono program is as cost effective as possible and serving those veterans most in need of legal services.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

Appropriations, 1996	\$11,946,000
Budget estimate, 1997	11,600,000
House allowance	11,600,000
Committee recommendation	11,600,000

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1992, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 246,023 persons and comprised a total of approximately 628 acres. There were 3,353 interments and 1,662 inurnments in fiscal year 1995; 3,500 interments and 1,800 inurnments are estimated for the current fiscal year; and 3,500 interments and 1,900 inurnments are estimated for fiscal year 1997.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$11,600,000 for the Army's cemeterial expenses. This amount is \$346,000 less than the 1996 enacted level and the same as the House amount.

ENVIRONMENTAL PROTECTION AGENCY

Appropriations, 1996	\$6,528,027,000
Budget estimate, 1997	7,041,917,000
House allowance	6,568,627,000
Committee recommendation	6,598,172,000

GENERAL DESCRIPTION

The Environmental Protection Agency [EPA] was created through Executive Reorganization Plan No. 3 of 1970 designed to consolidate certain Federal Government environmental activities into a single agency. The plan was submitted by the President to the Congress on July 8, 1970, and the Agency was established as an independent agency in the executive branch on December 2, 1970, by consolidating 15 components from 5 departments and independent agencies.

A description of EPA's pollution control programs by media follows:

Air.—The Clean Air Act Amendments [CAA] of 1990 authorize a national program of air pollution research, regulation, prevention, and enforcement activities.

Water quality.—The Clean Water Act [CWA], as amended in 1977, 1981, and 1987, provides the framework for protection of the Nation's surface waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water

pollution. The States determine the desired uses for their waters, set standards, identify current uses and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal waste water treatment works, and nonpoint source control practices. The CWA also regulates discharge of dredge or fill material into waters of the United States, including wetlands.

Drinking water.—The Safe Drinking Water Act [SDWA] of 1974 charged EPA with the responsibility of implementing a program to assure that the Nation's public drinking water supplies are free of contamination that may pose a human health risk, and to protect and prevent the endangerment of ground water resources which serve as drinking water supplies.

Hazardous waste.—The Resource Conservation and Recovery Act of 1976 [RCRA] mandated EPA to develop a regulatory program to protect human health and the environment from improper hazardous waste disposal practices. The RCRA Program manages hazardous wastes from generation through disposal.

EPA's responsibilities and authorities to manage hazardous waste were greatly expanded under the Hazardous and Solid Waste Amendments of 1984. Not only did the regulated universe of wastes and facilities dealing with hazardous waste increase significantly, but past mismanagement practices, in particular prior releases at inactive hazardous and solid waste management units, were to be identified and corrective action taken. The 1984 amendments also authorized a regulatory and implementation program directed to owners and operators of underground storage tanks.

Pesticides.—The objective of the Pesticide Program is to protect the public health and the environment from unreasonable risks while permitting the use of necessary pest control approaches. This objective is pursued by EPA under the Federal Insecticide, Fungicide, and Rodenticide Act [FIFRA] and the Federal Food, Drug, and Cosmetic Act [FFDCA] through three principal means: (1) review of existing and new pesticide products; (2) enforcement of pesticide use rules; and (3) research and development to reinforce the ability to evaluate the risks and benefits of pesticides.

Radiation.—The radiation program's major emphasis is to minimize the exposure of persons to ionizing radiation, whether from naturally occurring sources, from medical or industrial applications, nuclear power sources, or weapons development.

Toxic substances.—The Toxic Substances Control Act [TSCA] establishes a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment, and institute control action for those chemicals which present an unreasonable risk of injury to health or the environment. The act's coverage affects more than 60,000 chemicals currently in commerce, and all new chemicals.

Multimedia.—Multimedia activities are designed to support programs where the problems, tools, and results are cross media and must be integrated to effect results. This integrated program encompasses the Agency's research, enforcement, and abatement activities.

Superfund.—The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] established a national program to protect public health and the environment from the threats posed by inactive hazardous waste sites and uncontrolled spills of hazardous substances. The original statute was amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA]. Under these authorities, EPA manages a hazardous waste site cleanup program including emergency response and long-term remediation.

Leaking underground storage tanks.—The Superfund Amendments and Reauthorization Act of 1986 [SARA] established the leaking underground storage tank [LUST] trust fund to conduct corrective actions for releases from leaking underground storage tanks that contain petroleum or other hazardous substances. EPA implements the LUST response program primarily through cooperative agreements with the States.

COMMITTEE RECOMMENDATION

The Committee recommends a total of \$6,598,172,000 for EPA. This is a decrease of \$443,745,000 below the budget request, \$29,545,000 above the House, and an increase of \$70,145,000 above the current budget.

The reduction from the President's request is attributable primarily to (1) the lack of funding for the proposed Research Triangle Park laboratory facility (\$182,000,000), (2) the elimination of site-specific wastewater earmarks (\$113,000,000), and (3) reducing the climate change action plan and environmental technology programs to current levels (\$119,000,000).

The Committee's recommendation for EPA includes more than \$2,850,000,000 for grants to State and tribes for the implementation of environmental programs, including grants for the remediation of leaking underground storage tanks. Increases are recommended for several State grant programs including State revolving funds (\$78,000,000), leaking underground storage tank grants (\$14,000,000), and the categorical State grants (\$16,000,000).

Funding for States represents 43 percent of the EPA appropriation and reflects the high priority the Committee has afforded to programs directly benefiting States. The Committee expects EPA will continue to work with the States to redefine and improve the EPA-State relationship, including the devolution of responsibilities to States wherever appropriate, fostering trust, streamlining administrative activities, and eliminating duplicative, redundant actions.

The Committee has provided the full budget request of \$1,394,245,000 for the Superfund program, and expects the agency will continue to employ a risk-based prioritization methodology to allocate Superfund resources, particularly in view of the increasing number of sites reaching the construction phase of the Superfund pipeline. The Committee further expects EPA will remedy management shortcomings to ensure sites ready for construction funds can receive funds as timely as possible.

For the operating programs, the Committee has provided some increases above the current levels to ensure adequate funding for EPA's regulatory, enforcement, policymaking, and research func-

tions. Funding has been provided to meet payroll requirements for current employment levels and continue work performed through contractual arrangements. Reductions have been applied to non-essential or lower priority activities.

The Committee strongly believes that diminishing resources at every level of government make it imperative that we allocate funds to those areas where we can achieve the most environmental protection for the dollars invested. We can no longer afford to act without a rational, risk-based strategic approach to protecting human health and the environment. Instead, as NAPA recommended in its 1995 report to the Congress, EPA's effectiveness, and the allocation of its resources, should be based on real progress in protecting human health and cleaning up the environment. The Committee intends to measure EPA's activities in this way.

SCIENCE AND TECHNOLOGY

Appropriations, 1996	\$525,000,000
Budget estimate, 1997	¹ 578,748,000
House allowance	¹ 538,500,000
Committee recommendation	¹ 545,000,000

¹ Does not include transfer from Superfund account.

PROGRAM DESCRIPTION

EPA's "Science and technology" account provides funding for the scientific knowledge and tools necessary to support decisions on preventing, regulating, and abating environmental pollution and to advance the base of understanding on environmental sciences. These efforts are conducted through contracts, grants, and cooperative agreements with universities, industries, other private commercial firms, nonprofit organizations, State and local government, and Federal agencies, as well as through work performed at EPA's laboratories and various field stations and field offices.

COMMITTEE RECOMMENDATION

The Committee recommends \$545,000,000 for science and technology, an increase of \$6,500,000 over the House amount, \$20,000,000 over the enacted level, and a decrease of \$33,748,000 below the budget request. In addition, the Committee recommends the transfer of \$35,000,000 from the Superfund account, for a total of \$580,000,000 for science and technology. This represents an increase of \$55,000,000 above the enacted level.

The significant increase reflects in part the Committee's approval of a working capital fund. Resources for the working capital fund, formerly included in the "Environmental programs and management" appropriation, account for \$33,000,000 of the increase.

The Committee has made the following changes from the budget request:

- \$17,600,000 from the environmental technology initiative. The remaining funds, \$10,000,000, are provided for technology verification activities, in view of the need for EPA verification of cost and performance of new technologies.
- \$7,000,000 from academic fellowships, resulting in an appropriation of \$8,000,000, an increase of \$1,000,000 over the current year level.

- \$8,000,000 from the increase requested for additional full-time equivalent employees above the 1996 level, subject to normal reprogramming guidelines.
- \$10,000,000 from the increase requested for the climate change action plan.
- + \$1,700,000 for the American Water Works Association Research Foundation for continuation of this cost-shared research effort on drinking water issues.
- + \$1,500,000 for the Water Environment Research Foundation for continuation of this cost-shared research effort on water quality issues.
- + \$1,000,000 for research on the health effects of arsenic.
- + \$1,500,000 for the experimental program to stimulate cooperative research [EPSCoR].
- + \$750,000 to continue the Resource Agricultural Policy Systems Program, which provides analyses of possible environmental and economic impacts of agricultural programs.
- + \$750,000 for the lower Mississippi River interagency cancer study [LMRICS]. The Committee recognizes the potential of the LMRICS study to prove useful on a national scale in examining and perhaps linking environmental factors to the incidence of cancer in certain regions of the country. This study will involve monitoring the environment and communities in the target area in Louisiana over a period of 4 years. Therefore, it is important that EPA continue to allocate funds for LMRICS in the future.
- + \$750,000 for research on environmental lung disease through the National Jewish Center for Immunology and Respiratory Medicine.
- + \$1,000,000 for the Center for Air Toxics Metals.
- + \$300,000 for the clean air status and trends network [CASTNet] monitoring stations in New England. These stations provide unique indicators of environmental quality and data on acid deposition rates to lakes, forest fire climatology, regional meteorology, and mapping of the distribution of pollutants in the region. After completion of the ongoing review of CASTNet, EPA is to work with Vermont and other interested States to develop a mechanism to transfer the responsibility of operating and maintaining the stations to State agencies in New England while retaining data analysis functions within EPA. The funds provided will allow for the collection and analysis of data from the five New England CASTNet sites.
- \$398,000 as a general reduction, subject to normal reprogramming guidelines.

The Committee recommends a transfer of \$35,000,000 from the Superfund account for Superfund research, in lieu of the administration's request of \$43,000,000. This level reflects an increase of \$14,500,000 over the 1996 level. Of the amount provided, \$2,500,000 is included for the Gulf Coast Hazardous Substance Research Center and \$5,000,000 is provided for the Mine Waste Technology Program. These funds will enable the completion of the Mine Waste Technology Program and the transition to the private sector.

EPA should consider funding under the Superfund research program phytoremediation technologies which could be used to remove toxic waste from soil at lower cost than traditional approaches.

The Committee directs EPA to provide a report within 6 months of enactment of this act on the EPA EPSCoR program, including what has been accomplished, the relationship between EPA's EPSCoR program and EPSCoR programs in other Federal agencies, how the program is coordinated with and relates to EPA's Science-to-Achieve-Results Program, and whether this program should be enhanced in an effort to increase EPA-funded academic-based research in States that traditionally have received smaller amounts of Federal research and development funds. EPA is to model the EPA EPSCoR program after the National Science Foundation's EPSCoR program and coordinate the structure and selection process with NSF.

Finally, as part of EPA's STAR program, EPA is encouraged to give special consideration to proposals from EPSCoR States that successfully meet the agency's peer review requirements and are identified in the agency's competitive award process.

With the exception of the environmental technology verification [ETV] program, the Committee has not provided funding for EPA's environmental technology initiative [ETI] due to concerns that EPA has not articulated effectively its role and strategy in the development and commercialization of new environmental technologies. Moreover, many of the grants awarded under this program in previous years appeared to be duplicative of private sector efforts, and not part of a coherent strategy.

Third party verification of new environmental technologies, under the auspices of the Federal Government, however, represents an important unmet need and funds have been reserved for this purpose. Clearly, there is significant interest in the public and private sectors for EPA certification of new cost-effective technologies to cleanup and prevent pollution. EPA is to work closely with affected parties in developing an appropriate strategy for environmental technology verification, and to keep the Committee apprised of its progress.

While the Committee has limited funding for ETI to verification activities, the Committee supports EPA's leadership in interagency cooperation that will pave the way for U.S. companies to export environmental technologies. To that end, EPA should provide a progress report summarizing its cooperative activities currently underway with NASA, as well as future activities with other U.S. Government agencies, such as the National Science Foundation, the Department of Energy, the National Oceanic and Atmospheric Administration, and the National Institute of Standards and Technology [NIST], within 90 days of enactment of this act.

The Committee is aware of an effort by the Texas Regional Institute for Environmental Studies and petrochemical businesses in Texas to develop a center for the certification of new cost-effective technologies to be applied to Superfund and other environmental restoration problems. In view of the regulatory burden on the chemical and petrochemical industries and the need for cost-effective, scientifically based tools to comply with environmental regula-

tions, EPA should consider providing support to this effort as part of the environmental technology verification program.

EPA should give close consideration to a proposal by the Institute for Environmental and Industrial Science in San Marcos, TX, to carry out environmental biomonitoring and technology research and development activities to assist the petrochemical and other industries in complying with environmental laws.

The Committee notes the University of Nebraska-Lincoln, in partnership with the States of Kansas, Colorado, Wyoming, Missouri, and Oklahoma, have proposed the creation of a Wetlands Hydrology Center to develop an understanding of the hydrology and hydrogeology of wetlands in the Central Great Plains. Knowledge gained would be used to help preserve wetlands, help property owners develop good stewardship programs to comply with Federal regulations, and to develop a scientific data base for restoration of existing wetlands. Given the high-priority nature of this work, EPA should give consideration to funding this program.

The Committee supports the full budget request for drinking water research, particularly microbial/disinfection byproducts research. The current state of knowledge about the health effects of microbial contamination, and the ability to test and treat for such contamination are greatly lacking.

The Committee recognizes the improvements made in EPA's research program, including the recent completion of a risk-based strategic plan, improved and more consistent peer review practices, a new emphasis on academic-based research, and the realignment of the laboratory organizational structure according to a risk paradigm. The new structure and the strategic plan better enable EPA to prioritize activities.

The Committee supports a joint effort currently underway by the Office of Research and Development and the EPA program and regional offices to implement a more systematic process to identifying the types and quantities of technical support provided by ORD and to ensure more efficient use of available resources. The process will provide greater input by the programs and regions, permit long-term planning, allow new and changing needs to be readily incorporated and provide for an orderly transition out of technical support activities that should be phased out. This effort should ensure the elimination of redundant, unnecessary activities, so that funds can be redirected to higher priorities. This effort makes unnecessary the inclusion of transfer authority, included in the House bill, to the "Science and technology" account for research activities requested by the program offices.

The Committee notes a growing need to manage fish farm effluent so that water resources are protected. The University of Idaho has proposed a research project, to be supported in part by the State and industry, to develop specifically applied nutrient containment technologies for fish farm effluent. EPA should give strong consideration to funding such aquaculture research through its Science to Achieve Results Grant Program.

The Committee notes the very serious problem of zebra mussel infestation in major water bodies in the United States, such as Lake Champlain in which the infestation threatens the water systems of 25 percent of Vermont's residents. EPA is urged to fund re-

search and demonstration projects to control zebra mussels in drinking water systems.

The Committee urges EPA to work with North Dakota State University to minimize ground water contamination by developing mitigation techniques based on the comparison of satellite-measured and field-measured data at two identified sites in the State.

The Committee does not recommend bill language requested by the administration deriving \$9,000,000 of the appropriation from the environmental services fund.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Appropriations, 1996	\$1,677,300,000
Budget estimate, 1997	1,894,329,000
House allowance	1,704,500,000
Committee recommendation	1,713,000,000

PROGRAM DESCRIPTION

The Agency's "Environmental programs and management" account includes the development of environmental standards; monitoring and surveillance of pollution conditions; direct Federal pollution control planning; technical assistance to pollution control agencies and organizations; preparation of environmental impact statements; compliance assurance; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimal environmental impact.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,713,000,000 for environmental programs and management, an increase of \$10,000,000 above the House amount, \$35,700,000 above the 1996 level, and a decrease of \$181,329,000 below the budget request. Factoring the transfer of working capital fund resources to the "Science and technology" account, which formerly had been funded in this account, the amount recommended represents an increase of approximately \$65,000,000 over the 1996 enacted level.

The Committee has made the following changes from the budget request:

- + \$2,500,000 for the Southwest Center for Environmental Research and Policy.
- + \$3,000,000 for rural water training and technical assistance activities, including \$500,000 to bring program funding up to current levels, \$1,000,000 for the National Environmental Training Center for small communities, and \$1,450,000 for expanding activities of the National Rural Water Association ground water program (\$975,000) and the rural community assistance program (\$475,000). Through the small flows clearinghouse, the Committee has included \$50,000 to establish a regional waste water training center at Vermont Technical College for licensing designers and installers of waste water systems and technology, in view of the importance of improving management of decentralized water and waste water systems.
- + \$1,000,000 to continue the onsite waste water treatment technology demonstration program through the small flows clear-

- inghouse. In the administration of this demonstration project, the Committee recommends that special emphasis be placed on efforts to ameliorate the adverse effects of recent floods.
- + \$500,000 for the small water system cooperative initiative at Montana State University. This program should be coordinated with other EPA small systems training and technical assistance activities.
 - + \$320,000 for the regional environmental finance centers, for a total of \$1,000,000. These centers help local governments and small businesses meet environmental standards by providing training and analytical services.
 - + \$300,000 for recycling and reuse technology development at the Iowa Waste Reduction Center. The center helps small- and medium-sized businesses develop ways to reduce their waste and to find uses for materials that are now waste.
 - + \$1,000,000 for the sediments decontamination technology study, authorized under section 405 of the Water Resources Development Act of 1992, to pilot alternatives to disposal contamination of the ocean and to find beneficial uses for dredged material.
 - + \$1,000,000 to continue planning efforts for the sewer separation demonstration project for Tanner Creek.
 - + \$2,000,000 to continue the leaking above ground storage tank demonstration in the State of Alaska.
 - + \$250,000 for the final year of EPA's demonstration program on the Potomac River's north branch of an acid mine drainage remediation project.
 - + \$300,000 to continue the evaluation of ground water quality in Missouri where evidence exists of contamination associated with anthropological activities.
 - + \$1,000,000 for a Missouri watershed initiative cooperative demonstration project with the Food and Agricultural Policy Research Institute [FAPRI] to link economic and environmental data with ambient water quality.
 - + \$750,000 for the Lake Champlain management plan. The Committee recognizes the myriad of environmental problems facing the Lake Champlain basin and the need for a long-term, multimedia approach to address those problems. The Committee notes the completion of the Lake Champlain basin program's "Opportunities for Action: An Evolving Plan for the Future of the Lake." EPA is a key Federal participant in implementing the plan, and should help establish a coordinated approach to implementing the recommendations contained in the action plan.
 - + \$1,000,000 for the Lake Hollingsworth, FL, restoration project. This project will demonstrate a new technology to preserve large lakes suffering from eutrophication.
 - + \$1,000,000 for the city of West Palm Beach to implement an innovative wetlands-based potable water reuse demonstration program. This program will aid in the restoration of the Everglades.
 - + \$2,000,000 to demonstrate the latest technology in utilizing reclaimed water from a waste water treatment facility. This project will be conducted by the city of Silverton and the Or-

- egon Nurserymen's Garden Foundation, and will establish research, education, and information opportunities relating to the natural treatment of waste water.
- + \$500,000 to continue the model coordinated tribal water quality program in Washington State.
 - + \$400,000 to continue the Maui algal bloom project, including monitoring, data analysis, and development of mitigation strategies.
 - + \$400,000 for continued support of the Ala Wai Canal watershed improvement demonstration project.
 - + \$700,000 for the solar aquatic waste water treatment demonstration project in Vermont. The Committee notes that solar aquatic waste water treatment demonstration projects have received funding for several years. Within 6 months of enactment of this act, EPA is to report on what has been achieved, whether stated goals have been met, the viability of applying this technology widely, an assessment of the costs and benefits, and the amount of future Federal funding required.
 - + \$850,000 for the Nebraska mandates initiative, a pilot effort to help small municipal governments better cope with and understand public health and environmental laws and regulations. A strategic process carried out through a partnership between State officials and local leaders will be used to identify issues of concern, assess risk, and offer technically and financially feasible solutions. The findings of this demonstration should be widely disseminated on a national basis to help small municipalities across the country.
 - + \$525,000 for an early childhood initiative in environmental education.
 - + \$1,000,000 to help establish an effective long-term watershed protection program to ensure the provision of safe drinking water for New York City, including monitoring, surveillance, and research activities. This initiative supports the recently established intergovernmental agreement between upstate watershed communities, the State of New York, New York City, environmental organizations, and EPA. This agreement promotes and is consistent with the principles of pollution prevention that EPA considers a high priority.
 - + \$250,000 for the Nature Conservancy of Alaska for protection of the Kenai River watershed, including assisting the local community in their efforts to establish a land trust to protect this crucial fisheries resource.
 - + \$1,500,000 for waste water training grants under 104(g) of the Clean Water Act.
 - + \$200,000 to continue the cleanup of Five Island Lake.
 - + \$500,000 for the Alabama Department of Environmental Management to conduct a study on innovations in sewer system development and operation for the purpose of determining the feasibility of developing a cost-effective, innovative sewer system for the community of Smith Station located in Lee County, AL.
 - + \$100,000 for a demonstration project on the use of oysters to improve water quality in Chesapeake Bay tributaries in Maryland.

- + \$1,000,000 for a small business compliance demonstration project, described later in this section.
- \$48,000,000 from the increase requested for the climate change action plan. The amount recommended is the same as the 1996 level.
- \$7,000,000 from the increase requested for the Montreal Protocol facilitation fund, leaving \$12,000,000, the same as the 1996 level.
- \$43,500,000 from the environmental technology initiative. Funds are provided for technology verification activities in the “Science and technology” account. The Committee does not intend that the design for the environment [DfE] initiative, a program which preceded the environmental technology initiative, be treated as part of the ETI program and, therefore, is not subject to the ETI reduction.
- \$5,000,000 from the new sustainable development challenge grant program, leaving \$5,000,000 for this program.
- \$2,000,000 from the national service initiative.
- \$1,000,000 from GLOBE.
- \$500,000 from the Gulf of Mexico program. This reduction is taken in connection with a recent inspector general audit which identified questionable actions by the Gulf of Mexico Program Office related to a grant award, including unallowable costs and excessive administrative costs.
- \$37,000,000 from the requested increase for new hires, subject to normal reprogramming guidelines.
- \$63,174,000 as a general reduction, subject to normal reprogramming requirements. Given that the final fiscal year 1996 appropriation for EPA was enacted late in the year, it is expected there will be a higher than normal amount of carryover funds in this account. Such carryover will ease the burden of absorbing this general reduction.

Concerns have been expressed in the past about the growth of EPA’s green programs and questions have been raised as to whether it is appropriate for the Federal Government to be in the business of helping corporations improve their profitability. In the 1996 conference report on the VA–HUD appropriations legislation, EPA was directed to provide a report on the feasibility of implementing a fee to recover all reasonable costs incurred by EPA for assistance rendered businesses in its energy efficiency and energy supply program. To date, EPA has failed to submit this report. EPA is directed to respond to this requirement in a timely manner, no later than 30 days after enactment of this act.

The Committee’s concerns with the green programs have been amplified by a recent inspector general report identifying waste and mismanagement in the green lights program. In particular, the inspector general found “the program was more costly than necessary because EPA authorized the contractor to perform questionable work without analyzing its cost effectiveness or necessity.” The inspector general also found that EPA’s measures of success of this program were deceiving. In particular, “the agency emphasized the number and prominence of its participants without revealing that many had made little or no progress in the program.” If the agency expects future congressional support for this program, EPA should

report within 30 days on its plans to remedy these serious shortcomings.

The Committee supports the administration's request for the Great Waters Program, the Chesapeake Bay program, the south Florida initiative (restoration of the Everglades), and the National Estuary Program, including full funding of the Sarasota Bay project. The Committee urges EPA to provide no less than 1996 funding level for the Great Lakes National Program Office.

The Committee urges EPA to support the efforts of the Onondaga Lake Management Conference to complete and implement a comprehensive restoration plan for the Onondaga Lake.

The Committee urges EPA's continued support for implementation of the Long Island Sound comprehensive conservation and management plan.

Through EPA's compliance assistance program, EPA should consider supporting a compliance assistance center for painting and coating. Painting and coating are integral parts of many small business operations, and often are subject to EPA regulations concerning air emissions, hazardous waste, solid waste, and waste water. Given that many small businesses have considerable difficulty dealing with these regulatory requirements, there is a compelling need for compliance assistance.

The Committee recognizes that the protection of the U.S. environment depends in part on the environmental protection efforts of other countries, and, therefore, EPA's international activities are an important element to fulfilling the agency's central mission. The Committee encourages the integration of EPA's international goals more coherently into its principal mission and objectives, and asks that EPA submit to the Committee, no later than March 1, 1997, a strategic plan for strengthening its international program. This plan should address the integration of the international program into EPA's primary objectives, the prioritization of international activities, the role of other Federal agencies in international environmental activities and their relationship with EPA's Office of International Activities, and the value to the American people of EPA's international environment program.

The Committee supports EPA's role in working with stakeholders in developing voluntary incentive-based approaches for mitigating nonpoint source pollution. The Committee urges EPA to actively work with USDA agencies, through the National Agroforestry Center at Lincoln, NE, to develop and apply agroforestry technologies in sustainable agriculture and sustainable community systems. Agroforestry, particularly when applied to riparian buffer systems and used in conjunction with other best management practices such as soil conservation measures and integrated crop (nutrient and pest) management, can help support water quality improvement and diversity through a community-based watershed protection approach.

The Committee urges EPA to maintain the water quality testing program along the New Jersey and New York shorelines. The Federal program involves locating and removing visible floatables in the water and monitoring and surveying ocean water quality.

The Committee notes that air deposition can be a significant contributor to pollution and eutrophication of waters in the Eastern

United States. EPA has requested \$1,100,000 to investigate the adverse effects of atmospheric pollution on the Nation's water quality, including modeling techniques to coincide with existing water quality models for the Chesapeake Bay. The Committee supports the full request for this activity.

The Committee notes a proposal by the South Shore Transportation Management Association and Tahoe Regional Planning Agency to create a coordinated transit system which would result in reduced air pollution from mobile sources through the deployment of automatic vehicle location [ALV], computer-aided demand response dispatching [CAD] and advanced traveler information [ATI] strategies. EPA is urged to review such a proposal carefully and to work cooperatively with interested parties, including the Department of Transportation, in furthering this project.

The Committee is concerned that the wood preserving industry is required to report, document, and manage as hazardous waste, water that is collected, contained and returned to the wood preserving process, and urges EPA to consider expeditiously promulgating a wastewater exclusion under RCRA which would eliminate duplicative and unnecessary regulation of wastewater in the wood preserving process.

The Committee understands that EPA is exploring all options to meet U.S. international obligations in response to the April 29, 1996, ruling by the appellate body of the World Trade Organization [WTO] that EPA's establishment of different requirements for imported and domestically produced gasoline is discriminatory. Fiscal year 1995 and fiscal year 1996 appropriations language for the Environmental Protection Agency prohibited EPA from using funds to implement the requirement proposed as regulation of fuels and fuel additives: Individual foreign refinery baseline requirements for reformulated gasoline. In lieu of the previous language, the Committee directs EPA to involve actively and consistently all interested environmental, industry, and other groups in the decisionmaking process leading up to EPA's final decision in this matter. Furthermore, the Committee expects that any decision by EPA will be consistent with the Clean Air Act and EPA's commitment to fully protect public health and the environment. In this regard, the Committee requests that the Environmental Protection Agency report back to the Committee quarterly on this issue and prior to promulgating, reinstating, or modifying any rule in response to the WTO ruling.

The Committee remains concerned about the balancing of costs and benefits for the proposed cluster rule for pulp and paper. The Committee urges EPA to address appropriately pollutants emitted at only de minimis levels, such as metals from pulping combustion sources, by using its existing authority to establish a de minimis exemption for such pollutants, or by establishing an emission threshold or level of applicability which would achieve a similar result. The Committee also encourages EPA to provide for the development of flexible, mill-specific best management practices plans in the effluent guidelines portion of the rule.

The Committee expects EPA to allocate no less than \$300,000 to the Northeast States for Coordinated Air Use Management [NESCAUM], a nonprofit association of State air pollution control

agencies representing the six New England States, New York, and New Jersey, which provides technical assistance and policy guidance to its member States.

The Committee is supportive of an effort by the Water Environment Research Foundation, the National Rural Electric Cooperative Association, the Electric Power Research Institute, the Coalition for Alternative Wastewater Treatment, the Consortium of Institutes for Decentralized Wastewater Treatment, and others to create a national decentralized water resources capacity development project. EPA should provide assistance and support to this important effort which will coordinate the Nation's decentralized treatment leadership in developing high-quality methods and approaches.

The Administrator is directed to spend \$1,000,000 to undertake a demonstration implementing section 215 of the Small Business Regulatory Enforcement Fairness Act of 1996 to improve the compliance rates of selected small business sectors in selected States and to reduce regulatory compliance costs to the sector and regulatory agencies, by clarifying the environmental regulations applicable to the sector and simplifying the process for permit application through automating and standardizing application review.

The Administrator, in cooperation with States and small business associations, shall select projects for this demonstration after considering the number, size, and geographic concentration of small businesses that make up the sector and the complexity of Federal and State regulatory requirements applicable to the sector. Under the oversight of experienced regulatory personnel, the demonstration shall develop integrated compliance assistance packets. Such packets shall be designed to include for the selected sector and State: a comprehensive guide to the applicable environmental rules and actions that businesses in the sector can take to comply with such rules, including examples of proper reporting techniques and forms; a simplified permit application or substitute for a permit identifying the most likely pollutant sources, control devices, and the permitting conditions most likely to remedy any identified noncompliance situations; and a video presentation visually describing compliant and noncompliant operations with respect to environmental laws.

The Committee continues to support the implementation of recommendations made by the National Academy of Public Administration in their 1995 report to the Congress, "Setting Priorities, Getting Results: A New Direction for EPA." Implementation of these recommendations are intended to maximize the use of EPA's resources by ensuring a risk-based allocation of resources. In response to NAPA's recommendations, EPA plans to establish a new office to link planning, budgeting, and accountability. This effort is a critical component to begin meeting NAPA's recommendations, and to ensure that funding for programs is based on the relative risk of environmental problems and program results in protecting human health and the environment. The agency is to move expeditiously to establish this office, and provide an appropriate balance among the planning, budgeting, and accountability functions.

The ability to compare programs across the spectrum of media on the basis of risk, and to analyze program effectiveness based on im-

pacts to the environment, are vital tools currently lacking within EPA. In establishing the new PBA system, addressing this deficiency is a priority. The Committee notes the General Accounting Office has been tasked with assessing EPA's progress in establishing a comprehensive planning, budgeting, and accountability system.

The Committee has approved the budget request of \$30,000,000 for a strategic information resources management [IRM] initiative. This program includes a one-stop reporting initiative which will consolidate EPA program reporting requirements into one multimedia reporting requirement which will reduce the reporting burdens for regulated industries and States.

The Committee continues to support a directive to the Administrator contained in the conference agreement accompanying the fiscal year 1996 VA-HUD bill, requiring EPA to enter into an arrangement with the National Academy of Sciences to investigate and report on the scientific basis for EPA's recommendations relative to indoor radon and other naturally occurring radioactive materials. EPA is to provide a progress report to the Committee within 90 days of enactment of this act.

The Committee directs the agency to provide State pesticide laboratories assistance with standards distribution, methods development, training, and technical support at levels of staffing and funding previously allocated for these activities by the National Enforcement Investigations Center.

The Committee is aware of the compelling water treatment needs in the city of Kodiak, AK, and directs the agency to work with the city to develop a plan to ensure compliance with water quality standards and to lift the current moratorium on new sewer hook-ups.

The Committee is supportive of EPA's planned extension to the release date of a report on mercury emissions from industrial sources, required by the Clean Air Act amendments, in order to incorporate newly available scientific information. The report should be reviewed comprehensively by the Science Advisory Board prior to publication. In addition, the Committee believes it appropriate to extend the release date of the report on the health effects of hazardous air pollutants from electric utility steam generating units, mandated by the Clean Air Act amendments, to ensure the best available scientific data on mercury emissions can be incorporated in that report as well.

The Committee does not recommend bill language proposed by the administration which would derive \$1,000,000 of the appropriation from the environmental services fund.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$40,000,000
Budget estimate, 1997	42,744,000
House allowance	40,077,000
Committee recommendation	40,077,000

PROGRAM DESCRIPTION

The Office of Inspector General provides EPA audit and investigative functions to identify and recommend corrective actions of management, program, and administrative deficiencies which create conditions for existing or potential instances of fraud, waste, and mismanagement.

Trust fund resources are transferred to this account directly from the hazardous substance Superfund and leaking underground storage tank trust funds.

COMMITTEE RECOMMENDATION

The Committee recommends \$40,077,000 for the Office of Inspector General, a reduction of \$2,667,000 below the budget request and the same as the House amount. The reduction is a general reduction, subject to normal reprogramming guidelines. The appropriation includes \$28,500,000 from the general fund in this account, \$11,000,000 from the Superfund trust fund, and \$577,000 from the LUST trust fund. The trust fund resources will be transferred to the inspector general "General fund" account with an expenditure transfer.

BUILDINGS AND FACILITIES

Appropriations, 1996	\$110,000,000
Budget estimate, 1997	209,220,000
House allowance	107,220,000
Committee recommendation	27,220,000

PROGRAM DESCRIPTION

The appropriation for buildings and facilities at EPA covers the necessary major repairs and improvements to existing installations which are used by the Agency. This appropriation also covers new construction projects when appropriate.

COMMITTEE RECOMMENDATION

The Committee recommends \$27,220,000 for buildings and facilities. The decrease of \$182,000,000 below the request reflects the Committee's recommendation not to fund the new Research Triangle Park [RTP] laboratory project. The Committee does not recommend inclusion of House bill language authorizing the expenditure of funds for the RTP project.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$1,313,400,000
Budget estimate, 1997	1,394,245,000
House allowance	¹ 1,340,200,000
Committee recommendation	1,394,245,000

¹Does not include \$861,000,000 in contingency funds.

PROGRAM DESCRIPTION

On October 17, 1986, Congress amended the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] through the Superfund Amendments and Reauthorization Act of 1986 [SARA]. SARA reauthorized and expanded the hazardous substance Superfund to address the problems of uncontrolled hazardous waste sites and spills. Specifically, the legislation mandates that EPA: (1) provide emergency response to hazardous waste spills; (2) take emergency action at hazardous waste sites that pose an imminent hazard to public health or environmentally sensitive ecosystems; (3) engage in long-term planning, remedial design, and construction to clean up hazardous waste sites where no financially viable responsible party can be found; (4) take enforcement actions to require responsible private and Federal parties to clean up hazardous waste sites; and (5) take enforcement actions to recover costs where the fund has been used for cleanup.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$1,394,245,000 for Superfund. This represents an increase of \$80,845,000 above the current budget and \$54,045,000 above the House. The amount provided includes \$250,000,000 from general revenues, as authorized, and the balance from the trust fund.

The Committee has made the following changes to the budget request:

- + \$6,000,000 for the Agency for Toxic Substances and Disease Registry, for a total of \$64,000,000. Of this amount, no less than the 1996 amount is included for the Great Lakes fish consumption study and \$1,000,000 is included for the Tom's River Cancer Cluster study.
- + \$5,000,000 for the National Institute of Environmental Health Sciences Research program.
- \$8,000,000 from the proposed transfer of \$43,000,000 to the "Science and technology" account for Superfund research.
- \$3,000,000 from management and support costs.

The amount recommended by the Committee for fiscal year 1997 includes the full budget request, \$900,000,000, for response action (site cleanup activities). EPA's request is less than what the agency estimates will be required to begin cleanup activities at all fund-lead new construction starts anticipated to be ready in fiscal year 1997. However, it is expected that EPA will be utilizing its recently finalized risk-based site prioritization methodology to ensure those sites posing the most significant threats to human health and the environment are addressed first. While the Committee supports the concept of a risk-based prioritization model, such a tool should have been developed long ago to ensure the most effective allocation of Superfund resources.

The Committee notes that due to the maturation of the Superfund program and the consequent growth in the number of sites entering the resource-intensive construction phase of the Superfund pipeline, resource requirements for individual sites have increased. This accounts for the difficulty in immediately providing

funds for all sites as soon as they enter the construction phase of the pipeline.

The Committee notes that approximately \$110,500,000 was carried over from fiscal year 1995 into fiscal year 1996 in the Superfund program, despite agency claims that program funding was inadequate. Of this amount, \$86,800,000 was applied to the response action function. Should there be carryover in fiscal year 1997, all such funds should be applied to response actions.

The Committee is disturbed by EPA's promotion of misleading information within the last year regarding the impacts associated with the Superfund budget as recommended by the Congress in the original fiscal year 1996 appropriations bill, vetoed by the President. While statements were made that 68 sites were shut down due to budget cuts, in fact all of those sites even under the President's own original budget request would not have been funded. The President visited one such site, the Industrial Latex site in Wallington, NJ, which even under the President's own budget request, would not have been funded in 1996. The list of 68 sites represented all fund-lead sites which potentially would be ready to go to construction during fiscal year 1996. Approximately 40 percent of the sites are not anticipated to be ready for construction until the fourth quarter of the fiscal year, and slippage is common. Moreover, none of the sites in question posed immediate threats to human health. EPA should discontinue the practice of providing misleading information to Congress and the public.

The Committee further notes that the agency's failure to implement a risk-based prioritization methodology in a timely manner is in part responsible for delays in the Superfund cleanup program.

Finally, the Committee notes that the final 1996 enacted budget for Superfund represented an increase of approximately \$100,000,000 over the prior year.

The Committee supports the full budget request for the Brownfields redevelopment program, an increase of \$25,000,000 over the current level. EPA is to consider whether Brownfields should be expanded to include developing old industrial sites to create green space. Salt Lake County and Sandy City, UT, are working together to redevelop the old Sandy landfill, into a recreational park facility. EPA is directed to provide an analysis to the Committee within 60 days as to whether such a project should be included in the Brownfields program, given its goal of redevelopment.

EPA is further directed to provide an analysis to the Committee within 60 days as to whether the Brownfields project proposed for the former LTV site in Pittsburgh, PA, which would be converted into a multiuse site, should be included in the Brownfields program, given its goal of redevelopment.

The city of Seattle and Seattle Public School District are working together to rehabilitate and restore the former Colman School to create a community facility and African-American heritage museum. EPA is to consider whether this project should be included in the Brownfields redevelopment program. The project would involve an evaluation of various contaminants including asbestos, soil contamination, and possible ground water contamination at the former Colman School.

The Committee urges EPA and the agencies which support the Superfund program, particularly NIEHS and ATSDR, to improve cooperation and communication between the parties. EPA and these agencies are to work together to resolve disagreements to ensure that their mutual goal of protecting human health and the environment can be met in the most effective way possible.

The Committee notes the compelling needs associated with the Agriculture Street landfill site in New Orleans, LA, and urges EPA to address remediation needs at this site expeditiously and provide needed resources to meet these requirements.

Bill language has been included, as in the fiscal year 1996 appropriation, delaying the availability for obligation of \$100,000,000 until September 1, 1997. This is not expected to have an adverse programmatic impact.

The Committee has not recommended bill language creating a Superfund contingency reserve fund in view of the fact that the committee of jurisdiction has not reported legislation reauthorizing Superfund at this time. However, the Committee fully supports the full funding for Superfund contained in the concurrent resolution on the budget for fiscal year 1997, which, including the reserve fund, totals \$2,200,000,000. The Committee expects to approve expeditiously, legislation which would appropriate the reserve funds once authorizing legislation is enacted.

House bill language requiring the expenditure of \$1,200,000 for an ATSDR health effects study of the Tom's River Cancer Cluster has been deleted. However, the Committee has recommended \$1,000,000 for this study.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$45,827,000
Budget estimate, 1997	67,119,000
House allowance	66,500,000
Committee recommendation	60,000,000

PROGRAM DESCRIPTION

The Superfund Amendments and Reauthorizations Act of 1986 [SARA] established the leaking underground storage tank [LUST] trust fund to conduct corrective actions for releases from leaking underground storage tanks containing petroleum and other hazardous substances. EPA implements the LUST program through State cooperative agreement grants which enable States to conduct corrective actions to protect human health and the environment, and through non-State entities including Indian tribes under section 8001 of RCRA. The trust fund is also used to enforce responsible parties to finance corrective actions and to recover expended funds used to clean up abandoned tanks.

COMMITTEE RECOMMENDATION

The Committee recommends a budget of \$60,000,000 for the Leaking Underground Storage Tank Program, an increase of \$14,173,000 over the 1996 enacted level. The Committee recognizes the importance of this program in protecting the Nation's ground

water resources. Approximately 85 percent of the funds are allocated directly to the States to address leaking underground storage tanks.

The Committee recommends bill language, as in the House, which limits administrative expenses to \$7,000,000.

OILSPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1996	\$15,000,000
Budget estimate, 1997	15,305,000
House allowance	15,000,000
Committee recommendation	15,000,000

PROGRAM DESCRIPTION

This appropriation, authorized by the Federal Water Pollution Control Act of 1987 and amended by the Oil Pollution Act of 1990, provides funds for preventing and responding to releases of oil and other petroleum products in navigable waterways. EPA is responsible for: directing all cleanup and removal activities posing a threat to public health and the environment; conducting inspections, including compelling responsible parties to undertake clean-up actions; reviewing containment plans at facilities; reviewing area contingency plans; pursuing cost recovery of fund-financed cleanups; and conducting research of oil cleanup techniques. Funds are provided through the oilspill liability trust fund established by the Oil Pollution Act and managed by the Coast Guard.

COMMITTEE RECOMMENDATION

The Committee recommends \$15,000,000 for the oilspill response trust fund, a reduction of \$305,000 below the request and the same as the current level and the House amount. The Committee included bill language limiting administrative expenses to \$8,000,000.

STATE AND TRIBAL ASSISTANCE GRANTS

Appropriations, 1996	\$2,813,000,000
Budget estimate, 1997	2,852,207,000
House allowance	2,768,207,000
Committee recommendation	2,815,207,000

PROGRAM DESCRIPTION

The "State and tribal assistance grants" account funds grants to support the State revolving fund programs; State, tribal, regional, and local environmental programs; and special projects to address critical waste water treatment needs. The funds provided in this account, exclusive of the funds for the SRF and the special waste water treatment projects, may be used by the Agency to enter into performance partnerships with States and tribes rather than media-specific categorical program grants, if requested by the States and tribes.

This account funds the following infrastructure grant programs: State revolving funds; United States-Mexico Border Program; colonias projects; and Alaska Native villages.

It also contains the following environmental grants, State/tribal program grants, and assistance and capacity building grants: (1) Nonpoint source (sec. 319 of the Federal Water Pollution Control Act); (2) water quality cooperative agreements (sec. 104(b)(3) of FWPCA); (3) public water system supervision; (4) air resource assistance to State, local, and tribal governments (sec. 105 of the Clean Air Act); (5) radon State grants; (6) control agency resource supplementation (sec. 106 of the FWPCA); (7) wetlands program implementation; (8) underground injection control; (9) Pesticides Program implementation; (10) lead grants; (11) hazardous waste financial assistance; (12) pesticides enforcement grants; (13) pollution prevention; (14) toxic substances enforcement grants; (15) Indians general assistance grants; and, (16) underground storage tanks.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,815,207,000 for State and tribal assistance grants. This is an increase of \$2,207,000 over the 1996 enacted level, \$47,000,000 above the House amount, and a decrease of \$37,000,000 below the administration request. The decrease is attributable to the Committee's recommendation not to fund site-specific wastewater earmarks. Given the increasing responsibility of State and local governments in implementing environmental programs, coupled with budget shortfalls at the State and local level, EPA State grant funding is critical. Therefore, the Committee has provided significant increases to EPA programs directly benefiting State activities. The recommendation includes the following programs:

\$1,426,000,000 for clean water State revolving funds, an increase of \$76,000,000 over the budget request and the House amount, and \$28,000,000 over the 1996 level.

\$550,000,000 for drinking water State revolving funds, the same as the budget request, and an increase of \$100,000,000 over the House amount and \$50,000,000 over the 1996 level.

\$100,000,000 for architectural, engineering, design, and construction-related activities for high-priority water and wastewater facilities in communities near the United States-Mexico border, including large and small cities, towns and rural areas. This amount is the same as the budget request, the House amount, and the 1996 level.

\$50,000,000 for Colonias projects in Texas, the same as the budget request, the House amount, and the 1996 level.

\$15,000,000 for Alaska rural and native villages, the same as the budget request, the House amount, and the 1996 level.

\$674,207,000 for State grants, the same as the budget request and the House amount, and an increase of \$16,000,000 over the 1996 level. These funds may be provided to States as performance partnership block grants. Within the total amount provided for such State grants, EPA is not required to notify the Committee of reprogrammings based on States and tribes applying for performance partnership grants. This effectuates States' abilities to use funds to best meet their environmental priorities.

The Committee does not recommend funding for the administration's request for grants for selected localities, including Boston

Harbor (–\$100,000,000), New Orleans (–\$10,000,000), and Bristol County (–\$3,000,000). Such earmarks do not represent an equitable distribution of State and tribal assistance grant funds, and are provided at the expense of the State revolving funds, which are allocated to every State on the basis of need.

EPA, in cooperation with the Assistant Secretary of the Army for Civil Works, shall report to the Committee within 6 months of enactment of this act, as to the capabilities of the U.S. Army Corps of Engineers to work with EPA to address rural sanitation and water supply problems in Alaska under the Corps' existing authorities including the Work for Others Program. This report shall include a recommendation addressing the cost effectiveness and advisability of creating a working partnership between the Corps of Engineers, EPA, and the State of Alaska to address rural sanitation and water supply problems.

The Committee commends EPA's public/private partnership efforts in the area of waste water treatment facilities and notes that more and more State and local governments are beginning to pursue this option. The Committee encourages EPA to continue to provide leadership in this area and work with communities to enable the use of the public/private partnership approach wherever appropriate and feasible. In addition, the Committee expects EPA to work with the other agencies and departments involved to ensure swift approval of public/private partnership transactions when such approvals are required. Finally, the Committee expects EPA to evaluate its own regulations to ensure they do not impede public/private partnerships and to notify the appropriate committees of Congress of those situations that require legislative action.

The Committee notes the very compelling needs for adequate drinking water systems in rural areas, such as those in Lee, Wise, and Scott Counties in Virginia. It is expected that the new State revolving fund for drinking water infrastructure will help meet the needs of small and rural communities in developing a viable public water system. Upon enactment of drinking water legislation, EPA is to move expeditiously to award SRF funds to States so that such needs can be met as soon as possible.

The Committee is aware of an audit dispute between the EPA and the Metropolitan Wastewater Management Commission [MWMC], an intergovernmental agency organized by the cities of Eugene and Springfield and Lane County, OR. The Committee expects the agency to follow the EPA's 1981 affirmative management decision which was made to reduce the project's administrative costs.

The Committee recommends a modification to House bill language authorizing the expenditure of funds for Alaska rural and native villages to include drinking water infrastructure as well as waste water.

As in the House, bill language has been included stipulating that if no drinking water State revolving fund legislation is enacted by June 1, 1997, the drinking water SRF funds shall be made available immediately for clean water State revolving funds.

The Committee recommends bill language, proposed by the administration, authorizing the Administrator to make grants to States, from funds available for obligation in the State under title

II of the Federal Water Pollution Control Act, to administer and closeout the State's construction grants program. This provision is needed in many States due to the appropriation of nearly \$800,000,000 since 1991 for wastewater grant projects and in view of the expiration of the 205(g) reserve for such management activities.

The Committee, without prejudice, does not recommend bill language, proposed by the administration, allowing the merging of drinking water and wastewater State revolving funds. This issue should be considered after enactment of drinking water legislation.

WORKING CAPITAL FUND

The Committee has included bill language, as in the House, establishing a pilot working capital fund, as authorized by section 403 of Public Law 103-356. The activities to be included in EPA's working capital fund in fiscal year 1997 are the National Data Processing Division computer operations at Research Triangle Park and postage. These administrative services will be provided to users on a fee-for-service basis. These funds will be available without fiscal year limitation to continue operations and to replace capital equipment. Amounts in excess of 4 percent of the total annual income to the fund must be returned to the Treasury no later than 30 days after the end of each fiscal year. Estimated operating expenses for fiscal year 1997 are approximately \$101,500,000.

The Committee directs EPA to provide a quarterly status report on the working capital fund.

ADMINISTRATIVE PROVISION

The Committee has not included House bill language authorizing the transfer of funds to the "Science and technology" account from other EPA accounts for necessary research activities. The Committee does not believe such transfer authority is necessary, and would violate the integrity of the appropriation account structure.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Appropriations, 1996	\$4,981,000
Budget estimate, 1997	4,932,000
House allowance	4,932,000
Committee recommendation	4,932,000

PROGRAM DESCRIPTION

The Office of Science and Technology Policy [OSTP] was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94-238) and coordinates science and technology policy for the White House. OSTP provides authoritative scientific and technological information, analysis, and advice for the President, for the executive branch, and for Congress; participates in formulation, coordination, and implementation of national and international policies and programs that involve science and technology; maintains and promotes the health and vitality of the U.S. science and technology infrastructure; and coordinates research and development efforts of the Federal Government to maxi-

mize the return on the public's investment in science and technology and to ensure Federal resources are used efficiently and appropriately.

OSTP provides support for the National Science and Technology Council [NSTC].

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,932,000 for the Office of Science and Technology Policy. This amount is the same as the budget request and the House allowance.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Appropriations, 1996	\$2,150,000
Budget estimate, 1997	2,436,000
House allowance	2,250,000
Committee recommendation	2,436,000

PROGRAM DESCRIPTION

The Council on Environmental Quality/Office of Environmental Quality was established by the National Environmental Policy Act and the Environmental Quality Improvement Act of 1970. The Council serves as a source of environmental expertise and policy analysis for the White House, Executive Office of the President agencies, and other Federal agencies. CEQ promulgates regulations binding on all Federal agencies to implement the procedural provisions of the National Environmental Policy Act and resolves inter-agency environmental disputes informally and through issuance of findings and recommendations.

COMMITTEE RECOMMENDATION

The Committee has provided \$2,436,000 for the Council on Environmental Quality, the same as the request, and an increase of \$186,000 above the House and \$286,000 above the current level.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Appropriations, 1996	\$678,610,000
Budget estimate, 1997	780,049,000
House allowance	¹ 1,591,316,000
Committee recommendation	¹ 1,780,189,000

¹ Includes the restoration of \$1,000,000,000 in previously rescinded disaster relief funds.

GENERAL DESCRIPTION

FEMA is responsible for coordinating Federal efforts to reduce the loss of life and property through a comprehensive risk-based, all hazards emergency management program of mitigation, preparedness, response, and recovery.

COMMITTEE RECOMMENDATION

The Committee has provided a total of \$1,780,189,000 for the Federal Emergency Management Agency. The amount provided includes the restoration of \$1,000,000,000 in previously rescinded disaster relief funds. The amount recommended, excluding the res-

toration of disaster relief funds, is an increase of \$140,000 above the administration's request.

The Committee's approval of the full budget request for FEMA reflects its support for this agency and the recognition of the changes FEMA has made over the past several years to improve preparedness for and responsiveness to major disasters.

Notwithstanding this support, the Committee continues to have concerns with respect to the disaster relief fund and the current inadequacy of financial, regulatory, and statutory controls over this multibillion dollar fund. Addressing this shortcoming should be the agency's highest management priority.

DISASTER RELIEF

Appropriations, 1996	\$222,000,000
Budget estimate, 1997	320,000,000
House allowance	1,120,000,000
Committee recommendation	1,320,000,000

PROGRAM DESCRIPTION

Federal disaster assistance is a nationwide program operated pursuant to the Stafford Act. FEMA is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Funds may be made available directly to a State or to other Federal agencies as reimbursement of expenditures in disaster relief work performed under this authority. Funds and other assistance may also be made available to individuals, families, and businesses for disaster related needs and expenses. In addition, a variety of other Federal assistance is coordinated under this program.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,320,000,000 for FEMA disaster relief, an increase of \$200,000,000 above the House. This includes the regular appropriation of \$320,000,000 requested by the administration, and the restoration of \$1,000,000,000 in funds rescinded in the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134). As in the House, bill language has been included delaying the availability of these funds for obligation until September 30, 1997.

The Committee continues to be concerned with the increasing cost of disaster relief. At a hearing before the VA, HUD, and Independent Agencies Appropriations Subcommittee earlier this year, the FEMA Director stated that FEMA will provide by October 1, 1996, its plans for instituting additional controls on disaster relief expenditures, including stronger and clearer criteria for disaster declarations, improved financial management practices, reducing the level of appeals, and ensuring consistent and appropriate eligibility determinations. The Committee expects the agency will submit its proposal, including any necessary legislative changes, to the Congress by October 1, 1996.

The Committee recognizes that FEMA's urban search and rescue [USAR] system is a critical resource for response operations following catastrophic events, and notes its continuing concern relating

to the geographic distribution of the teams. In particular, there is no team in the central United States, while the Midwest is an area subject to very real threats including flooding, tornadoes, and threats from the New Madrid earthquake fault. Given the importance of ensuring adequate operational search and rescue capacity, and the fact that vacancies currently exist, FEMA is to award by the beginning of fiscal year 1997, up to five new teams. These teams should be selected on the basis of readiness to enter the system, State and local support, geographic location, and other factors traditionally considered by FEMA. The Committee notes a pending proposal from the Boone County, MO, Fire District and directs FEMA to act expeditiously to review and evaluate this team's capabilities.

The Committee recognizes the important services provided to victims of the Miller's Reach fire in Alaska by Alaska Legal Services, and the substantial increase in caseload Alaska Legal Services has experienced as a result of the fire. FEMA is urged to provide assistance and work with the Legal Services Corporation to ensure Alaska Legal Services can continue to meet the needs of disaster victims.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

(LIMITATION ON DIRECT LOANS)

STATE SHARE LOAN

	Program account	Administrative expenses
Appropriations, 1996	\$2,155,000	\$95,000
Budget estimate, 1997	1,385,000	548,000
House allowance	1,385,000	548,000
Committee recommendation	1,385,000	548,000

PROGRAM DESCRIPTION

Under the State Share Loan Program, FEMA may lend or advance to an eligible applicant or State the portion of assistance for which the applicant is responsible under cost-sharing provisions of the Stafford Act. To be deemed eligible, the Governor must demonstrate, where damage is overwhelming and severe, that the State is unable to assume its financial responsibility to meet the cost share.

COMMITTEE RECOMMENDATION

For the State Share Loan Program, the Committee has provided \$25,000,000 in loan authority and \$548,000 in administrative expenses. For the cost of subsidizing the appropriation, the bill includes \$1,385,000.

SALARIES AND EXPENSES

Appropriations, 1996	\$168,900,000
Budget estimate, 1997	166,733,000
House allowance	168,000,000
Committee recommendation	166,733,000

PROGRAM DESCRIPTION

The salaries and expenses appropriation comprises two activities:
Program support.—This activity provides for staff and supporting resources to administer the Agency's various programs at the headquarters, field, and regional levels. The salaries and expenses for flood plain management under mitigation programs and flood insurance operations are provided by transfer from the national flood insurance fund.

Executive direction.—This activity provides staff and supporting resources for the general management and administration of the Agency in legal affairs, congressional and public affairs, personnel, and financial management.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request, \$166,733,000, for FEMA salaries and expenses. This is \$1,267,000 less than the House amount. The Committee notes the reduction of \$2,167,000 from the 1996 level is attributable primarily to the completion of short initiatives in 1996 such as support for the Summer Olympics, enhancements to the financial management system, and relocation of the region IV office.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1996	\$4,673,000
Budget estimate, 1997	4,533,000
House allowance	4,533,000
Committee recommendation	4,673,000

PROGRAM DESCRIPTION

The Office of the Inspector General [OIG] conducts, supervises, and coordinates all audits, inspections, and investigations. The OIG supervises and coordinates other activities in the Agency and between the Agency and other Federal, State, and local government agencies whose purposes are to: (a) promote economy and efficiency; (b) prevent and detect fraud and mismanagement; and (c) identify and prosecute people involved in fraud or mismanagement.

COMMITTEE RECOMMENDATION

The Committee recommends \$4,673,000 for the Office of the Inspector General, the same amount as the enacted level, and an increase of \$140,000 above the House amount and the budget estimate.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Appropriations, 1996	\$203,044,000
Budget estimate, 1997	199,101,000
House allowance	209,101,000
Committee recommendation	199,101,000

PROGRAM DESCRIPTION

The emergency management planning and assistance appropriation provides resources for the following activities which were de-

scribed previously: Response and recovery; preparedness, training, and exercises; fire prevention and training; operations support; mitigation programs; and executive direction. Flood plain management activity and flood insurance operations are funded by transfer from the national flood insurance fund in fiscal year 1994.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$199,101,000 for emergency management planning and assistance. This is a reduction of \$3,943,000 below the 1996 level, reflecting the streamlining of several programs. The amount provided enables FEMA to increase funding in several key areas, including State hazard mitigation officers and enhancing State and local hazardous materials capabilities.

The Committee directs FEMA to provide \$1,700,000 to complete the Earthquake Hazard Mitigation Program with the city of Portland and the Oregon Department of Geology and Mineral Industries [DOGAMI], to develop earthquake hazard maps and information to assist local emergency planners, land use planners, public officials, utilities, and businesses in reducing potential loss of life and property in the event of a major earthquake. Within this amount, funding is available for a DOGAMI pilot program to plan and design innovative seismic upgrades of historic buildings.

The Committee is concerned about proposals to replace FEMA emergency response vehicles at this time. FEMA will be conducting a study of the baseline capabilities of its mobile emergency response system and mobile air transportable telecommunications support system, to determine out-year requirements. Procurements prior to the completion of this study would be premature.

The Committee notes that the State of Alaska faces the threat of a 100-year flood disaster at the Chena River flood control facility near Fairbanks. FEMA, in coordination with the U.S. Army Corps of Engineers and other Federal agencies, is directed to establish a Federal task force to assess and report to Congress within 6 months of enactment of this act, recommended predisaster mitigation measures at and around the Chena River flood control project at Fairbanks and North Pole, AK.

The Southwest currently is experiencing a severe drought that already has caused extensive damage in the areas of municipal water use, agricultural production, wildlife protection, and forest fire prevention. Most available information indicates that this only is the first of several years of this drought. FEMA has established a drought task force of the appropriate Federal agencies to plan for and respond to this extended drought. The Committee commends FEMA's efforts with the task force, and expects the agency to continue focusing resources, where appropriate and within the funding provided, on this important initiative.

The Committee urges the Director of FEMA to give every consideration to the request from Harford County, MD, for supplemental chemical stockpile emergency preparedness funds to complete the emergency operations center project.

The Committee urges FEMA to give consideration to a proposal by the National Institute for Environmental Renewal to create an Environmental Planning and Incident Mitigation Center for north-

eastern Pennsylvania. The center would provide a day-to-day service to commercial enterprises, law enforcement, and local governments including environmental characterization and modeling, flood modeling, and other capabilities needed for rapid response. FEMA should assess whether such a center could serve as a model for other States in preparing for disasters.

The Committee is aware of efforts by the National Association of Home Builders Research Foundation to organize a working group comprised of industry, insurers, building code officials, Government agencies, engineers, researchers, and universities to evaluate the validity of current structural engineering theory to housing construction standards. Applying valid and cost-effective engineering standards in housing construction will ensure maximum safety in disaster situations and lead to significant savings in the construction of new homes, thus increasing affordability and acting as a spur for an increase in homeownership. FEMA should assist in this effort to assure that engineering standards are applied to housing construction in the most cost-effective manner.

EMERGENCY FOOD AND SHELTER

Appropriations, 1996	\$100,000,000
Budget estimate, 1997	100,000,000
House allowance	100,000,000
Committee recommendation	100,000,000

PROGRAM DESCRIPTION

The Emergency Food and Shelter Program originated as a one-time emergency appropriation to combat the effects of high unemployment in the emergency jobs bill (Public Law 98-8) which was enacted in March 1983. It was authorized under title III of the Stewart B. McKinney Homeless Assistance Act of 1987, Public Law 100-177.

The program has been administered by a national board and the majority of the funding has been spent for providing temporary food and shelter for the homeless, participating organizations being restricted by legislation from spending more than 2 percent of the funding received for administrative costs. The administrative ceiling was increased to 5 percent under the McKinney Act. However, subsequent appropriation acts limited administrative expenses to 3.5 percent.

COMMITTEE RECOMMENDATION

The Committee recommends \$100,000,000 for the Emergency Food and Shelter Program, the same level proposed by the House. This is the same as the fiscal year 1996 level.

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a na-

tional basis. Flood insurance may be sold or continued in force only in communities which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes. In 1994, the budget assumes collection of all the administrative and program costs associated with flood insurance activities from policyholders.

Under the Emergency Program, structures in identified flood-prone areas are eligible for limited amounts of coverage at subsidized insurance rates. Under the regular program, studies must be made of different flood risks in flood prone areas to establish actuarial premium rates. These rates are charged for insurance on new construction. Coverage is available on virtually all types of buildings and their contents.

COMMITTEE RECOMMENDATION

The Committee has included bill language, as in the House, providing up to \$20,981,000 for administrative costs from the Flood Insurance Program for salaries and expenses. The Committee has also included bill language providing up to \$78,464,000 for flood mitigation activities including up to \$20,000,000 for expenses under section 1366 of the National Flood Insurance Act.

WORKING CAPITAL FUND

The Committee concurs with the House in including bill language authorizing a working capital fund at FEMA. This new revolving fund will finance the operation of facilities and provide services for office operations, training, conferences, and billeting provided by FEMA at the Mount Weather Emergency Assistance Center. These services are available to all organizations and elements of the agency, as well as other Federal agencies on a reimbursable basis. The working capital fund will be reimbursed or credited with advance payments from applicable appropriations of FEMA, other Federal agencies, and other sources authorized by law for supplies, materials, and services at rates which will recover the expenses of operations, including capital depreciation. Estimated obligations for fiscal year 1997 will total approximately \$16,800,000.

FEMA is to provide to the Committee on a quarterly basis a status report on the working capital fund.

ADMINISTRATIVE PROVISION

The Committee recommends bill language, as in the House and in previous VA-HUD appropriation legislation, authorizing the collection of user fees for the Radiological Emergency Preparedness Program. These fees offset the cost of this program, totaling \$12,251,000 in fiscal year 1997.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Appropriations, 1996	\$2,061,000
Budget estimate, 1997	2,060,000
House allowance	2,260,000
Committee recommendation	2,260,000

PROGRAM DESCRIPTION

The Consumer Information Center [CIC] was established within the General Services Administration [GSA] by Executive order on October 26, 1970, to help Federal departments and agencies promote and distribute consumer information collected as a byproduct of the Government's program activities.

The CIC promotes greater public awareness of existing Federal publications through wide dissemination to the general public of the Consumer Information Catalog. The catalog lists both sales and free publications available from the Government Printing Office [GPO] distribution facility in Pueblo, CO. In fiscal year 1993, the CIC distributed a total of 11.7 million publications. Distribution costs of the free publications are financed by reimbursements from the Federal agencies to the Consumer Information Center.

Public Law 98-63, enacted July 30, 1983, established a revolving fund for the CIC. Under this fund, CIC activities are financed from the following: annual appropriations from the general funds of the Treasury, reimbursements from agencies for distribution of publications, user fees collected from the public, and any other income incident to CIC activities. All are available as authorized in appropriation acts without regard to fiscal year limitations.

COMMITTEE RECOMMENDATION

The Committee concurs with the House recommendation of \$2,260,000 for the Consumer Information Center, an increase of \$200,000 above the budget estimate and \$199,000 above the enacted level. Additional funds are provided to enable CIC to undertake responsibility for production of the Consumer Resource Handbook.

Bill language has been included, similar to House language, authorizing CIC to accept private sector donations to defray the costs of printing, publishing, and distributing consumer information and educational material, and undertaking consumer information activities. The Committee has deleted the administrative expense limitation. Expenditures are controlled adequately by the aggregate spending cap.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

U.S. OFFICE OF CONSUMER AFFAIRS

Appropriations, 1996	\$1,800,000
Budget estimate, 1997	1,811,000
House allowance	
Committee recommendation	

PROGRAM DESCRIPTION

In accordance with Executive Order 11583 of February 24, 1971, the U.S. Office of Consumer Affairs over 25 years ago assure that consumer needs and viewpoints are presented in the Federal Government; foster consideration of consumer viewpoints by other Government agencies, voluntary groups, and business; and seek to inform and educate individual citizens to deal more effectively in the marketplace.

COMMITTEE RECOMMENDATION

The Committee recommends the termination of the Office of Consumer Affairs, and the transfer of responsibility for the Consumer Resource Handbook to the Consumer Information Center. The Committee's action is intended to eliminate duplicative and unnecessary activities within the Federal Government.

The Committee recognizes that providing consumers with the information they need to solve their own problems is far more effective than the Federal Government attempting to solve individual problems directly. Continued wide distribution of the Consumer Resource Handbook by a vigorous public education program such as the Consumer Information Center is the most cost-effective way to teach citizens to become self-reliant. A centralized Federal consumer complaint bureaucracy is an anachronism, contrary to the current drive to streamline Government and integration of consumer concerns fully into agencies and activities throughout the Government that have responsibility relating to interests of individuals as consumers.

Bill language has been included, as in the House, under the general provisions (sec. 419) allowing for the termination of the Office.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Appropriations, 1996	\$13,903,700,000
Budget estimate, 1997	¹ 13,804,200,000
House allowance	13,604,200,000
Committee recommendation	13,704,200,000

¹ Excludes advance appropriation request of \$900,000,000.

GENERAL DESCRIPTION

The National Aeronautics and Space Administration was established by the National Aeronautics and Space Act of 1958 to conduct space and aeronautical research, development, and flight activities for peaceful purposes designed to maintain U.S. preeminence in aeronautics and space. These activities are designed to continue the Nation's premier program of space exploration and to invest in the development of new technologies to improve the competitive position of the United States. The NASA program provides for a vigorous national program ensuring leadership in world aviation and as the preeminent spacefaring nation.

COMMITTEE RECOMMENDATION

The Committee recommends \$13,704,200,000 for the National Aeronautics and Space Administration for fiscal year 1997. This amount is \$100,000,000 below the budget request and \$100,000,000

above the House allowance. The recommended budget for NASA for fiscal year 1997 is \$199,500,000, or 1.5 percent, below the 1996 level.

HUMAN SPACE FLIGHT

Appropriations, 1996	\$5,456,600,000
Budget estimate, 1997	5,362,900,000
House allowance	5,362,900,000
Committee recommendation	5,362,900,000

PROGRAM DESCRIPTION

The objective of the human space flight appropriation is to provide the on-orbit infrastructure and transportation capability to enable people to live and work in the space environment. The appropriations request would provide funding for the continued development of the space station and activities which support utilization of the space station, the flight activities in support of the joint missions involving the space shuttle and the Russian Mir space station, all the activities required for the continuing safe operation of the space shuttle, and funding for the support of payloads flying on the shuttle and spacelab as well as advanced technology projects and engineering technical base support for the field centers supporting human space flight activities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$5,362,900,000 for human space flight activities. This amount is the same as the budget request and the House allowance.

Termination liability

The Committee fully supports deployment of the space station but recognizes the funds appropriated by this act for the development of the space station may not be adequate to cover all potential contractual commitments should the program be terminated for the convenience of the Government. Accordingly, if the space station is terminated for the convenience of the Government, additional appropriated funds may be necessary to cover such contractual commitments. In the event of such termination, it would be the intent of the Committee to provide such additional appropriations as may be necessary to provide fully for termination payments in a manner which avoids impacting the conduct of other ongoing NASA programs.

SCIENCE, AERONAUTICS, AND TECHNOLOGY

Appropriations, 1996	\$5,928,900,000
Budget estimate, 1997	5,862,100,000
House allowance	5,662,100,000
Committee recommendation	5,762,100,000

PROGRAM DESCRIPTION

The objectives of the NASA program of research and development are to extend knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to provide technology for improving the performance of

aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology and education of future generations necessary to accomplish national goals.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$5,762,100,000 for science, aeronautics, and technology activities. This amount is \$100,000,000 below the budget request, and \$100,000,000 above the House allowance.

The Committee recommendation proposes a general reduction of \$100,000,000 in this account. The specific reductions to be taken by the agency to achieve this reduction in overall funding are to be identified in the agency's operating plan and are subject to the normal reprogramming policies of the Committee.

Mission to Planet Earth [MTPE]

Mission to Planet Earth long-term climate forecasting data is critical to the economic vitality of numerous U.S. industries that are heavily weather-dependent. The Committee encourages NASA to collaborate with other Federal agencies and private industry to pursue the unlimited opportunities for public-private partnerships to apply mission to Planet Earth data for environmental, agricultural, transportation, fisheries and forestry management, as well as disaster prediction and mitigation.

Windsat

To continue development of the Windsat mission within the mission to Planet Earth program, the Committee recommends an earmark of \$5,000,000.

Radar satellite

In the fiscal year 1996 appropriation for NASA the Committee recommended initiation of a phase A study for a new low-cost synthetic aperture radar satellite under the new millennium initiative. Such a project could enable the development of new commercial remote sensing industry beyond that which is being developed with optical systems and the current generation of radar satellite technologies. The phase A study should determine the feasibility of this program and whether it meets total program cost parameters of the new millennium effort and should be a candidate new start. The Committee directs NASA to expedite this review to permit a decision on this very promising program prior to final funding allocation decisions for fiscal year 1997.

Discovery Center

The Committee notes that NASA is in the process of identifying funds within the academic programs activity to enable it to proceed with a grant for the Discovery Center as recommended in the reports accompanying the fiscal year 1996 appropriation. It is the Committee's view that this \$2,000,000 grant should be made without further delay to enable this project to proceed on a timely basis.

Low-cost small launch technology project

The Committee recommends that of the funds made available under this account, no reduction be made in the advanced space transportation program activity. In addition, the Committee has been advised that \$12,000,000 is necessary to permit timely development of a new low-cost small launch technology demonstration project. Within the funds available, the Committee directs such augmentation of this important initiative.

Zero-based review

The Committee is aware of a proposal under consideration by NASA, as part of its zero-based review, to relocate the Center for Aerospace Information [CASI]. The Committee is concerned that a full cost-benefit analysis of the impact of such a relocation has not been conducted, nor have all options for continuing this repository of technical information in its current location been explored. Therefore, the Committee expects NASA to provide a report within 30 days on its recommendation for continuing CASI's functions, including an analysis of direct and indirect costs associated with each option considered. The Committee also expects NASA to propose in this report appropriate alternative uses for the leased space currently occupied by CASI.

The Committee is aware that the Upper Midwest Aerospace Consortium [UMAC] recently completed a successful feasibility study funded by NASA to translate MTPE science research results and data into information products of specific relevancy to different user communities in North and South Dakota, Montana, Wyoming, and Idaho through the creation of a public access resource center [PARC]. Because of the initial success of the initial study phase, NASA is funding UMAC to develop and test prototype products for the agriculture community through such a PARC. Furthermore, the Committee is aware that NASA has budgeted \$3,000,000 per year for a peer-reviewed solicitation for the expanded use of MTPE data. The Committee urges NASA to give every consideration to funding UMAC under this solicitation.

MISSION SUPPORT

Appropriations, 1996	\$2,502,200,000
Budget estimate, 1997	2,562,200,000
House allowance	2,562,200,000
Committee recommendation	2,562,200,000

PROGRAM DESCRIPTION

This appropriation provides for mission support including safety, reliability, and mission assurance activities supporting agency programs; space communication services for NASA programs; salaries and related expenses in support of research in NASA field installations; design, repair, rehabilitation and modification of institutional facilities, and construction of new institutional facilities; and other operations activities supporting conduct of agency programs.

COMMITTEE RECOMMENDATION

The Committee recommends \$2,562,200,000 for mission support. This amount is the same as the budget request and the House allowance.

NASA headquarters RIF

The Committee is concerned that NASA's proposed rapid reduction of headquarters personnel will have a negative and irreversible impact on the agency's ability to carry out its mission. The proposed reduction is disproportionately excessive relative to the aggregate funding profile for this agency. Particularly troubling is the agency's apparent disregard for the "Zero-Based Review" recommendations submitted to the Committee on April 3, 1996. Therefore, the Committee directs NASA to suspend immediate implementation of the administrative steps to execute this proposed reduction in force until such time as the agency is able to justify fully its proposed deviation from the "Zero-Based Review" projected personnel numbers.

Wallops

The Committee directs NASA to delay the proposed privatization of the sounding rocket and balloon programs at Wallops Island until the impact of the privatization on Federal employees, the Wallops mission, and the area economy is better understood. Furthermore, the Committee expects NASA to withhold further implementation of its aircraft consolidation proposal until the inspector general report is finalized and reviewed by the Committees on Appropriations of the Senate and the House.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1996	\$16,000,000
Budget estimate, 1997	17,000,000
House allowance	17,000,000
Committee recommendation	17,000,000

PROGRAM DESCRIPTION

The Office of Inspector General was established by the Inspector General Act of 1978. The Office is responsible for providing agency-wide audit and investigative functions to identify and correct management and administrative deficiencies which create conditions for existing or potential instances of fraud, waste, and mismanagement.

COMMITTEE RECOMMENDATION

The Committee recommends \$17,000,000 for fiscal year 1997, an increase of \$1,000,000 over the fiscal year 1996 appropriation level, and the same as the budget request and the House allowance.

ADMINISTRATIVE PROVISIONS

NASA buyout provision

The Committee recognizes that current budget constraints and NASA's planned restructuring will require significant staffing reductions throughout the agency. Although one-half of the proposed

staffing cuts have been achieved thus far through voluntary measures, it is clear that currently available voluntary measures will not achieve the remaining reductions. The Committee is concerned that a reduction in force [RIF] would be a costly, protracted process that would devastate agency morale, threaten the skill balance needed to effectively manage NASA programs, and undermine recent progress made in diversifying the work force.

The Committee recognizes that separation incentives may be necessary in order to achieve the proposed reductions without a costly RIF. For that reason, the Committee recommends inclusion of a new administrative provision in the bill to provide NASA the authority to provide special incentive payments to encourage voluntary retirements or resignations. These payments would be limited to \$25,000, and would be subject to the availability of funds.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	Administrative expenses	Revolving loan program
Appropriations, 1996	(\$600,000,000)	(\$560,000)	.....
Budget estimate, 1997	(600,000,000)	(560,000)	.....
House allowance	(600,000,000)	(560,000)	\$1,000,000
Committee recommendation	(600,000,000)	(560,000)	1,000,000

PROGRAM DESCRIPTION

The National Credit Union Administration [NCUA] Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95-630) as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

The purpose of the facility is to improve the general financial stability of credit unions by meeting their seasonal and emergency liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. To become eligible for facility services, credit unions invest in the capital stock of the facility, and the facility uses the proceeds of such investments and the proceeds of borrowed funds to meet the liquidity needs of credit unions. The primary sources of funds for the facility are the stock subscriptions from credit unions and borrowings.

The facility may borrow funds from any source, with the amount of borrowing limited by Public Law 95-630 to 12 times the amount of subscribed capital stock and surplus.

Loans are available to meet short-term requirements for funds attributable to emergency outflows from managerial difficulties or local economic downturns. Seasonal credit is also provided to accommodate fluctuations caused by cyclical changes in such areas as agriculture, education, and retail business. Loans can also be made to offset protracted credit problems caused by factors such as regional economic decline.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the administration's proposed limitation of \$600,000,000 in loans from the central liquidity facility for fiscal year 1997. The Committee also recommends the budget request of limiting administrative expenses for the CLF to \$560,000 in fiscal year 1997, the same as proposed in the House.

In addition, the Committee recommends concurrence with the House-passed appropriation of \$1,000,000 for the Community Development Revolving Loan Program for credit unions as authorized by Public Law 103-325. The Committee notes that in the past this revolving loan program has granted 96 loans with only 1 loss and as such represents a very successful program with a goal of improving the capability of low-income credit unions. The Committee encourages the National Credit Union Administration to ensure that the high standards used in the past for evaluation of loan applications continue so that loan losses are kept to a minimum.

NATIONAL SCIENCE FOUNDATION

Appropriations, 1996	\$3,220,000,000
Budget estimate, 1997	3,325,000,000
House allowance	3,253,000,000
Committee recommendation	3,275,000,000

GENERAL DESCRIPTION

The National Science Foundation was established as an independent agency by the National Science Foundation Act of 1950 (Public Law 81-507) and is authorized to support basic and applied research, science and technology policy research, and science and engineering education programs to promote the progress of science and engineering in the United States.

The Foundation supports fundamental and applied research in all major scientific and engineering disciplines, through grants, contracts, and other forms of assistance, such as cooperative agreements, awarded to more than 2,000 colleges and universities, and to nonprofit organizations and other research organizations in all parts of the United States. The Foundation also supports major national and international programs and research facilities.

COMMITTEE RECOMMENDATION

The Committee recommends \$3,275,000,000 for the National Science Foundation for fiscal year 1997. This amount is \$55,000,000 more than the 1996 level, \$50,000,000 below the budget request, and \$22,000,000 above the House allowance.

RESEARCH AND RELATED ACTIVITIES

Appropriations, 1996	\$2,314,000,000
Budget estimate, 1997	2,472,000,000
House allowance	2,431,110,000
Committee recommendation	2,432,000,000

PROGRAM DESCRIPTION

The research and related activities appropriation addresses Foundation goals to enable the United States to uphold world leadership in all aspects of science and engineering, and to promote the discovery, integration, dissemination, and employment of new knowledge in service to society. Research activities will contribute to the achievement of these goals through expansion of the knowledge base; integration of research and education; stimulation of knowledge transfer among academia and the public and private sectors; and bringing the perspectives of many disciplines to bear on complex problems important to the Nation.

The Foundation's discipline-oriented research programs are: biological sciences; computer and information science and engineering; engineering; geosciences; mathematical and physical sciences; and social, behavioral and economic sciences. Also included are U.S. polar research programs, U.S. antarctic logistical support activities, and the Critical Technologies Institute.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,432,000,000 for research and related activities. This amount is \$118,000,000 above the fiscal year 1996 level, \$40,000,000 below the budget request, and \$890,000 above the House allowance. The reduction recommended by the Committee is a general reduction to be applied at the Foundation's discretion, subject to normal reprogramming guidelines. The Committee urges NSF to consider actions it might take to enhance the linkages between research and education at both the graduate and undergraduate level.

The Committee recognizes the need to encourage institutions of higher education to better integrate research and education so that the education and training experience provided to students yields a more broadly trained and better prepared individual for tomorrow's technology-driven workplace environment. Therefore, the Committee is particularly supportive of the Foundation's proposal to identify and recognize research-oriented universities which have proven themselves exceptionally adept in linking research and education through innovative programs and activities.

Similar to the House, the Committee's recommendation provides the budget request of \$50,000,000 for the instrumentation portion of the academic research infrastructure program within this account. The Committee expects that the instrumentation program will continue to be managed as a Foundation-wide activity, along with its cost-sharing requirements, to ensure the program's visibility, and accessibility for all eligible research and education institutions.

The science of oceanography relies heavily on the seagoing facilities available. The present mix of federally owned, academically operated ships costs more than the funds presently available for their operation. The National Science Foundation is directed to deliver by August 30, 1996, an analysis of the most cost-effective means of operating the academic fleet, taking into account the need for the gradual replacement of that fleet. In its response, the NSF should consider whatever factors in its judgment lead to the maxi-

mum scientific results achievable for the cost. These factors may include the benefits to researchers of having a fast, small water place area twin hull [SWATH] oceanographic ship which could dramatically reduce transit times and provide a more stable platform not presently available to the oceanographic research community.

MAJOR RESEARCH EQUIPMENT

Appropriations, 1996	\$70,000,000
Budget estimate, 1997	95,000,000
House allowance	80,000,000
Committee recommendation	80,000,000

PROGRAM DESCRIPTION

The major research equipment activity will support the construction and procurement of unique national research platforms and major research equipment. Projects supported by this appropriation will push the boundaries of technological design and will offer significant expansion of opportunities, often in new directions, for the science and engineering community.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$80,000,000 for major research equipment. This amount is \$10,000,000 above the fiscal year 1996 level and the same as the House allowance. The amount recommended will reflect a reduction of \$15,000,000 of the total amount requested in the President's budget for construction of the Laser Interferometer Gravitational Wave Observatory [LIGO] which is not needed at this time to maintain this project's current schedule.

The Committee acknowledges that a continued presence at the South Pole is a national priority from both a scientific and geopolitical perspective. This policy objective was recently reconfirmed in the National Science and Technology Council's report on the U.S. Antarctic Program prepared at this Committee's request. The Committee remains concerned with both the environmental and safety conditions at the station, noting that a code inspection in 1993 identified over 300 deficiencies. Therefore, the Committee recommends concurrence with the administration's request of \$25,000,000 for the South Pole station safety project. The Committee understands that these funds will be used for the heavy maintenance facility, powerplant upgrade, and fuel storage facilities.

Of the funds provided in this account, the Committee directs that up to \$1,400,000 be available to pay any tariff duties assessed on the Gemini project by the U.S. Customs Service in conjunction with the Gemini North Telescope in Hawaii. This project is a basic research endeavor with substantial international cost sharing and of no commercial significance or intent. It is, therefore, a matter of some concern that U.S. customs duties may be levied on a scientific project sponsored and paid for by that same Government. The Committee notes that legislation has been introduced to correct this problem. Pending enactment of such a solution, the project should proceed without delay.

EDUCATION AND HUMAN RESOURCES

Appropriations, 1996	\$599,000,000
Budget estimate, 1997	619,000,000
House allowance	612,000,000
Committee recommendation	624,000,000

PROGRAM DESCRIPTION

Education and human resources activities provide a comprehensive set of programs across all levels of education in science, mathematics, and technology. At the precollege level, the appropriation provides for new instructional material and techniques, and enrichment activities for teachers and students. Undergraduate initiatives support curriculum improvement, facility enhancement, and advanced technological education. Graduate level support is directed primarily to research fellowships and traineeships. Emphasis is given to systemic reform through components that address urban, rural, and statewide efforts in precollege education, and programs which seek to broaden the participation of States and regions in science and engineering.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$624,000,000 for education and human resources. This amount is \$25,000,000 more than the fiscal year 1996 level, \$5,000,000 more than the President's budget request, and \$12,000,000 more than the House allowance.

The Committee appreciates the Foundation's focus in its education activities which emphasize K-12 systemic education reform at the State, local, and rural level; undergraduate education reform through the integration of research and education; and graduate student education and training. However, the Committee strongly opposes the administration's proposal that the informal science education activity be reduced by 28 percent. Informal science education is an important component of the Foundation's portfolio in math and science education. The Committee, therefore, recommends funding of informal science education activities at \$38,000,000 in fiscal year 1997. This modest increase over the current program level will enable the Foundation to expand this very successful activity in reaching a broad cross-section of our population with useful scientific and technical insights.

The Committee's recommendation also includes an increase of \$3,000,000 for the very successful EPSCoR program which is designed to assist institutions in improving their potential to become successful competitors for basic science grants. The Committee considers funding for EPSCoR at this \$39,910,000 level as a very high priority to be sustained in fiscal year 1997.

The Committee is aware of a proposed laboratory devoted to research and development in the technology of learning. It is the Committee's understanding that this project, the National Center for Information Technology in Education [NCITE], had been under intensive formulation to address educational needs of a broad spectrum of the population and contemplates significant private participation and investment. Such efforts are laudatory and the Committee urges the Foundation to consider carefully participation in this

project if an application is made for funding, especially to the extent that this project would address the NSF mission of fostering advancements in math and science education.

SALARIES AND EXPENSES

Appropriations, 1996	¹ \$132,510,000
Budget estimate, 1997	134,310,000
House allowance	125,200,000
Committee recommendation	134,310,000

¹ Includes \$5,200,000 appropriated in a separate account for headquarters relocation.

PROGRAM DESCRIPTION

The salaries and expenses appropriation provides for the operation, management, and direction of all Foundation programs and activities and includes necessary funds to develop and coordinate NSF programs.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$134,310,000 for salaries and expenses. This amount is \$1,800,000 above the fiscal year 1996 level, is the same as the amount requested in the President's budget, and \$9,110,000 more than the House allowance.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1996	\$4,490,000
Budget estimate, 1997	4,690,000
House allowance	4,690,000
Committee recommendation	4,690,000

PROGRAM DESCRIPTION

The Office of Inspector General appropriation provides audit and investigation functions to identify and correct deficiencies which could create potential instances of fraud, waste, or mismanagement.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,690,000 for the Office of Inspector General in fiscal year 1997. This amount is \$200,000 above the fiscal year 1996 level, and is the same as the House allowance and the amount requested in the President's budget.

NEIGHBORHOOD REINVESTMENT CORPORATION

Appropriations, 1996	\$38,667,000
Budget estimate, 1997	55,000,000
House allowance	50,000,000
Committee recommendation	49,900,000

PROGRAM DESCRIPTION

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95-557, October 31, 1978). Neighborhood reinvestment helps local communities establish working partnerships between residents and

representatives of the public and private sectors. The partnership-based organizations are independent, tax-exempt, nonprofit entities: Neighborhood housing services [NHS], mutual housing associations, and apartment improvement programs. Collectively, these organizations are known as the NeighborWorks® network.

Nationally, the 177 NeighborWorks® organizations form a solid network in approximately 150 cities effectively revitalizing over 348 neighborhoods. Of the neighborhoods, 71 percent of the people served are in the very low and low-income brackets.

The NeighborWorks® network improves the quality of life in distressed neighborhoods for current residents, increases homeownership through targeted lending efforts, exerts a long-term, stabilizing influence on the neighborhood business environment, and reverses neighborhood decline. NeighborWorks® organizations have been positively impacting urban communities for over two decades, and more recent experience is demonstrating the success of this approach in rural communities when adequate resources are available.

Neighborhood reinvestment will continue to provide grants to Neighborhood Housing Services of America [NHSA], the NeighborWorks® network's national secondary market. The mission of NHSA is to utilize private sector support to replenish local NeighborWorks® organizations' revolving loan funds. These loans are used to back securities which are placed with private sector social investors.

COMMITTEE RECOMMENDATION

The Committee proposes \$49,900,000 for the Neighborhood Reinvestment Corporation. This amount provided is an increase of \$11,233,000 above the 1996 enacted level, but is a decrease of \$5,100,000 below the budget request, and \$100,000 below the House allowance. The Committee intends that this reduction below the House allowance be applied to NRC's proposed fiscal year 1997 allocation for conferences and workshops.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Appropriations, 1996	\$22,930,000
Budget estimate, 1997	22,930,000
House allowance	22,930,000
Committee recommendation	22,930,000

PROGRAM DESCRIPTION

The Selective Service System [SSS] was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military if Congress and the President should authorize a return to the draft.

In December 1987, Selective Service was tasked by law (Public Law 100-180, sec. 715) to develop plans for a postmobilization health care personnel delivery system capable of providing the necessary critically skilled health care personnel to the Armed Forces in time of emergency. An automated system capable of handling mass registration and inductions is now complete, together with necessary draft legislation, a draft Presidential proclamation, prototype forms and letters, et cetera. These products will be available should the need arise. The development of supplemental standby products, such as a compliance system for health care personnel, continues using very limited existing resources.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$22,930,000 for the Selective Service System. This amount is the same as the House allowance, the fiscal year 1996 appropriation, and the budget request for fiscal year 1997.

TITLE IV—GENERAL PROVISIONS

The Committee recommends inclusion of 18 general provisions previously enacted in the 1996 appropriations act. They are standard limitations which have been carried for many years in the VA, HUD, and Independent Agencies appropriations bill.

The Committee has recommended a modification to section 401 of the general provisions, which prohibits agencies' travel expenses from exceeding the amounts set forth in the budget estimates, to accommodate OMB's change to budget estimates whereby object classifications have been rounded to the nearest million dollars. Small agencies, such as the Consumer Information Center, no longer reflect any travel amounts and thus the traditional travel limitation would have prohibited any travel. This modification will affect only those accounts with less than \$499,000 in travel. The affected agencies are expected not to exceed the travel estimates included in their congressional budget justifications.

The Committee recommends concurrence with a general provision proposed by the House providing for the termination of the Office of Consumer Affairs. Any termination costs are to be absorbed within the Department of Health and Human Services fiscal year 1996 appropriation.

The House-passed bill also includes a new general provision designated section 420 which includes language authorizing entities of the Department of Housing and Urban Development to make necessary expenditures as required by the Government Corporation Control Act. This language formerly was included in a separate title of this bill. The Committee recommends concurrence with this provision.

Section 421 of the House-passed bill would impose a prohibition on the payment of the salary of any personnel who approve a contract for acquisition of supercomputer equipment or services after a preliminary or final determination by the Department of Commerce that such acquisition is in violation of the antidumping statutes. The Committee recommends deletion of this provision since it constitutes a violation of the general agreement on tariffs and trade [GATT], the World Trade Organization [WTO], and the Government procurement agreement. In addition, the provision seeks to bypass remedies available under the antidumping statutes which provide for the imposition of special tariffs to compensate domestic industries injured by such unfair trade practices.

The House provision is intended to halt the procurement of a supercomputer by the National Center for Atmospheric Research [NCAR] which is a grantee of the National Science Foundation. NCAR, a research institution managed by a consortium of universities, is in the final stages of completing a competitive procurement of a new supercomputer in which a proposal utilizing a machine manufactured in Japan is viewed as technically superior to

that from a domestic manufacturer. While no determination of dumping, preliminary or otherwise, has been rendered by the Department of Commerce, enactment of this provision would jeopardize the current competition and all but preclude a contract award.

Finally, the House-passed provision represents a breach of a reciprocal United States position with regard to the 1990 United States-Japan supercomputer agreement which has substantial success in enlarging the number of Japanese Government purchases of United States manufactured supercomputers in recent years. To impede the first United States Government sponsored purchase of a Japanese-made supercomputer would reverse years of effort in opening Japanese markets, and undermine United States credibility in the promotion of free trade policies.

The Committee recommends deletion of a provision designated section 422 in the House-passed bill which prohibits the National Aeronautics and Space Administration from providing financial assistance for the National Center for Science Literacy, Education, and Technology at the American Museum of Natural History. The Committee does not concur with the earmark of \$13,000,000 proposed by the House-reported bill from NASA's mission to Planet Earth funding for support of this new center. The Committee does find considerable merit to this proposed center and directs NASA to consider providing cost-sharing assistance for such valuable educational programs. Such a large grant, however, should not be made without merit review of an application, including consideration of other appropriate funding sources such as the National Science Foundation [NSF] and the National Oceanic and Atmospheric Administration [NOAA].

The House-passed bill includes three provisions designated sections 423, 424, and 425 which prohibit the use of funds made available by this act for any institution of higher education which excludes Reserve Officer Training Corps [ROTC] or military recruiting from its campus or any entity that fails to comply with reporting requirements of law concerning the employment of certain veterans. The Committee is supportive of efforts to promote and honor military service to the Nation. Utilization of an indirect prohibition on the use of funds contained in an appropriations bill, however, is a cumbersome and less than appropriate means of addressing such matters of principle. The Committee, therefore, does not recommend inclusion of these provisions. Instead, the Committee urges prompt consideration of these issues by the legislative committees of competent jurisdiction to identify more effective statutory solutions.

Section 426 of the House-passed bill proposed augmentation of certain Department of Veterans Affairs accounts, offset by an across-the-board reduction taken against other accounts in the bill with certain exclusions. The Committee recommendation provides specific funding levels for each agency and account. The general reduction contained in this section, therefore, is not necessary and is proposed for deletion. Similarly, section 427 of the House-passed bill would make augmentations offset by deletion of all funding for the Corporation for National and Community Service. As discussed at a previous point in the report, the Committee does not propose

termination of the activities of the Corporation and deletion of this section is recommended as well.

The House-passed bill include provisions designated section 428 and 429 which propose riders affecting certain regulatory activities of the Environmental Protection Agency. The Committee recognizes the substantial problems and needs which arise due to delays in enactment of overdue environmental law reform. Such legislation, however, has been an impediment to timely enactment of this appropriations bill and, therefore, the Committee recommends exclusion of all such provisions.

The second House provision would prohibit the use of appropriated funds for activities, not currently authorized, but proposed for consideration in some bills introduced in this Congress. The Committee recommendation proposes deletion of a House provision, contained in title III of this bill, which would have created a Superfund contingency fund to be released only upon enactment of subsequent authorization legislation and a appropriations measure. The Committee does not support enactment of such provisions intended to address circumstances which are only of a speculative, contingent nature. Moreover, the intended result of both such provisions are dependent on the future enactment of legislation, and should be addressed by the Congress at that point.

Sections 430, 431, and 432 of the House-passed bill propose changes in substantive law affecting the underwriting standards of the Federal Housing Administration [FHA] single-family loan guarantee program. The Committee is very supportive of the activities of FHA in encouraging and sponsoring home ownership opportunities, especially for low-income families that are seeking to purchase their first home. The proposals contained in the House-passed bill appear to make a number of reasonable improvements. Unfortunately, this Committee does not have substantive jurisdiction over the standards governing this very complex loan guarantee program which only recently has been determined to meet underwriting standards which are actuarially sound. The Committee, therefore, recommends deferring action on such legislation pending substantive examination of these issues by the legislative committees responsible for these programs.

The Committee recommends deletion of the provision designated section 433 of the House-passed bill which is intended to prohibit continued NASA participation in a joint Russia-France-United States cooperative life sciences experiment program. The Committee expects NASA, and its international partners, to continue rigorous adherence of requirements and standards regarding the humane treatment of animals in such experiments.

TITLE V—SUPPLEMENTAL APPROPRIATION
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
GUARANTEES OF MORTGAGED-BACKED SECURITIES LOAN GUARANTEE
PROGRAM ACCOUNT

1996 limitation on guaranteed loans to date	(\$110,000,000,000)
1996 supplemental estimate	(20,000,000,000)
House allowance	
Committee recommendation	(20,000,000,000)

The Committee recommends a supplemental increase in the Government Mortgage Association [Ginnie Mae] mortgage-backed securities [MBS] commitment limitation of \$20,000,000,000. This increase in commitment limitation is needed to provide Ginnie Mae with adequate commitment authority to meet the increasing demand of the lending community without disruption to borrowers seeking Government insured or guaranteed financing in fiscal year 1996. This supplemental does not require additional budget authority and would not increase outlays. The resulting loan guarantee limitation totals \$130,000,000,000.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE
STANDING RULES OF THE SENATE

Paragraph 7 of Rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill “which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.”

DEPARTMENT OF VETERANS AFFAIRS

Construction major projects: \$178,250,000.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Development of additional subsidized housing: \$969,000,000.

Prevention of resident displacement: \$4,775,000,000.

Preserving existing housing investment: \$6,590,000,000.

Fair housing activities: \$30,000,000.

HOME Investment Partnerships Program: \$1,400,000,000.

Indian housing loan guarantee fund: \$3,000,000.

Government National Mortgage Association (credit limitation):
\$110,000,000.

Homeless assistance grants: \$823,000,000.

Community development block grants: \$4,600,000,000.

Research and technology: \$34,000,000.

CONSUMER PRODUCT SAFETY COMMISSION

Salaries and expenses: \$42,500,000.

ENVIRONMENTAL PROTECTION AGENCY

Environmental programs and management: \$1,713,000,000.

Science and technology: \$545,000,000.

Buildings and facilities: \$27,220,000.

State and tribal assistance grants: \$2,765,207,000.

Superfund: \$1,394,245,000.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Salaries and expenses: \$166,733,000.

Emergency management planning and assistance: \$199,101,000.

Emergency food and shelter: \$100,000,000.

GENERAL SERVICES ADMINISTRATION

Consumer Information Center: \$2,260,000.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Human space flight: \$5,362,900,000.
 Science, aeronautics, and technology: \$5,762,100,000.
 Mission support: \$2,562,200,000.

NATIONAL SCIENCE FOUNDATION

Research and related activities: \$2,432,000,000.
 Major research equipment: \$80,000,000.
 Salaries and expenses: \$134,310,000.
 Education and human resources: \$624,000,000.

COMPLIANCE WITH PARAGRAPH 7(C), RULE XXVI OF THE
 STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, the accompanying bill was ordered reported from the Committee, subject to amendment and subject to the subcommittee allocation, by recorded vote of 28–0.

Yeas

Nays

Chairman Hatfield

Mr. Stevens

Mr. Cochran

Mr. Specter

Mr. Domenici

Mr. Bond

Mr. Gorton

Mr. McConnell

Mr. Mack

Mr. Burns

Mr. Shelby

Mr. Jeffords

Mr. Gregg

Mr. Bennett

Mr. Campbell

Mr. Byrd

Mr. Inouye

Mr. Hollings

Mr. Johnston

Mr. Leahy

Mr. Bumpers

Mr. Lautenberg

Mr. Harkin

Ms. Mikulski

Mr. Reid

Mr. Kerrey

Mr. Kohl

Mrs. Murray

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE
 STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include “(a) the text of the statute or part thereof

which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee.”

As discussed earlier in this report, the dramatic and unprecedented constraints on domestic discretionary spending has made necessary inclusion of a considerable volume of legislative reforms and other changes in existing statutes in the Committee recommendation. This is particularly in evidence in title II, the Department of Housing and Urban Development portion of this bill, in which cost-saving and cost-avoidance measures for discretionary housing and community development activities require modification of programs governed a large body of detailed and complex statutory provisions.

The Committee has included substantial explanatory material in this report which attempts to fully detail both the intent and practical effect of these statutory provisions. In view of the extensive nature of these changes, however, preparation of a comparative print detailing each of these statutory amendments would delay prompt availability of this report. In the opinion of the Committee, it is necessary to dispense with the requirements of paragraph 12 of rule XXVI to expedite the business of the Senate.

BUDGETARY IMPACT OF BILL

PREPARED IN CONSULTATION WITH THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC.
308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with Committee allocations to its subcommittees of amounts in the First Concurrent Resolution for 1997: Subcommittee on VA, HUD, and Independent Agencies:				
Defense discretionary	129	125	129	¹ 125
Nondefense discretionary	64,325	64,325	79,048	79,038
Violent crime reduction fund				
Mandatory	19,854	20,260	19,547	19,166
Projection of outlays associated with the recommendation:				
1997				² 49,691
1998				19,321
1999				7,100
2000				4,084
2001 and future years				2,673
Financial assistance to State and local governments for 1997 in bill	NA	15,256	NA	981

¹ Includes outlays from prior-year budget authority.

² Excludes outlays from prior-year budget authority.

NA: Not applicable.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
					1996 appropriation	Budget estimate	House allowance
TITLE I						
DEPARTMENT OF VETERANS AFFAIRS						
Veterans Benefits Administration						
Compensation and pensions	\$18,331,561,000	\$18,497,854,000	\$18,497,854,000	\$18,671,259,000	+\$339,698,000	+\$173,405,000
Readjustment benefits	1,345,300,000	1,227,000,000	1,227,000,000	1,377,000,000	+31,700,000	+150,000,000
Veterans insurance and indemnities	24,890,000	38,970,000	38,970,000	38,970,000	+14,080,000	.....
Guaranty and indemnity program account (indefinite)	504,122,000	158,643,000	158,643,000	158,643,000	-345,479,000	.....
Negative subsidy for guaranteed loans	-185,500,000	.....	.....	.....	+185,500,000	.....
Administrative expenses	65,226,000	107,703,000	105,226,000	105,226,000	+40,000,000	.....
Loan guaranty program account (indefinite)	22,950,000	14,091,000	14,091,000	14,091,000	-8,859,000	.....
Administrative expenses	52,138,000	33,810,000	33,810,000	33,810,000	-18,328,000	.....
(By transfer)	(6,000,000)	.....	.....	.....	(-6,000,000)	.....
Direct loan program account (indefinite)	28,000	30,000	30,000	30,000	+2,000	.....
(Limitation on direct loans)	(300,000)	(300,000)	(300,000)	(300,000)	.....	.....
Administrative expenses	459,000	80,000	80,000	80,000	-379,000	.....
(Loan level)	(99,000)	(64,000)	(64,000)	(64,000)	(-35,000)	.....
Education loan fund program account	1,000	1,000	1,000	1,000	.....	.....
(Limitation on direct loans)	(4,000)	(3,000)	(3,000)	(3,000)	(-1,000)	.....
Administrative expenses	195,000	204,000	195,000	195,000	.....	.....
Vocational rehabilitation loans program account	54,000	49,000	49,000	49,000	-5,000	.....
(Limitation on direct loans)	(1,964,000)	(2,822,000)	(1,964,000)	(2,822,000)	(+858,000)	(+858,000)
Administrative expenses	377,000	507,000	377,000	377,000	.....	.....
Native American Veteran Housing Loan Program Account	205,000	434,000	205,000	205,000	.....	.....
Total, Veterans Benefits Administration	20,162,006,000	20,079,376,000	20,076,531,000	20,399,936,000	+237,930,000	+323,405,000
Veterans Health Administration						
Medical care	15,775,000,000	16,438,447,000	16,498,447,000	16,412,447,000	+637,447,000	-86,000,000
(Transfer out)	(-4,500,000)	.....	.....	.....	(+4,500,000)	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
					1996 appropriation	Budget estimate House allowance
Delayed equipment obligation	789,000,000	570,000,000	570,000,000	596,000,000	- 193,000,000	+ 26,000,000
Total	16,564,000,000	17,008,447,000	17,068,447,000	17,008,447,000	+ 444,447,000	- 60,000,000
Medical and prosthetic research	257,000,000	257,000,000	277,000,000	262,000,000	+ 5,000,000	- 15,000,000
Medical administration and miscellaneous operating ex- penses	63,602,000	62,207,000	59,207,000	62,207,000	- 1,395,000	+ 3,000,000
(By transfer)	(4,500,000)	.....	.....	.....	(- 4,500,000)	.....
Transitional housing loan program: Loan program account (by transfer)	(7,000)	(7,000)	(7,000)	(7,000)	.....	.....
Administrative expenses (by transfer)	(54,000)	(54,000)	(54,000)	(54,000)	.....	.....
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)	(70,000)	.....	.....
General post fund (transfer out)	(- 61,000)	(- 61,000)	(- 61,000)	(- 61,000)	.....	.....
Total, Veterans Health Administration	16,884,602,000	17,327,654,000	17,404,654,000	17,332,654,000	+ 448,052,000	- 72,000,000
Departmental Administration						
General operating expenses	848,143,000	843,730,000	840,584,000	813,730,000	- 34,413,000	- 26,854,000
Offsetting receipts	(32,000,000)	(32,000,000)	(32,000,000)	(32,000,000)	.....	.....
(Transfer out)	(- 6,000,000)	.....	.....	.....	(+ 6,000,000)	.....
Total, Program Level	(874,143,000)	(875,730,000)	(872,584,000)	(845,730,000)	(- 28,413,000)	(- 26,854,000)
National Cemetery System	72,604,000	76,864,000	76,864,000	76,864,000	+ 4,260,000	.....
Office of Inspector General	30,900,000	31,175,000	30,900,000	30,900,000	.....	.....
Construction, major projects	136,155,000	249,900,000	245,358,000	178,250,000	+ 42,095,000	- 67,108,000
(Transfer out)	(- 7,000,000)	.....	.....	.....	(+ 7,000,000)	.....
Construction, minor projects	190,000,000	189,241,000	160,000,000	190,000,000	.....	+ 30,000,000
Parking revolving fund .....	.....	.....	12,300,000	.....	.....	- 12,300,000
(By transfer)	(7,000,000)	.....	.....	.....	(- 7,000,000)	.....
Grants for construction of state extended care faci- ties	47,397,000	39,909,000	47,397,000	47,397,000	.....	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	Senate Committee recommendation compared with (+ or -)			
	1996 appropriation	Budget estimate	House allowance	Committee recommendation
Indian housing loan guarantee fund program account	3,000,000	3,000,000	3,000,000	3,000,000
(Limitation on guarantee loans)	(36,900,000)	(36,900,000)	(36,900,000)	(36,900,000)
Community Planning and Development				
Community development grants	4,600,000,000	4,600,000,000	4,300,000,000	4,600,000,000
Delay of obligation			300,000,000	
Emergency appropriations	(50,000,000)			
Total	4,600,000,000	4,600,000,000	4,600,000,000	4,600,000,000
CDBG/economic development bonus program				
Section 108 loan guarantees:		300,000,000		
(Limitation on guaranteed loans)	(1,500,000,000)	(2,000,000,000)	(1,500,000,000)	(1,500,000,000)
Credit subsidy	31,750,000	46,000,000	31,750,000	31,750,000
Administrative expenses	675,000	675,000	675,000	675,000
Total	4,632,425,000	4,946,675,000	4,632,425,000	4,632,425,000
HOME investment partnerships program	1,400,000,000	1,400,000,000	1,400,000,000	1,400,000,000
HOME fund challenge grant bonus program		150,000,000		
Total, Selected housing programs (net)	19,230,101,000	20,075,675,000	18,632,425,000	18,371,425,000
Homeless Assistance				
Homeless assistance grants	823,000,000	1,010,000,000	823,000,000	823,000,000
Homeless grant bonus program		110,000,000		
Total	823,000,000	1,120,000,000	823,000,000	823,000,000
Housing opportunities for persons with AIDS		171,000,000	171,000,000	171,000,000
			+ 171,000,000	

Federal Housing Administration									
FHA—Mutual mortgage insurance program account:									
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	.....
(Limitation on direct loans)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	.....
Administrative expenses	341,595,000	350,595,000	341,595,000	341,595,000	350,595,000	350,595,000	350,595,000	350,595,000	.....
Offsetting receipts	— 341,595,000	— 350,595,000	— 341,595,000	— 341,595,000	— 350,595,000	— 350,595,000	— 350,595,000	— 350,595,000	.....
FHA—General and special risk program account:									
(Limitation on guaranteed loans)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	.....
(Limitation on direct loans)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	.....
Administrative expenses	202,470,000	207,470,000	202,470,000	202,470,000	207,470,000	207,470,000	207,470,000	207,470,000	.....
Program costs	85,000,000	160,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	.....
Subsidy—multifamily	— 37,996,000	— 18,000,000	— 18,000,000	— 18,000,000	— 18,000,000	— 18,000,000	— 18,000,000	— 18,000,000	.....
Subsidy—single family	— 27,044,000	— 64,000,000	— 64,000,000	— 64,000,000	— 64,000,000	— 64,000,000	— 64,000,000	— 64,000,000	.....
Subsidy—Title I	— 23,777,000	— 25,000,000	— 25,000,000	— 25,000,000	— 25,000,000	— 25,000,000	— 25,000,000	— 25,000,000	.....
Total, Federal Housing Administration	198,653,000	260,470,000	180,470,000	180,470,000	185,470,000	185,470,000	— 75,000,000	— 75,000,000	.....
Government National Mortgage Association									
Guarantees of mortgage-backed securities loan guarantee program account:									
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	.....
Administrative expenses	9,101,000	9,383,000	9,101,000	9,101,000	9,383,000	9,383,000	9,383,000	9,383,000	.....
Offsetting receipts	— 508,300,000	— 218,000,000	— 218,000,000	— 218,000,000	— 218,000,000	— 218,000,000	— 218,000,000	— 218,000,000	.....
Policy Development and Research									
Research and technology	34,000,000	45,000,000	34,000,000	34,000,000	34,000,000	34,000,000	— 11,000,000	— 11,000,000	.....
Fair Housing and Equal Opportunity									
Fair housing activities	30,000,000	33,000,000	30,000,000	30,000,000	30,000,000	30,000,000	— 3,000,000	— 3,000,000	.....
Management and Administration									
Salaries and expenses	420,000,000	430,718,000	376,589,000	376,589,000	420,000,000	420,000,000	— 10,718,000	— 10,718,000	.....
(By transfer, limitation on FHA corporate funds)	(532,782,000)	(546,782,000)	(532,782,000)	(532,782,000)	(546,782,000)	(546,782,000)	(+ 14,000,000)	(+ 14,000,000)	.....
(By transfer, GNMA)	(9,101,000)	(9,383,000)	(9,101,000)	(9,101,000)	(9,383,000)	(9,383,000)	(+ 282,000)	(+ 282,000)	.....
(By transfer, Community Planning and Development)	(675,000)	(675,000)	(675,000)	(675,000)	(675,000)	(675,000)	.....	.....	.....
Total, Salaries and expenses	(962,558,000)	(987,558,000)	(919,147,000)	(919,147,000)	(976,840,000)	(976,840,000)	(+ 14,282,000)	(+ 14,282,000)	.....
Office of Inspector General	36,567,000	36,567,000	36,567,000	36,567,000	36,567,000	36,567,000	.....	.....	.....
(By transfer, limitation on FHA corporate funds)	(11,283,000)	(11,283,000)	(11,283,000)	(11,283,000)	(11,283,000)	(11,283,000)	.....	.....	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
					1996 appropriation	Budget estimate
(By transfer from Drug Elimination Grants)		(5,000,000)	(5,000,000)	(5,000,000)	(+ 5,000,000)	.....
Total, Office of Inspector General	(47,850,000)	(52,850,000)	(52,850,000)	(52,850,000)	(+ 5,000,000)	.....
Office of Federal Housing Enterprise Oversight	14,895,000	15,751,000	14,895,000	15,751,000	+ 856,000	+ 856,000
Offsetting receipts	-14,895,000	-15,751,000	-14,895,000	-15,751,000	- 856,000	- 856,000
Administrative Provisions						
1-year extension of HECM's demonstration	- 7,000,000	.....	.....	.....	+ 7,000,000	.....
FHA Assignment Reform	-1,066,000,000	.....	.....	.....	+1,066,000,000	.....
FHA Assignment Reform, 1997	- 96,000,000	.....	-128,000,000	-128,000,000	- 32,000,000	-128,000,000
Multifamily property disposition—FHA fund	-40,000,000	.....	- 80,000,000	- 80,000,000	- 40,000,000	- 80,000,000
Sec. 212—demonstration	30,000,000	.....	.....	10,000,000	-20,000,000	+10,000,000
Sec. 224—FHA fund	33,000,000	.....	.....	.....	- 33,000,000	.....
Total, administrative provisions	-1,146,000,000	.....	-208,000,000	-198,000,000	+ 948,000,000	-198,000,000
Total, title II, Department of Housing and Urban Development (net)	19,127,122,000	21,963,813,000	19,867,152,000	19,664,845,000	+ 537,723,000	-202,307,000
Appropriations	(19,325,241,000)	(21,963,813,000)	(19,867,152,000)	(19,664,845,000)	(+ 339,604,000)	(- 202,307,000)
Rescissions	(- 198,119,000)	.....	.....	.....	(+ 198,119,000)	.....
(Limitation on annual contract authority, indefinite)	(- 2,000,000)	(- 2,000,000)	(- 2,000,000)	(- 2,000,000)	.....	.....
(Limitation on guaranteed loans)	(238,900,000,000)	(239,400,000,000)	(238,900,000,000)	(238,900,000,000)	.....	(- 500,000,000)
(Limitation on corporate funds)	(553,841,000)	(573,123,000)	(558,841,000)	(573,123,000)	(+ 19,282,000)	(+ 14,282,000)
TITLE III						
INDEPENDENT AGENCIES						
American Battle Monuments Commission						
Salaries and expenses	20,265,000	20,400,000	22,265,000	22,265,000	+ 2,000,000	+ 1,865,000

Community Development Financial Institutions									
Community development financial institutions fund program account	45,000,000	125,000,000	45,000,000	45,000,000	.....	.....	.....	-80,000,000	.....
Consumer Product Safety Commission									
Salaries and expenses	40,000,000	42,500,000	42,500,000	42,500,000	.....	.....	.....	.....	.....
Corporation for National and Community Service									
National and community service programs operating expenses	400,500,000	543,549,000	.....	400,500,000	.....	.....	.....	-143,049,000	+400,500,000
Office of Inspector General	2,000,000	2,125,000	.....	2,000,000	.....	.....	.....	-125,000	+2,000,000
Total	402,500,000	545,674,000	.....	402,500,000	.....	.....	.....	-143,174,000	+402,500,000
Court of Veterans Appeals									
Salaries and expenses	9,000,000	8,795,000	10,640,000	9,229,000	.....	.....	.....	+434,000	-1,411,000
Department of Defense—Civil									
Cemeterial Expenses, Army									
Salaries and expenses	11,946,000	11,600,000	11,600,000	11,600,000	.....	.....	.....	.....	.....
Environmental Protection Agency									
Science and Technology	525,000,000	578,748,000	538,500,000	545,000,000	.....	.....	.....	-33,748,000	+6,500,000
Transfer from hazardous substance superfund .....	.....	43,000,000	35,000,000	35,000,000	.....	.....	.....	-8,000,000	.....
Subtotal, Science and Technology	525,000,000	621,748,000	573,500,000	580,000,000	.....	.....	.....	-41,748,000	+6,500,000
Environmental Programs and Management									
Office of Inspector General	1,677,300,000	1,894,329,000	1,704,500,000	1,713,000,000	.....	.....	.....	-181,329,000	+8,500,000
Transfer from Hazardous Substance Superfund	28,500,000	30,744,000	28,500,000	28,500,000	.....	.....	.....	-2,244,000	.....
Transfer from Leaking Underground Storage Tanks	11,000,000	11,000,000	11,000,000	11,000,000	.....	.....	.....	.....	.....
Subtotal, Science and Technology	500,000	1,000,000	577,000	577,000	.....	.....	.....	-423,000	.....
Subtotal, OIG	40,000,000	42,744,000	40,077,000	40,077,000	.....	.....	.....	-2,667,000	.....
Buildings and facilities									
Hazardous substance superfund	110,000,000	209,220,000	107,220,000	27,220,000	.....	.....	.....	-82,780,000	-80,000,000
Reauthorization legislation contingency	1,213,400,000	1,394,245,000	2,201,200,000	1,294,245,000	.....	.....	.....	+80,845,000	-906,955,000
Delay of obligation .....	.....	.....	-861,000,000	.....	.....	.....	.....	.....	+861,000,000
Transfer to OIG	100,000,000	.....	100,000,000	100,000,000	.....	.....	.....	+100,000,000	+100,000,000
Transfer to OIG	-11,000,000	-11,000,000	-11,000,000	-11,000,000	.....	.....	.....	.....	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
					1996 appropriation	Budget estimate
Transfer to science and technology .....	.....	-43,000,000	-35,000,000	-35,000,000	-35,000,000	+8,000,000
Subtotal, Hazardous substance superfund	1,302,400,000	1,340,245,000	1,294,200,000	1,348,245,000	+45,845,000	+8,000,000
Leaking underground storage tank trust fund	45,827,000	67,119,000	66,500,000	60,000,000	+14,173,000	-7,119,000
Transfer to OIG	-500,000	-1,000,000	-577,000	-577,000	-77,000	+423,000
(Limitation on administrative expenses)	(7,000,000)	.....	(7,000,000)	(7,000,000)	.....	(+7,000,000)
Subtotal, LUST	45,327,000	66,119,000	65,923,000	59,423,000	+14,096,000	-6,696,000
Oil spill response	15,000,000	15,305,000	15,000,000	15,000,000	.....	-305,000
(Limitation on administrative expenses)	(8,000,000)	.....	(8,000,000)	(8,000,000)	.....	(+8,000,000)
State and Tribal Assistance Grants	2,813,000,000	2,852,207,000	2,768,207,000	2,815,207,000	+2,207,000	-37,000,000
Working capital fund .....	.....	(101,526,000)	(101,526,000)	(101,526,000)	(+101,526,000)	.....
Total, EPA	6,528,027,000	7,041,917,000	6,568,627,000	6,598,172,000	+70,145,000	-443,745,000
Executive Office of the President .....	.....	.....	.....	.....	.....	+29,545,000
Office of Science and Technology Policy	4,981,000	4,932,000	4,932,000	4,932,000	-49,000	.....
Council on Environmental Quality and Office of Environ- mental Quality	2,150,000	2,436,000	2,250,000	2,436,000	+286,000	+186,000
Total	7,131,000	7,368,000	7,182,000	7,368,000	+237,000	+186,000
Federal Emergency Management Agency .....	.....	.....	.....	.....	.....	.....
Disaster relief	222,000,000	320,000,000	1,120,000,000	1,320,000,000	+1,098,000,000	+1,000,000,000
(-1,000,000,000)	(-1,000,000,000)	.....	.....	.....	(+1,000,000,000)	.....
Rescission of emergency appropriations .....	.....	.....	.....	.....	.....	.....
Disaster assistance direct loan program account: State share loan	2,155,000	1,385,000	1,385,000	1,385,000	-770,000	.....
(Transfer from Disaster relief—emergency)	(104,000,000)	.....	.....	.....	(-104,000,000)	.....
(Limitation on direct loans)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	.....	.....
Administrative expenses	95,000	548,000	548,000	548,000	+453,000	.....
Salaries and expenses	168,900,000	166,733,000	168,000,000	166,733,000	-2,167,000	-1,267,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
					1996 appropriation	Budget estimate
Major research equipment	70,000,000	95,000,000	80,000,000	80,000,000	+ 10,000,000	- 15,000,000
Academic research infrastructure	100,000,000	.....	.....	.....	- 100,000,000	.....
Education and human resources	599,000,000	619,000,000	612,000,000	624,000,000	+ 25,000,000	+ 12,000,000
Salaries and expenses	127,310,000	134,310,000	125,200,000	134,310,000	+ 7,000,000	+ 9,110,000
Office of Inspector General	4,490,000	4,690,000	4,690,000	4,690,000	+ 200,000	.....
National Science Foundation headquarters relocation	5,200,000	.....	.....	.....	- 5,200,000	.....
Total, NSF	3,220,000,000	3,325,000,000	3,253,000,000	3,275,000,000	+ 55,000,000	- 50,000,000
Neighborhood Reinvestment Corporation						
Payment to the Neighborhood Reinvestment Corpora- tion	38,667,000	55,000,000	50,000,000	49,900,000	+ 11,233,000	- 5,100,000
Selective Service System						
Salaries and expenses	22,930,000	22,930,000	22,930,000	22,930,000	.....	.....
Total, title III, Independent agencies (net)	24,931,637,000	26,694,304,000	25,232,520,000	25,974,113,000	+ 1,042,476,000	- 720,191,000
Appropriations	(24,931,637,000)	(26,694,304,000)	(25,232,520,000)	(25,974,113,000)	(+ 1,042,476,000)	(- 720,191,000)
(Limitation on administrative expenses)	(17,602,000)	.....	(17,602,000)	(15,000,000)	(- 2,602,000)	(+ 15,000,000)
(Limitation on direct loans)	(716,026,000)	(724,445,000)	(724,445,000)	(724,445,000)	(+ 8,419,000)	.....
(Limitation on corporate funds)	(560,000)	(560,000)	(560,000)	(560,000)	.....	.....
CORPORATIONS						
Resolution Trust Corporation: Office of Inspector Gener- al	11,400,000	.....	.....	.....	- 11,400,000	.....

TITLE V
SUPPLEMENTAL APPROPRIATION—FISCAL YEAR 1996
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Government National Mortgage Association
Guarantees of mortgage-backed securities loan guar-
antee program account: (Limitation on guaranteed
loans)

Grand total (net)	(20,000,000,000)	.....	(20,000,000,000)	(+ 20,000,000,000)	.....	(+ 20,000,000,000)
Appropriations	82,442,966,000	87,496,966,000	83,995,260,000	84,709,689,000	- 2,787,277,000	+ 714,429,000
Rescissions	(82,641,085,000)	(87,496,966,000)	(83,995,260,000)	(84,709,689,000)	(- 2,787,277,000)	(+ 714,429,000)
(By transfer)	(- 198,119,000)	.....	.....	.....	.....	.....
(Limitation on administrative expenses)	(121,561,000)	(100,061,000)	(61,000)	(61,000)	(- 100,000,000)	.....
(Limitation on annual contract authority, indefinite)	(17,602,000)	.....	(17,602,000)	(15,000,000)	(+ 15,000,000)	(- 2,602,000)
(Limitation on direct loans)	(- 2,000,000)	(- 2,000,000)	(- 2,000,000)	(- 2,000,000)	.....	.....
(Limitation on guaranteed loans, fiscal year 1996)	(1,075,363,000)	(1,084,604,000)	(1,083,746,000)	(1,084,604,000)	.....	(+ 858,000)
(Limitation on guaranteed loans, fiscal year 1997) .....	.....	(20,000,000,000)	.....	(20,000,000,000)	.....	(+ 20,000,000,000)
(Limitation on corporate funds)	(238,900,000,000)	(239,400,000,000)	(238,900,000,000)	(238,900,000,000)	(- 500,000,000)	.....
	(554,401,000)	(573,683,000)	(559,401,000)	(573,683,000)	.....	(+ 14,282,000)