

(f) RECISION RIGHTS.—Within 60 days of the enactment of this section, KGCMC and Kennecott Corporation shall have a right to rescind all rights under the Agreement and this section. Recision shall be effected by a duly authorized resolution of the Board of Directors of either KGCMC or Kennecott Corporation and delivered to the Chief of the Forest Service at the Chief's principal office in Washington, District of Columbia. In the event of a recision, the status quo ante provisions of the Agreement shall apply

**THURMOND (AND OTHERS)  
AMENDMENT NO. 3526**

Mr. WARNER (for Mr. THURMOND, for himself, Mr. NUNN, Mr. WARNER, Mr. COHEN, Mr. LOTT, Mr. SMITH, Mr. COATS, Mr. SANTORUM, Mr. INHOFE, Mr. EXON, Mr. ROBB, Mr. BRYAN, and Mr. KEMPTHORNE) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

On page 754, line 4, strike out the period at the end and insert in lieu thereof “: *Provided further*, That the authority under this section may not be used to enter into a multiyear procurement contract until the day after the date of the enactment of an Act (other than an appropriations Act) containing a provision authorizing a multiyear procurement contract for the C-17 aircraft.”.

**HATFIELD (AND OTHERS)  
AMENDMENT NO. 3527**

Mr. WARNER (for Mr. HATFIELD, for himself, Mr. DOLE, Mr. DASCHLE, Mr. MCCONNELL, Mr. LAUTENBERG, and Mr. LEAHY) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

To the substitute on page 750, between lines 18 and 19, add the following:

**UNANTICIPATED NEEDS**

**UNANTICIPATED NEEDS FOR DEFENSE OF ISRAEL AGAINST TERRORISM**

For emergency expenses necessary to meet unanticipated needs for the acquisition and provision of goods, services, and/or grants for Israel necessary to support the eradication of terrorism in and around Israel, \$50,000,000: *Provided*, That none of the funds appropriated in this paragraph shall be available for obligation except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

**BURNS AMENDMENT NO. 3528**

Mr. BURNS proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

At the appropriate place insert the following:

**SEC. . CONTINUED OPERATION OF AN EXISTING HYDROELECTRIC FACILITY IN MONTANA.**

(a) Notwithstanding section 10(e)(1) of the Federal Power Act (16 U.S.C. 803(e)(1)) or any other law requiring payment to the United

States of an annual or other charge for the use, occupancy, and enjoyment of land by the holder of a license issued by the Federal Energy Regulatory Commission under part I of the Federal Power Act (16 U.S.C. 792 et seq.) for project numbered 1473, provided that the current licensee receives no payment or consideration for the transfer of the license a political subdivision of the State of Montana that accepts the license—

(1) shall not be required to pay such charges during the 5-year period following the date of acceptance; and

(2) after that 5-year period, and for so long as the political subdivision holds the license, shall not be required to pay such charges that exceed 100 percentum of the net revenues derived from the sale of electric power from the project.

(b) The provisions of subsection (a) shall be effective if:

(1) a competing license application is filed within 90 days of the date of enactment of this act, or

(2) the Federal Energy Regulatory Commission issues an order within 90 days of the date of enactment of this act which makes a determination that in the absence of the reduction in charges provided by subsection (a) the license transfer will occur.

**BURNS (AND OTHERS)  
AMENDMENT NO. 3529**

Mr. BURNS (for himself, Mr. REID, Mr. BAUCUS, Mr. CAMPBELL, Mr. PRESSLER, and Mr. DASCHLE) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

On page 591, between lines 3 and 4, insert the following:

SEC. 305. (a)(1) From any unobligated funds that are available to the Secretary of Education to carry out section 5 or 14 of the Act of September 23, 1950 (Public Law 815, 81st Congress) (as such Act was in effect on September 30, 1994) not less than \$11,500,000 shall be available to the Secretary of Education to carry out subsection (b).

(2) Any unobligated funds described in paragraph (1) that remain unobligated after the Secretary of Education carries out such paragraph shall be available to the Secretary of Education to carry out section 8007 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7707).

(b)(1) The Secretary of Education shall award the funds described in subsection (a)(1) to local educational agencies, under such terms and conditions as the Secretary of Education determines appropriate, for the construction of public elementary or secondary schools on Indian reservations or in school districts that—

(A) the Secretary of Education determines are in dire need of construction funding;

(B) contain a public elementary or secondary school that serves a student population which is 90 percent Indian students; and

(C) serve students who are taught in inadequate or unsafe structures, or in a public elementary or secondary school that has been condemned.

(2) A local educational agency that receives construction funding under this subsection for fiscal year 1996 shall not be eligible to receive any funds under section 8007 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7707) for school construction for fiscal years 1996 and 1997.

(3) As used in this subsection, the term “construction” has the meaning given that term in section 8013(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(3)).

(4) No request for construction funding under this subsection shall be approved unless the request is received by the Secretary of Education not later than 30 days after the date of enactment of this Act.

**BURNS AMENDMENT NO. 3530**

Mr. BURNS proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

At the end of the amendment add the following:

Subtitle B—Commission on Restructuring the Circuits of the United States Courts of Appeals

**SEC. 921. ESTABLISHMENT AND FUNCTIONS OF COMMISSION.**

(a) ESTABLISHMENT.—There is established a Commission on restructuring for the circuits of the United States Courts of Appeals which shall be known as the “Heflin Commission” (hereinafter referred to as the “Commission”).

(b) FUNCTIONS.—The function of the Commission shall be to—

(1) study the restructuring of the circuits of the United States Courts of Appeals; and

(2) report to the President and the Congress on its findings.

**SEC. 922. MEMBERSHIP.**

(a) COMPOSITION.—The Commission shall be composed of twelve members appointed as follows:

(1) Three members appointed by the President of the United States.

(2) Three members appointed by the President pro tempore of the Senate.

(3) Three members appointed by the Speaker of the House of Representatives.

(4) Three members appointed by the Chief Justice of the United States.

(b) CHAIR.—The Commission shall elect a Chair and Vice Chair from among its members.

(c) QUORUM.—Seven members of the Commission shall constitute a quorum, but three may conduct hearings.

(d) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(e) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(f) MEETINGS.—The Commission shall meet at the call of the Chairman.

**SEC. 923. POWERS OF THE COMMISSION.**

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this subtitle.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this subtitle. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

**SEC. 924. COMMISSION PERSONNEL MATTERS.**

(a) COMPENSATION OF MEMBERS.—Each member of the Commission who is not an officer or employee of the Federal Government

shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairman of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairman of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairman of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

**SEC. 925. TERMINATION OF THE COMMISSION.**

The Commission shall terminate 90 days after the date on which the Commission submits its final report.

**SEC. 926. REPORT.**

No later than 2 years after the date of the enactment of this subtitle, The Commission shall submit a report to the President and the Congress which shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

**SEC. 927. AUTHORIZATION OF APPROPRIATIONS.**

On page 79, line 10 add the following: "Of which not to exceed \$3,000,000 shall remain available until expended for the Twelfth Circuit Court of Appeals."

DOLE (AND LIEBERMAN)  
AMENDMENT NO. 3531

Mr. COATS (for Mr. DOLE, for himself and Mr. LIEBERMAN) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

On page 404, between line 17 and 18, insert the following:

**Subtitle N—Low-Income Scholarships**

**SEC. 2921. DEFINITIONS.**

As used in this subtitle—

(1) the term "Board" means the Board of Directors of the Corporation established under section 2922(b)(1);

(2) the term "Corporation" means the District of Columbia Scholarship Corporation established under section 2922(a);

(3) the term "eligible institution"—

(A) in the case of an eligible institution serving a student who receives a tuition scholarship under section 2923(d)(1), means a private or independent elementary or secondary school; and

(B) in the case of an eligible institution serving a student who receives an enhanced achievement scholarship under section 2923(d)(2), means an elementary or secondary school, or an entity that provides services to a student enrolled in an elementary or secondary school to enhance such student's achievement through activities described in section 2923(d)(2); and

(4) the term "poverty line" means the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

**SEC. 2922. DISTRICT OF COLUMBIA SCHOLARSHIP CORPORATION.**

(a) GENERAL REQUIREMENTS.—

(1) IN GENERAL.—There is authorized to be established a private, nonprofit corporation, to be known as the "District of Columbia Scholarship Corporation", which is neither an agency nor establishment of the United States Government or the District of Columbia Government.

(2) DUTIES.—The Corporation shall have the responsibility and authority to administer, publicize, and evaluate the scholarship program in accordance with this subtitle, and to determine student and school eligibility for participation in such program.

(3) CONSULTATION.—The Corporation shall exercise its authority—

(A) in a manner consistent with maximizing educational opportunities for the maximum number of interested families; and

(B) in consultation with the Board of Education, the Superintendent, the Consensus Commission, and other school scholarship programs in the District of Columbia.

(4) APPLICATION OF PROVISIONS.—The Corporation shall be subject to the provisions of this subtitle, and, to the extent consistent with this subtitle, to the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-501 et seq.).

(5) RESIDENCE.—The Corporation shall have its place of business in the District of Columbia and shall be considered, for purposes of venue in civil actions, to be a resident of the District of Columbia.

(6) FUND.—There is hereby established in the District of Columbia general fund a fund that shall be known as the "District of Columbia Scholarship Fund".

(7) DISBURSEMENT.—The Mayor shall disburse to the Corporation, before October 15 of each fiscal year or not later than 15 days after the date of enactment of an Act making appropriations for the District of Columbia for such year, whichever occurs later, such funds as have been appropriated to the District of Columbia Scholarship Fund for the fiscal year for which such disbursement is made.

(8) AVAILABILITY.—Funds authorized to be appropriated under this subtitle shall remain available until expended.

(9) USES.—Funds authorized to be appropriated under this subtitle shall be used by the Corporation in a prudent and financially responsible manner, solely for scholarships, contracts, and administrative costs.

(10) AUTHORIZATION.—

(A) IN GENERAL.—There are authorized to be appropriated to the District of Columbia Scholarship Fund—

(i) \$5,000,000 for fiscal year 1996;

(ii) \$7,000,000 for fiscal year 1997; and

(iii) \$10,000,000 for each of fiscal years 1998 through 2000.

(B) LIMITATION.—Not more than \$250,000 of the amount appropriated to carry out this subtitle for any fiscal year may be used by the Corporation for any purpose other than assistance to students.

(b) ORGANIZATION AND MANAGEMENT; BOARD OF DIRECTORS.—

(1) BOARD OF DIRECTORS; MEMBERSHIP.—

(A) IN GENERAL.—The Corporation shall have a Board of Directors comprised of 7 members, with 6 members of the Board appointed by the President not later than 30 days after receipt of nominations from the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate.

(B) HOUSE NOMINATIONS.—The President shall appoint 2 members of the Board from a list of at least 6 individuals nominated by the Speaker of the House of Representatives, and 1 member of the Board from a list of at least 3 individuals nominated by the Minority Leader of the House of Representatives.

(C) SENATE NOMINATIONS.—The President shall appoint 2 members of the Board from a list of at least 6 individuals nominated by the Majority Leader of the Senate, and 1 member of the Board from a list of at least 3 individuals nominated by the Minority Leader of the Senate.

(D) DEADLINE.—The Speaker and Minority Leader of the House of Representatives and Majority Leader and Minority Leader of the Senate shall submit their nominations to the President not later than 30 days after the date of the enactment of this Act.

(E) APPOINTEE OF MAYOR.—The Mayor shall appoint 1 member of the Board not later than 60 days after the date of the enactment of this Act.

(F) POSSIBLE INTERIM MEMBERS.—If the President does not appoint the 6 members of the Board in the 30-day period described in subparagraph (A), then the Speaker of the House of Representatives and the Majority Leader of the Senate shall each appoint 2 members of the Board, and the Minority Leader of the House of Representatives and the Minority Leader of the Senate shall each appoint 1 of the Board, from among the individuals nominated pursuant to subparagraphs (A) and (B), as the case may be. The appointees under the preceding sentence together with the appointee of the Mayor, shall serve as an interim Board with all the powers and other duties of the Board described in this subtitle, until the President makes the appointments as described in this subsection.

(2) POWERS.—All powers of the Corporation shall vest in and be exercised under the authority of the Board.

(3) ELECTIONS.—Members of the Board annually shall elect 1 of the members of the Board to be chairperson of the Board.

(4) RESIDENCY.—All members appointed to the Board shall be residents of the District of Columbia at the time of appointment and while serving on the Board.

(5) NONEMPLOYEE.—No member of the Board may be an employee of the United States Government or the District of Columbia Government when appointed to or during tenure on the Board, unless the individual is on a leave of absence from such a position while serving on the Board.

(6) INCORPORATION.—The members of the initial Board shall serve as incorporators and shall take whatever steps are necessary to establish the Corporation under the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-501 et seq.).

(7) GENERAL TERM.—The term of office of each member of the Board shall be 5 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the predecessor was appointed shall be appointed for the remainder of such term.

(8) **CONSECUTIVE TERM.**—No member of the Board shall be eligible to serve in excess of 2 consecutive terms of 5 years each. A partial term shall be considered as 1 full term. Any vacancy on the Board shall not affect the Board's power, but shall be filled in a manner consistent with this subtitle.

(9) **NO BENEFIT.**—No part of the income or assets of the Corporation shall inure to the benefit of any Director, officer, or employee of the Corporation, except as salary or reasonable compensation for services.

(10) **POLITICAL ACTIVITY.**—The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

(11) **NO OFFICERS OR EMPLOYEES.**—The members of the Board shall not, by reason of such membership, be considered to be officers or employees of the United States Government or of the District of Columbia Government.

(12) **STIPENDS.**—The members of the Board, while attending meetings of the Board or while engaged in duties related to such meetings or other activities of the Board pursuant to this subtitle, shall be provided a stipend. Such stipend shall be at the rate of \$150 per day for which the member of the Board is officially recorded as having worked, except that no member may be paid a total stipend amount in any calendar year in excess of \$5,000.

(13) **CONGRESSIONAL INTENT.**—Subject to the results of the program appraisal under section 2933, it is the intention of the Congress to turn over to District of Columbia officials the control of the Board at the end of the 5-year period beginning on the date of enactment of this Act, under terms and conditions to be determined at that time.

(c) **OFFICERS AND STAFF.**—

(1) **EXECUTIVE DIRECTOR.**—The Corporation shall have an Executive Director, and such other staff, as may be appointed by the Board for terms and at rates of compensation, not to exceed level EG-16 of the Educational Service of the District of Columbia, to be fixed by the Board.

(2) **STAFF.**—With the approval of the Board, the Executive Director may appoint and fix the salary of such additional personnel as the Executive Director considers appropriate.

(3) **ANNUAL RATE.**—No staff of the Corporation may be compensated by the Corporation at an annual rate of pay greater than the annual rate of pay of the Executive Director.

(4) **SERVICE.**—All officers and employees of the Corporation shall serve at the pleasure of the Board.

(5) **QUALIFICATION.**—No political test or qualification may be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, or employees of the Corporation.

(d) **POWERS OF THE CORPORATION.**—

(1) **GENERALLY.**—The Corporation is authorized to obtain grants from, and make contracts with, individuals and with private, State, and Federal agencies, organizations, and institutions.

(2) **HIRING AUTHORITY.**—The Corporation may hire, or accept the voluntary services of, consultants, experts, advisory boards, and panels to aid the Corporation in carrying out this subtitle.

(e) **FINANCIAL MANAGEMENT AND RECORDS.**—

(1) **AUDITS.**—The financial statements of the Corporation shall be—

(A) maintained in accordance with generally accepted accounting principles for nonprofit corporations; and

(B) audited annually by independent certified public accountants.

(2) **REPORT.**—The report for each such audit shall be included in the annual report to Congress required by section 2933(c).

**SEC. 2923. SCHOLARSHIPS AUTHORIZED.**

(a) **ELIGIBLE STUDENTS.**—The Corporation is authorized to award tuition scholarships under

subsection (d)(1) and enhanced achievement scholarships under subsection (d)(2) to students in kindergarten through grade 12—

(1) who are residents of the District of Columbia; and

(2) whose family income does not exceed 185 percent of the poverty line.

(b) **SCHOLARSHIP PRIORITY.**—

(1) **FIRST.**—The Corporation shall first award scholarships to students described in subsection (a) who—

(A) are enrolled in a District of Columbia public school or preparing to enter a District of Columbia kindergarten, except that this subparagraph shall apply only for academic years 1996, 1997, and 1998; or

(B) have received a scholarship from the Corporation in the year preceding the year for which the scholarship is awarded.

(2) **SECOND.**—If funds remain for a fiscal year for awarding scholarships after awarding scholarships under paragraph (1), the Corporation shall award scholarships to students described in subsection (a) who are not described in paragraph (1).

(c) **SPECIAL RULE.**—The Corporation shall attempt to ensure an equitable distribution of scholarship funds to students at diverse academic achievement levels.

(d) **USE OF SCHOLARSHIP.**—

(1) **TUITION SCHOLARSHIPS.**—A tuition scholarship may be used only for the payment of the cost of the tuition and mandatory fees for, and transportation to attend, an eligible institution located within the geographic boundaries of the District of Columbia.

(2) **ENHANCED ACHIEVEMENT SCHOLARSHIP.**—An enhanced achievement scholarship may be used only for the payment of—

(A) the costs of tuition and mandatory fees for, and transportation to attend, a program of nonsectarian instruction provided by an eligible institution which enhances student achievement of the core curriculum and is operated outside of regular school hours to supplement the regular school program;

(B) the costs of tuition and mandatory fees for, and transportation to attend, after-school activities that do not have an academic focus, such as athletics or music lessons; or

(C) the costs of tuition and mandatory fees for, and transportation to attend, vocational, vocational-technical, and technical training programs.

(e) **NOT SCHOOL AID.**—A scholarship under this subtitle shall be considered assistance to the student and shall not be considered assistance to an eligible institution.

**SEC. 2924. SCHOLARSHIP PAYMENTS AND AMOUNTS.**

(a) **AWARDS.**—From the funds made available under this subtitle, the Corporation shall award a scholarship to a student and make payments in accordance with section 2930 on behalf of such student to a participating eligible institution chosen by the parent of the student.

(b) **NOTIFICATION.**—Each eligible institution that desires to receive payment under subsection (a) shall notify the Corporation not later than 10 days after—

(1) the date that a student receiving a scholarship under this subtitle is enrolled, of the name, address, and grade level of such student;

(2) the date of the withdrawal or expulsion of any student receiving a scholarship under this subtitle, of the withdrawal or expulsion; and

(3) the date that a student receiving a scholarship under this subtitle is refused admission, of the reasons for such a refusal.

(c) **TUITION SCHOLARSHIP.**—

(1) **EQUAL TO OR BELOW POVERTY LINE.**—For a student whose family income is equal to or below the poverty line, a tuition scholarship may not exceed the lesser of—

(A) the cost of tuition and mandatory fees for, and transportation to attend, an eligible institution; or

(B) \$3,000 for fiscal year 1996, with such amount adjusted in proportion to changes in the

Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1997 through 2000.

(2) **ABOVE POVERTY LINE.**—For a student whose family income is greater than the poverty line, but not more than 185 percent of the poverty line, a tuition scholarship may not exceed the lesser of—

(A) 50 percent of the cost of tuition and mandatory fees for, and transportation to attend, an eligible institution; or

(B) \$1,500 for fiscal year 1996, with such amount adjusted in proportion to changes in the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1997 through 2000.

(d) **ENHANCED ACHIEVEMENT SCHOLARSHIP.**—

(1) **EQUAL TO OR BELOW POVERTY LINE.**—For a student whose family income is equal to or below the poverty line, an enhanced achievement scholarship may not exceed the lesser of—

(A) the costs of tuition and mandatory fees for, and transportation to attend, a program of nonsectarian instruction at an eligible institution; or

(B) \$1,500 for 1996, with such amount adjusted in proportion to changes in the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1997 through 2000.

(2) **ABOVE POVERTY LINE.**—For a student whose family income is greater than the poverty line, but not more than 185 percent of the poverty line, an enhanced achievement scholarship may not exceed the lesser of—

(A) 50 percent of the costs of tuition and mandatory fees for, and transportation to attend, a program of nonsectarian instruction at an eligible institution; or

(B) \$750 for fiscal year 1996 with such amount adjusted in proportion to changes in the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1997 through 2000.

(e) **ALLOCATION OF FUNDS.**—

(1) **FEDERAL FUNDS.**—

(A) **PLAN.**—The Corporation shall submit to the District of Columbia Council a proposed allocation plan for the allocation of Federal funds between the tuition scholarships under section 2923(d)(1) and enhanced achievement scholarships under section 2923(d)(2).

(B) **CONSIDERATION.**—Not later than 30 days after receipt of each such plan, the District of Columbia Council shall consider such proposed allocation plan and notify the Corporation in writing of its decision to approve or disapprove such allocation plan.

(C) **OBJECTIONS.**—In the case of a vote of disapproval of such allocation plan, the District of Columbia Council shall provide in writing the District of Columbia Council's objections to such allocation plan.

(D) **RESUBMISSION.**—The Corporation may submit a revised allocation plan for consideration to the District of Columbia Council.

(E) **PROHIBITION.**—No Federal funds provided under this subtitle may be used for any scholarship until the District of Columbia Council has approved the allocation plan for the Corporation.

(2) **PRIVATE FUNDS.**—The Corporation shall annually allocate unrestricted private funds equitably, as determined by the Board, for scholarships under paragraph (1) and (2) of section 2923(d), after consultation with the public, the Mayor, the District of Columbia Council, the Board of Education, the Superintendent, and the Consensus Commission.

**SEC. 2925. CERTIFICATION OF ELIGIBLE INSTITUTIONS.**

(a) **APPLICATION.**—An eligible institution that desires to receive a payment on behalf of a student who receives a scholarship under this subtitle shall file an application with the Corporation for certification for participation in the scholarship program under this subtitle. Each such application shall—

(1) demonstrate that the eligible institution has operated with not less than 25 students during the 3 years preceding the year for which the determination is made unless the eligible institution is applying for certification as a new eligible institution under subsection (c);

(2) contain an assurance that the eligible institution will comply with all applicable requirements of this subtitle;

(3) provide the most recent audit of the financial statements of the eligible institution by an independent certified public accountant using generally accepted auditing standards, completed not earlier than 3 years before the date such application is filed;

(4) describe the eligible institution's proposed program, including personnel qualifications and fees;

(5) contain an assurance that a student receiving a scholarship under this subtitle shall not be required to attend or participate in a religion class or religious ceremony without the written consent of such student's parent;

(6) contain an assurance that funds received under this subtitle will not be used to pay the costs related to a religion class or a religious ceremony, except that such funds may be used to pay the salary of a teacher who teaches such class or participates in such ceremony if such teacher also teaches an academic class at such eligible institution;

(7) contain an assurance that the eligible institution will abide by all regulations of the District of Columbia Government applicable to such eligible institution; and

(8) contain an assurance that the eligible institution will implement due process requirements for expulsion and suspension of students, including at a minimum, a process for appealing the expulsion or suspension decision.

**(b) CERTIFICATION.—**

(1) **IN GENERAL.**—Except as provided in paragraph (3), not later than 60 days after receipt of an application in accordance with subsection (a), the Corporation shall certify an eligible institution to participate in the scholarship program under this subtitle.

(2) **CONTINUATION.**—An eligible institution's certification to participate in the scholarship program shall continue unless such eligible institution's certification is revoked in accordance with subsection (d).

(3) **EXCEPTION FOR 1996.**—For fiscal year 1996 only, and after receipt of an application in accordance with subsection (a), the Corporation shall certify the eligibility of an eligible institution to participate in the scholarship program under this subtitle at the earliest practicable date.

**(c) NEW ELIGIBLE INSTITUTION.—**

(1) **IN GENERAL.**—An eligible institution that did not operate with at least 25 students in the 3 years preceding the year for which the determination is made may apply for a 1-year provisional certification to participate in the scholarship program under this subtitle for a single year by providing to the Corporation not later than July 1 of the year preceding the year for which the determination is made—

(A) a list of the eligible institution's board of directors;

(B) letters of support from not less than 10 members of the community served by such eligible institution;

(C) a business plan;

(D) an intended course of study;

(E) assurances that the eligible institution will begin operations with not less than 25 students;

(F) assurances that the eligible institution will comply with all applicable requirements of this subtitle; and

(G) a statement that satisfies the requirements of paragraph (2), and paragraphs (4) through (8), of subsection (a).

(2) **CERTIFICATION.**—Not later than 60 days after the date of receipt of an application described in paragraph (1), the Corporation shall certify in writing the eligible institution's provi-

sional certification to participate in the scholarship program under this subtitle unless the Corporation determines that good cause exists to deny certification.

(3) **RENEWAL OF PROVISIONAL CERTIFICATION.**—After receipt of an application under paragraph (1) from an eligible institution that includes an audit of the financial statements of the eligible institution by an independent certified public accountant using generally accepted auditing standards completed not earlier than 12 months before the date such application is filed, the Corporation shall renew an eligible institution's provisional certification for the second and third years of the school's participation in the scholarship program under this subtitle unless the Corporation finds—

(A) good cause to deny the renewal, including a finding of a pattern of violation of requirements described in section 2926(a); or

(B) consistent failure of 25 percent or more of the students receiving scholarships under this subtitle and attending such school to make appropriate progress (as determined by the Corporation) in academic achievement.

(4) **DENIAL OF CERTIFICATION.**—If provisional certification or renewal of provisional certification under this subsection is denied, then the Corporation shall provide a written explanation to the eligible institution of the reasons for such denial.

**(d) REVOCATION OF ELIGIBILITY.—**

(1) **IN GENERAL.**—The Corporation, after notice and hearing, may revoke an eligible institution's certification to participate in the scholarship program under this subtitle for a year succeeding the year for which the determination is made for—

(A) good cause, including a finding of a pattern of violation of program requirements described in section 2926(a); or

(B) consistent failure of 25 percent or more of the students receiving scholarships under this subtitle and attending such school to make appropriate progress (as determined by the Corporation) in academic achievement.

(2) **EXPLANATION.**—If the certification of an eligible institution is revoked, the Corporation shall provide a written explanation of its decision to such eligible institution and require a pro rata refund of the payments received under this subtitle.

**SEC. 2926. PARTICIPATION REQUIREMENTS FOR ELIGIBLE INSTITUTIONS.**

(a) **REQUIREMENTS.**—Each eligible institution participating in the scholarship program under this subtitle shall—

(1) provide to the Corporation not later than June 30 of each year the most recent audit of the financial statements of the eligible institution by an independent certified public accountant using generally accepted auditing standards completed not earlier than 3 years before the date the application is filed; and

(2) charge a student that receives a scholarship under this subtitle the same amounts for the cost of tuition and mandatory fees for, and transportation to attend, such eligible institution as other students who are residents of the District of Columbia and enrolled in such eligible institution.

(b) **COMPLIANCE.**—The Corporation may require documentation of compliance with the requirements of subsection (a), but neither the Corporation nor any governmental entity may impose additional requirements upon an eligible institution as a condition of participation in the scholarship program under this subtitle.

**SEC. 2927. CIVIL RIGHTS.**

(a) **IN GENERAL.**—An eligible institution participating in the scholarship program under this subtitle shall be deemed to be a recipient of Federal financial assistance for the purposes of the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), and

section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(b) **REVOCATION.**—Notwithstanding section 2926(b), if the Secretary of Education determines that an eligible institution participating in the scholarship program under this subtitle is in violation of any of the laws listed in subsection (a), then the Corporation shall revoke such eligible institution's certification to participate in the program.

**SEC. 2928. CHILDREN WITH DISABILITIES.**

(a) **IN GENERAL.**—Nothing in this subtitle shall affect the rights of students or the obligations of the District of Columbia public schools under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

**(b) PRIVATE OR INDEPENDENT SCHOOL SCHOLARSHIPS.—**

(1) **DETERMINATION OF ELIGIBILITY FOR SERVICES.**—If requested by either a parent of a child with a disability who attends a private or independent school receiving funding under this subtitle or by the private or independent school receiving funding under this subtitle, the Board of Education shall determine the eligibility of such child for services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

(2) **REQUIREMENTS.**—If a child is determined eligible for services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) pursuant to paragraph (1), the Board of Education shall—

(A) develop an individualized education program, as defined in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401), for such child; and

(B) negotiate with the private or independent school to deliver to such child the services described in the individualized education program.

(3) **APPEAL.**—If the Board of Education determines that a child is not eligible for services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) pursuant to paragraph (1), such child shall retain the right to appeal such determination under such Act as if such child were attending a District of Columbia public school.

**SEC. 2929. CONSTRUCTION PROHIBITION.**

No funds under this subtitle may be used for construction of facilities.

**SEC. 2930. SCHOLARSHIP PAYMENTS.**

**(a) IN GENERAL.—**

(1) **PROPORTIONAL PAYMENT.**—The Corporation shall make scholarship payments to participating eligible institutions on a schedule established by the Corporation.

**(2) PRO RATA AMOUNTS FOR STUDENT WITHDRAWAL.—**

(A) **BEFORE PAYMENT.**—If a student receiving a scholarship withdraws or is expelled from an eligible institution before a scholarship payment is made, the eligible institution shall receive a pro rata payment based on the amount of the scholarship and the number of days the student was enrolled in the eligible institution.

(B) **AFTER PAYMENT.**—If a student receiving a scholarship withdraws or is expelled after a scholarship payment is made, the eligible institution shall refund to the Corporation on a pro rata basis the proportion of any scholarship payment received for the remaining days of the school year. Such refund shall occur not later than 30 days after the date of the withdrawal or expulsion of the student.

(b) **FUND TRANSFERS.**—The Corporation shall make scholarship payments to participating eligible institutions by electronic funds transfer. If such an arrangement is not available, then the eligible institution shall submit an alternative payment proposal to the Corporation for approval.

**SEC. 2931. APPLICATION SCHEDULE AND PROCEDURES.**

The Corporation shall implement a schedule and procedures for processing applications for awarding student scholarships under this subtitle that includes a list of certified eligible institutions, distribution of information to parents

and the general public (including through a newspaper of general circulation), and deadlines for steps in the scholarship application and award process.

**SEC. 2932. REPORTING REQUIREMENTS.**

(a) *IN GENERAL.*—An eligible institution participating in the scholarship program under this subtitle shall report not later than July 30 of each year in a manner prescribed by the Corporation, the following data:

(1) Student achievement in the eligible institution's programs.

(2) Grade advancement for scholarship students.

(3) Disciplinary actions taken with respect to scholarship students.

(4) Graduation, college admission test scores, and college admission rates, if applicable for scholarship students.

(5) Types and amounts of parental involvement required for all families of scholarship students.

(6) Student attendance for scholarship and nonscholarship students.

(7) General information on curriculum, programs, facilities, credentials of personnel, and disciplinary rules at the eligible institution.

(8) Number of scholarship students enrolled.

(9) Such other information as may be required by the Corporation for program appraisal.

(b) *CONFIDENTIALITY.*—No personal identifiers may be used in such report, except that the Corporation may request such personal identifiers solely for the purpose of verification.

**SEC. 2933. PROGRAM APPRAISAL.**

(a) *STUDY.*—Not later than 4 years after the date of enactment of this Act, the Department of Education shall provide for an independent evaluation of the scholarship program under this subtitle, including—

(1) a comparison of test scores between scholarship students and District of Columbia public school students of similar backgrounds, taking into account the students' academic achievement at the time of the award of their scholarships and the students' family income level;

(2) a comparison of graduation rates between scholarship students and District of Columbia public school students of similar backgrounds, taking into account the students' academic achievement at the time of the award of their scholarships and the students' family income level; and

(3) the satisfaction of parents of scholarship students with the scholarship program.

(b) *PUBLIC REVIEW OF DATA.*—All data gathered in the course of the study described in subsection (a) shall be made available to the public upon request except that no personal identifiers shall be made public.

(c) *REPORT TO CONGRESS.*—Not later than September 1 of each year, the Corporation shall submit a progress report on the scholarship program to the appropriate congressional committees. Such report shall include a review of how scholarship funds were expended, including the initial academic achievement levels of students who have participated in the scholarship program.

(d) *AUTHORIZATION.*—There are authorized to be appropriated for the study described in subsection (a), \$250,000, which shall remain available until expended.

**SEC. 2934. JUDICIAL REVIEW.**

The United States District Court for the District of Columbia shall have jurisdiction over any constitutional challenges to the scholarship program under this subtitle and shall provide expedited review.

**SEC. 2936. OFFSET.**

In addition to the reduction in appropriations and expenditures for personal services required under the heading "PAY RENEGOTIATION OR REDUCTION IN COMPENSATION" in the District of Columbia Appropriations Act, 1996, the Mayor of the District of Columbia shall reduce such appropriations and expend-

itures in accordance with the provisions of such heading by an additional \$5,000,000.

**SEC. 2937. OFFSETS.**

Notwithstanding any other provision in this Act or in the District of Columbia Appropriations Act, 1996, the payment to the District of Columbia for the fiscal year ending September 30, 1996, shall be \$655,000,000, as authorized by section 502(a) of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, as amended (D.C. Code, sec. 47-3406.1).

**SEC 2938. FEDERAL APPROPRIATIONS.**

Notwithstanding any other provision in this Act or in the District of Columbia Appropriations Act, 1996, the Federal contribution to Education Reform shall be \$19,930,000, of which \$5,000,000 shall be available for scholarships for low income students in dangerous or failed public schools as provided for in Subtitle N and shall not be disbursed by the Authority until the Authority receives a certification from the District of Columbia Emergency Scholarship Corporation that the proposed allocation between the tuition scholarships and enhanced achievement scholarships has been approved by the Council of the District of Columbia consistent with the Scholarship Corporation's most recent proposal concerning the implementation of the emergency scholarship program. These funds shall lapse and be returned by the Authority to the U.S. Treasury on September 30, 1996, if the required certification from the Scholarship Corporation is not received by July 1, 1996.

**SEC 2939. EDUCATION REFORM.**

In addition to the amounts appropriated for the District of Columbia under the heading "Education Reform", \$5,000,000 shall be paid to the District of Columbia Emergency Scholarship Corporation authorized in Subtitle N."

**COVERDELL (AND OTHERS)  
AMENDMENT NO. 3532**

Mr. COVERDELL (for himself, Mr. STEVENS, and Mr. INOUE) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

In the pending amendment, on page 540, line 11 after "Act" insert: "and \$5,000,000 shall be available for obligation for the period July 1, 1995 through 30, 1996 for employment-related activities of the 1996 Paralympic Games".

In the pending amendment, on page 597, line 21 after "expended" insert: ", of which \$1,500,000 shall be for a demonstration program to foster economic independence among people with disabilities through disability sport, in connection with the Tenth Paralympic Games".

**BOND (AND OTHERS) AMENDMENT  
NO. 3533**

Mr. BOND (for himself, Ms. MIKULSKI, and Mr. HARKIN) proposed an amendment to amendment No. 3466 proposed by Mr. HATFIELD to the bill H.R. 3019, supra; as follows:

In lieu of the matter proposed to be inserted by Amendment No. 3482 to the Committee Substitute amendment, insert:

**TITLE V—ENVIRONMENTAL INITIATIVES  
CHAPTER 1—DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES**

**INDEPENDENT AGENCY**

**ENVIRONMENTAL PROTECTION AGENCY**

**Environmental Programs and Management**

In addition to funds provided elsewhere in this Act, \$75,000,000, to remain available until September 30, 1997.

**Buildings and Facilities**

In addition to funds provided elsewhere in this Act, \$50,000,000, to remain available until expended, for the construction of a consolidated research facility at Research Triangle Park, North Carolina: Provided, That pursuant to the provisions of section 7(a) of the Public Buildings Act of 1959 (40 U.S.C. 606(a)), that no funds shall be made available for construction of such project prior to April 19, 1996, unless such project is approved by resolutions of the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure, respectively: Provided further, That in no case shall funds be made available for construction of such project if prior to April 19, 1996, the project has been disapproved by either the Senate Committee on Environment and Public Works or the House Committee on Transportation and Infrastructure: Provided further, That notwithstanding any other provision of this Act, the paragraph under this heading in chapter 4 of title IV of this Act shall not become effective.

**State and Tribal Assistance Grants**

In addition to funds provided elsewhere in this Act, \$200,000,000, to remain available until expended, for capitalization grants for state revolving funds to support water infrastructure financing: Provided, That of the funds made available by this paragraph, \$125,000,000 shall be for drinking water state revolving funds, but if no drinking water state revolving fund legislation is enacted by June 1, 1996, these funds shall immediately be available for making capitalization grants under title VI of the Federal Water Pollution Control Act, as amended.

**Hazardous Substance Superfund**

In addition to funds provided elsewhere in this Act, \$50,000,000, to remain available until expended.

**GENERAL PROVISIONS**

SEC. 5001. Notwithstanding any other provision of this Act, amounts provided in title IV of this Act for the Environmental Protection Agency, with the exception of amounts appropriated under the heading "buildings and facilities", shall become available immediately upon enactment of this Act.

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

**National and Community Service Programs**

**Operating Expenses**

**(Including Transfer of Funds)**

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the "Corporation") in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the "Act") (42 U.S.C. 12501 et seq.), \$400,500,000, of which \$265,000,000 shall be available for obligation from September 1, 1996, through September 30, 1997; *Provided*, That not more than \$25,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): *Provided further*, That not more

than \$2,500 shall be for official reception and representation expenses: *Provided further*, That not more than \$59,000,000, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.): *Provided further*, That not more than \$215,000,000 of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program), of which not more than \$40,000,000 may be used to administer, reimburse or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2)): *Provided further*, That not more than \$5,500,000 of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et seq.): *Provided further*, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12581(b)): *Provided further*, That, to the maximum extent feasible, funds appropriated in the preceding proviso shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs that demonstrate quality, innovation, replicability, and sustainability: *Provided further*, That not more than \$18,000,000 of the funds made available under this heading shall be available for the Civilian Community Corps authorized under subtitle E of title I of the Act (42 U.S.C. 12611 et seq.): *Provided further*, That not more than \$43,000,000 shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (41 U.S.C. 12521 et seq.): *Provided further*, That not more than \$30,000,000 shall be available for quality and innovation activities authorized under subtitle H of title I of the Act (42 U.S.C. 12853 et seq.): *Provided further*, That not more than \$5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639), of which up to \$500,000 shall be available for a study by the National Academy of Public Administration on the structure, organization, and management of the Corporation and activities supported by the Corporation, including an assessment of the quality, innovation, replicability, and sustainability without Federal funds of such activities, and the Federal and non-federal cost of supporting participants in community service activities: *Provided further*, That no funds from any other appropriation, or from funds otherwise made available to the Corporation, shall be used to pay for personnel compensation and benefits, travel, or any other administrative expense for the Board of Directors, the Office of the Chief Executive Officer, the Office of the Managing Director, the Office of the Chief Financial Officer, the Office of National and Community Service Programs, the Civilian Community Corps, or any field office or staff of the Corporation working on the National and Community Service or Civilian Community Corps programs: *Provided further*, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal cost per participant in all programs: *Provided further*, That prior to September 30, 1996, the General Accounting Office shall report to the Congress the results of a study of state commis-

sion programs which evaluates the cost per participant, the commissions' ability to oversee the programs, and other relevant considerations: provided further, That the matter under this heading in title I of this Act shall not be effective.

#### Sense of Congress

It is the Sense of the Congress that accounting for taxpayers' funds must be a top priority for all federal agencies and government corporations. The Congress is deeply concerned about the findings of the recent audit of the Corporation for National and Community Service required under the Government Corporation Control Act of 1945. The Congress urges the President to expeditiously nominate a qualified Chief Financial Officer for the Corporation. Further, to the maximum extent practicable and as quickly as possible, the Corporation should implement the recommendations of the independent auditors contracted for by the Corporation's Inspector General, as well as the Chief Financial Officer, to improve the financial management of taxpayers' funds. Should the Chief Financial Officer determine that additional resources are needed to implement these recommendations, the Corporation should submit a reprogramming proposal for up to \$3,000,000 to carry out reforms of the financial management system.

#### Funding Adjustment

The total amount appropriated under the heading "Department of Housing and Urban Development, Housing Programs, Annual contribution for assisted housing", in title I of this Act is reduced by \$17,000,000, and the amount otherwise made available under said heading for section 8 assistance and rehabilitation grants for property disposition is reduced to \$192,000,000.

### CHAPTER 2—SPENDING OFFSETS

#### Subchapter A—Debt Collection

##### SEC. 5101. SHORT TITLE.

This subchapter may be cited as the "Debt Collection Improvement Act of 1996".

##### SEC. 5102. EFFECTIVE DATE.

Except as otherwise provided in this subchapter, the provisions of this subchapter and the amendments made by this subchapter shall be effective on the date of enactment of this Act.

### PART I—GENERAL DEBT COLLECTION INITIATIVES

#### Subpart A—General Offset Authority

##### SEC. 5201. ENHANCEMENT OF ADMINISTRATIVE OFFSET AUTHORITY.

(a) Section 3701(c) of title 31, United States Code, is amended to read as follows:

"(c) In sections 3716 and 3717 of this title, the term 'person' does not include an agency of the United States Government, or of a unit of general local government."

(b) Section 3716 of title 31, United States Code, is amended—

(1) by amending subsection (b) to read as follows:

"(b) Before collecting a claim by administrative offset, the head of an executive, legislative, or judicial agency must either—

"(1) adopt regulations on collecting by administrative offset promulgated by the Department of Justice, the General Accounting Office and/or the Department of the Treasury without change; or

"(2) prescribe independent regulations on collecting by administrative offset consistent with the regulations promulgated under paragraph (1).";

(2) by amending subsection (c)(2) to read as follows:

"(2) when a statute explicitly prohibits using administrative 'offset' or 'setoff' to collect the claim or type of claim involved.";

(3) by redesignating subsection (c) as subsection (d); and

(4) by inserting after subsection (b) the following new subsection:

"(c)(1)(A) Except as provided in subparagraph (B) or (C), a disbursing official of the Department of the Treasury, the Department of Defense, the United States Postal Service, or any disbursing official of the United States designated by the Secretary of the Treasury, is authorized to offset the amount of a payment which a payment certifying agency has certified to the disbursing official for disbursement by an amount equal to the amount of a claim which a creditor agency has certified to the Secretary of the Treasury pursuant to this subsection.

"(B) An agency that designates disbursing officials pursuant to section 3321(c) of this title is not required to certify claims arising out of its operations to the Secretary of the Treasury before such agency's disbursing officials offset such claims.

"(C) Payments certified by the Department of Education under a program administered by the Secretary of Education under title IV of the Higher Education Act of 1965, as amended, shall not be subject to offset under this subsection.

"(2) Neither the disbursing official nor the payment certifying agency shall be liable—

"(A) for the amount of the offset on the basis that the underlying obligation, represented by the payment before the offset was taken, was not satisfied; or

"(B) for failure to provide timely notice under paragraph (8).

"(3)(A) Notwithstanding any other provision of law (including sections 207 and 1631(d)(1) of the Act of August 14, 1935 (42 U.S.C. 407 and 1383(d)(1)), section 413(b) of Public Law 91-173 (30 U.S.C. 923(b)), and section 14 of the Act of August 29, 1935 (45 U.S.C. 231m)), all payments due under the Social Security Act, Part B of the Black Lung Benefits Act, or under any law administered by the Railroad Retirement Board shall be subject to offset under this section.

"(B) An amount of \$10,000 which a debtor may receive under Federal benefit programs cited under subparagraph (A) within a 12-month period shall be exempt from offset under this subsection. In applying the \$10,000 exemption, the disbursing official shall—

"(i) apply a prorated amount of the exemption to each periodic benefit payment to be made to the debtor during the applicable 12-month period; and

"(ii) consider all benefit payments made during the applicable 12-month period which are exempt from offset under this subsection as part of the \$10,000 exemption.

For purposes of the preceding sentence, the amount of a periodic benefit payment shall be the amount after any reduction or deduction required under the laws authorizing the program under which such payment is authorized to be made (including any reduction or deduction to recover any overpayment under such program).

"(C) The Secretary of the Treasury shall exempt means-tested programs when notified by the head of the respective agency. The Secretary may exempt other payments from offset under this subsection upon the written request of the head of a payment certifying agency. A written request for exemption of other payments must provide justification for the exemption under the standards prescribed by the Secretary. Such standards shall give due consideration to whether offset would tend to interfere substantially with or defeat the purposes of the payment certifying agency's program.

"(D) The provisions of sections 205(b)(1) and 1631(c)(1) of the Social Security Act shall not apply to any offset executed pursuant to this section against benefits authorized by either title II or title XVI of the Social Security Act.

“(4) The Secretary of the Treasury is authorized to charge a fee sufficient to cover the full cost of implementing this subsection. The fee may be collected either by the retention of a portion of amounts collected pursuant to this subsection, or by billing the agency referring or transferring the claim. Fees charged to the agencies shall be based only on actual offsets completed. Fees charged under this subsection concerning delinquent claims may be considered as costs pursuant to section 3717(e) of this title. Fees charged under this subsection shall be deposited into the ‘Account’ determined by the Secretary of the Treasury in accordance with section 3711(g) of this title, and shall be collected and accounted for in accordance with the provisions of that section.

“(5) The Secretary of the Treasury may disclose to a creditor agency the current address of any payee and any data related to certifying and authorizing such payment in accordance with section 552a of title 5, United States Code, even when the payment has been exempt from offset. Where payments are made electronically, the Secretary is authorized to obtain the current address of the debtor/payee from the institution receiving the payment. Upon request by the Secretary, the institution receiving the payment shall report the current address of the debtor/payee to the Secretary.

“(6) The Secretary of the Treasury is authorized to prescribe such rules, regulations, and procedures as the Secretary of the Treasury deems necessary to carry out the purposes of this subsection. The Secretary shall consult with the heads of affected agencies in the development of such rules, regulations, and procedures.

“(7)(A) Any Federal agency that is owed by a named person a past-due legally enforceable non-tax debt that is over 180 days delinquent (other than any past-due support), including non-tax debt administered by a third party acting as an agent for the Federal Government, shall notify the Secretary of the Treasury of all such non-tax debts for purposes of offset under this subsection.

“(B) An agency may delay notification under subparagraph (A) with respect to a debt that is secured by bond or other instruments in lieu of bond, or for which there is another specific repayment source, in order to allow sufficient time to either collect the debt through normal collection processes (including collection by internal administrative offset) or render a final decision on any protest filed against the claim.

“(8) The disbursing official conducting the offset shall notify the payee in writing of—

“(A) the occurrence of an offset to satisfy a past-due legally enforceable debt, including a description of the type and amount of the payment otherwise payable to the debtor against which the offset was executed;

“(B) the identity of the creditor agency requesting the offset; and

“(C) a contact point within the creditor agency that will handle concerns regarding the offset.”

Where the payment to be offset is a periodic benefit payment, the disbursing official shall take reasonable steps, as determined by the Secretary of the Treasury, to provide the notice to the payee not later than the date on which the payee is otherwise scheduled to receive the payment, or as soon as practical thereafter, but no later than the date of the offset. Notwithstanding the preceding sentence, the failure of the debtor to receive such notice shall not impair the legality of such offset.

“(9) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over requests for offset received from other agencies.”

(c) Section 3701(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

“(8) ‘non-tax claim’ means any claim from any agency of the Federal Government other than a claim by the Internal Revenue Service under the Internal Revenue Code of 1986.”

**SEC. 5202. HOUSE OF REPRESENTATIVES AS LEGISLATIVE AGENCY.**

(a) Section 3701 of title 31, United States Code, is amended by adding at the end the following new subsections:

“(e) For purposes of subchapters I and II of chapter 37 of title 31, United States Code (relating to claims of or against United States Government), the United States House of Representatives shall be considered to be a legislative agency (as defined in section 3701(a)(4) of such title), and the Clerk of the House of Representatives shall be deemed to be the head of such legislative agency.

“(f) Regulations prescribed by the Clerk of the House of Representatives pursuant to section 3716 of title 31, United States Code, shall not become effective until they are approved by the Committee on Rules of the House of Representatives.”

**SEC. 5203. EXEMPTION FROM COMPUTER MATCHING REQUIREMENTS UNDER THE PRIVACY ACT OF 1974.**

Section 552a(a) of title 5, United States Code, is amended in paragraph (8)(B)—

(1) by striking “or” at the end of clause (vi);

(2) by inserting “or” at the end of clause (vii); and

(3) by adding after clause (vii) the following new clause:

“(viii) matches for administrative offset or claims collection pursuant to subsection 3716(c) of title 31, section 5514 of this title, or any other payment intercept or offset program authorized by statute.”

**SEC. 5204. TECHNICAL AND CONFORMING AMENDMENTS.**

(a) Title 31, United States Code, is amended—

(1) in section 3322(a), by inserting “section 3716 and section 3720A of this title, section 6331 of title 26, and” after “Except as provided in”;

(2) in section 3325(a)(3), by inserting “or pursuant to payment intercepts or offsets pursuant to section 3716 or 3720A, or pursuant to levies executed under section 6331 of the Internal Revenue Code of 1986 (26 U.S.C. 6331),” after “voucher”; and

(3) in sections 3711, 3716, 3717, and 3718, by striking “the head of an executive or legislative agency” each place it appears and inserting instead “the head of an executive, judicial, or legislative agency”.

(b) Subsection 6103(l)(10) of title 26, United States Code, is amended—

(1) in subparagraph (A), by inserting “and to officers and employees of the Department of the Treasury in connection with such reduction” adding after “6402”; and

(2) in subparagraph (B), by adding “and to officers and employees of the Department of the Treasury in connection with such reduction” after “agency”.

**Subpart B—Salary Offset Authority**

**SEC. 5221. ENHANCEMENT OF SALARY OFFSET AUTHORITY.**

Section 5514 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) by adding at the end of paragraph (1) the following: “All Federal agencies to which debts are owed and are delinquent in repayment, shall participate in a computer match at least annually of their delinquent debt records with records of Federal employees to identify those employees who are delinquent in repayment of those debts. Matched Fed-

eral employee records shall include, but shall not be limited to, active Civil Service employees government-wide, military active duty personnel, military reservists, United States Postal Service employees, and records of seasonal and temporary employees. The Secretary of the Treasury shall establish and maintain an interagency consortium to implement centralized salary offset computer matching, and promulgate regulations for this program. Agencies that perform centralized salary offset computer matching services under this subsection are authorized to charge a fee sufficient to cover the full cost for such services.”;

(B) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(C) by inserting after paragraph (2) the following new paragraph:

“(3) The provisions of paragraph (2) shall not apply to routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, provided that at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustment.”; and

(D) by amending paragraph (5)(B) (as redesignated) to read as follows:

“(B) For purposes of this section ‘agency’ includes executive departments and agencies, the United States Postal Service, the Postal Rate Commission, the United States Senate, the United States House of Representatives, and any court, court administrative office, or instrumentality in the judicial or legislative branches of government, and government corporations.”;

(2) by adding at the end of subsection (b) the following new paragraphs:

“(3) For purposes of this section, the Clerk of the House of Representatives shall be deemed to be the head of the agency. Regulations prescribed by the Clerk of the House of Representatives pursuant to subsection (b)(1) shall be subject to the approval of the Committee on Rules of the House of Representatives.

“(4) For purposes of this section, the Secretary of the Senate shall be deemed to be the head of the agency. Regulations prescribed by the Secretary of the Senate pursuant to subsection (b)(1) shall be subject to the approval of the Committee on Rules and Administration of the Senate.”; and

(3) by adding after subsection (c) the following new subsection:

“(d) A levy pursuant to the Internal Revenue Code of 1986 shall take precedence over requests for offset received from other agencies.”.

**Subpart C—Taxpayer Identifying Numbers**

**SEC. 5231. ACCESS TO TAXPAYER IDENTIFYING NUMBERS; BARRING DELINQUENT DEBTORS FROM CREDIT ASSISTANCE.**

Section 4 of the Debt Collection Act of 1982 (Public Law 97-365, 96 Stat. 1749, 26 U.S.C. 6103 note) is amended—

(1) in subsection (b), by striking “For purposes of this section” and inserting instead “For purposes of subsection (a)”;

(2) by adding at the end thereof the following new subsections:

“(c) FEDERAL AGENCIES.—Each Federal agency shall require each person doing business with that agency to furnish to that agency such person’s taxpayer identifying number.

“(1) For purposes of this subsection, a person is considered to be ‘doing business’ with a Federal agency if the person is—

“(A) a lender or servicer in a Federal guaranteed or insured loan program;

“(B) an applicant for, or recipient of—

“(i) a Federal guaranteed, insured, or direct loan; or

“(ii) a Federal license, permit, right-of-way, grant, benefit payment or insurance;

“(C) a contractor of the agency;

“(D) assessed a fine, fee, royalty or penalty by that agency;

“(E) in a relationship with a Federal agency that may give rise to a receivable due to that agency, such as a partner of a borrower in or a guarantor of a Federal direct or insured loan; and

“(F) is a joint holder of any account to which Federal benefit payments are transferred electronically.

“(2) Each agency shall disclose to the person required to furnish a taxpayer identifying number under this subsection its intent to use such number for purposes of collecting and reporting on any delinquent amounts arising out of such persons's relationship with the government.

“(3) For purposes of this subsection:

“(A) The term ‘taxpayer identifying number’ has the meaning given such term in section 6109 of title 26, United States Code.

“(B) The term ‘person’ means an individual, sole proprietorship, partnership, corporation, nonprofit organization, or any other form of business association, but with the exception of debtors owing claims resulting from petroleum pricing violations does not include debtors under third party claims of the United States.

“(d) ACCESS TO SOCIAL SECURITY NUMBERS.—Notwithstanding section 552a of title 5, United States Code, creditor agencies to which a delinquent claim is owed, and their agents, may match their debtor records with the Social Security Administration records to verify name, name control, Social Security number, address, and date of birth.”

**SEC. 5232. BARRING DELINQUENT FEDERAL DEBTORS FROM OBTAINING FEDERAL LOANS OR LOAN GUARANTEES.**

(a) Title 31, United States Code, is amended by adding after section 3720A the following new section:

**“§ 3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees**

“(a) Unless waived by the head of the agency, no person may obtain any Federal financial assistance in the form of a loan or a loan guarantee if such person has an outstanding Federal non-tax debt which is in a delinquent status, as determined under the standards prescribed by the Secretary of the Treasury, with a Federal agency. Any such person may obtain additional Federal financial assistance only after such delinquency is resolved, pursuant to these standards. This section shall not apply to loans or loan guarantees where a statute specifically permits extension of Federal financial assistance to borrowers in delinquent status.

“(b) The head of the agency may delegate the waiver authority described in subsection (a) to the Chief Financial Officer of the agency. The waiver authority may be redelegated only to the Deputy Chief Financial Officer of the agency.

“(c) For purposes of this section, ‘person’ means an individual; or sole proprietorship, partnership, corporation, non-profit organization, or any other form of business association.”

(b) The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720A the following new item: “3720B. Barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.”

**Subpart D—Expanding Collection Authorities and Governmentwide Cross-Servicing**

**SEC. 5241. EXPANDING COLLECTION AUTHORITIES UNDER THE DEBT COLLECTION ACT OF 1982.**

(a) Subsection 8(e) of the Debt Collection Act of 1982 (Public Law 97-365, 31 U.S.C. 3701(d) and 5 U.S.C. 5514 note) is repealed.

(b) Section 5 of the Social Security Domestic Employment Reform Act of 1994 (Public Law 103-387) is repealed.

(c) Section 631 of the Tariff Act of 1930 (19 U.S.C. 1631), is repealed.

(d) Title 31, United States Code, is amended—

(1) in section 3701—

(A) by amending subsection (a)(4) to read as follows:

“(4) ‘executive, judicial or legislative agency’ means a department, military department, agency, court, court administrative office, or instrumentality in the executive, judicial or legislative branches of government, including government corporations.”; and

(B) by inserting after subsection (c) the following new subsection:

“(d) Sections 3711(f) and 3716-3719 of this title do not apply to a claim or debt under, or to an amount payable under, the Internal Revenue Code of 1986.”;

(2) by amending section 3711(f) to read as follows:

“(f)(1) When trying to collect a claim of the Government, the head of an executive or legislative agency may disclose to a consumer reporting agency information from a system of records that an individual is responsible for a claim if notice required by section 552a(e)(4) of title 5, United States Code, indicates that information in the system may be disclosed to a consumer reporting agency.

“(2) The information disclosed to a consumer reporting agency shall be limited to—

“(A) information necessary to establish the identity of the individual, including name, address and taxpayer identifying number;

“(B) the amount, status, and history of the claim; and

“(C) the agency or program under which the claim arose.”; and

(3) in section 3718—

(A) in subsection (a), by striking the first sentence and inserting instead the following:

“Under conditions the head of an executive, legislative or judicial agency considers appropriate, the head of an agency may make a contract with a person for collection service to recover indebtedness owed, or to locate or recover assets of, the United States Government. No head of an agency may enter into a contract to locate or recover assets of the United States held by a State government or financial institution unless that agency has established procedures approved by the Secretary of the Treasury to identify and recover such assets.”; and

(B) in subsection (d), by inserting “, or to locate or recover assets of,” after “owed”.

**SEC. 5242. GOVERNMENTWIDE CROSS-SERVICING.**

Section 3711 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(g)(1) At the discretion of the head of an executive, judicial or legislative agency, referral of a non-tax claim may be made to any executive department or agency operating a debt collection center for servicing and collection in accordance with an agreement entered into under paragraph (2). Referral or transfer of a claim may also be made to the Secretary of the Treasury for servicing, collection, compromise, and/or suspension or termination of collection action. Non-tax claims referred or transferred under this sec-

tion shall be serviced, collected, compromised, and/or collection action suspended or terminated in accordance with existing statutory requirements and authorities.

“(2) Executive departments and agencies operating debt collection centers are authorized to enter into agreements with the heads of executive, judicial, or legislative agencies to service and/or collect non-tax claims referred or transferred under this subsection. The heads of other executive departments and agencies are authorized to enter into agreements with the Secretary of the Treasury for servicing or collection of referred or transferred non-tax claims or other Federal agencies operating debt collection centers to obtain debt collection services from those agencies.

“(3) Any agency to which non-tax claims are referred or transferred under this subsection is authorized to charge a fee sufficient to cover the full cost of implementing this subsection. The agency transferring or referring the non-tax claim shall be charged the fee, and the agency charging the fee shall collect such fee by retaining the amount of the fee from amounts collected pursuant to this subsection. Agencies may agree to pay through a different method, or to fund the activity from another account or from revenue received from Section 701. Amounts charged under this subsection concerning delinquent claims may be considered as costs pursuant to section 3717(e) of this title.

“(4) Notwithstanding any other law concerning the depositing and collection of Federal payments, including section 3302(b) of this title, agencies collecting fees may retain the fees from amounts collected. Any fee charged pursuant to this subsection shall be deposited into an account to be determined by the executive department or agency operating the debt collection center charging the fee (hereafter referred to in this section as the ‘Account’). Amounts deposited in the Account shall be available until expended to cover costs associated with the implementation and operation of governmentwide debt collection activities. Costs properly chargeable to the Account include, but are not limited to—

“(A) the costs of computer hardware and software, word processing and telecommunications equipment, other equipment, supplies, and furniture;

“(B) personnel training and travel costs;

“(C) other personnel and administrative costs;

“(D) the costs of any contract for identification, billing, or collection services; and

“(E) reasonable costs incurred by the Secretary of the Treasury, including but not limited to, services and utilities provided by the Secretary, and administration of the Account.

“(5) Not later than January 1 of each year, there shall be deposited into the Treasury as miscellaneous receipts, an amount equal to the amount of unobligated balances remaining in the Account at the close of business on September 30 of the preceding year minus any part of such balance that the executive department or agency operating the debt collection center determines is necessary to cover or defray the costs under this subsection for the fiscal year in which the deposit is made.

“(6)(A) The head of an executive, legislative, or judicial agency shall transfer to the Secretary of the Treasury all non-tax claims over 180 days delinquent for additional collection action and/or closeout. A taxpayer identification number shall be included with each claim provided if it is in the agency's possession.

“(B) Subparagraph (A) shall not apply—

“(i) to claims that—

“(I) are in litigation or foreclosure;

“(II) will be disposed of under the loan sales program of a Federal department or agency;

“(III) have been referred to a private collection contractor for collection;

“(IV) are being collected under internal offset procedures;

“(V) have been referred to the Department of the Treasury, the Department of Defense, the United States Postal Service, or a disbursing official of the United States designated by the Secretary of the Treasury for administrative offset;

“(VI) have been retained by an executive agency in a debt collection center; or

“(VII) have been referred to another agency for collection;

“(ii) to claims which may be collected after the 180-day period in accordance with specific statutory authority or procedural guidelines, provided that the head of an executive, legislative, or judicial agency provides notice of such claims to the Secretary of the Treasury; and

“(iii) to other specific class of claims as determined by the Secretary of the Treasury at the request of the head of an agency or otherwise.

“(C) The head of an executive, legislative, or judicial agency shall transfer to the Secretary of the Treasury all non-tax claims on which the agency has ceased collection activity. The Secretary may exempt specific classes of claims from this requirement, at the request of the head of an agency, or otherwise. The Secretary shall review transferred claims to determine if additional collection action is warranted. The Secretary may, in accordance with section 6050P of title 26, United States Code, report to the Internal Revenue Service on behalf of the creditor agency any claims that have been discharged within the meaning of such section.

“(7) At the end of each calendar year, the head of an executive, legislative, or judicial agency which, regarding a claim owed to the agency, is required to report a discharge of indebtedness as income under the 6050P of title 26, United States Code, shall either complete the appropriate form 1099 or submit to the Secretary of the Treasury such information as is necessary for the Secretary of the Treasury to complete the appropriate form 1099. The Secretary of the Treasury shall incorporate this information into the appropriate form and submit the information to the taxpayer and Internal Revenue Service.

“(8) To carry out the purposes of this subsection, the Secretary of the Treasury is authorized—

“(A) to prescribe such rules, regulations, and procedures as the Secretary deems necessary; and

“(B) to designate debt collection centers operated by other Federal agencies.”.

#### SEC. 5243. COMPROMISE OF CLAIMS.

(a) Section 3711(a)(2) of title 31, United States Code, is amended by striking out “\$20,000 (excluding interest)” and inserting in lieu thereof “\$100,000 (excluding interest) or such higher amount as the Attorney General may from time to time prescribe.

(b) This section shall be effective as of October 1, 1995.

#### Subpart E—Federal Civil Monetary Penalties SEC. 5251. ADJUSTING FEDERAL CIVIL MONETARY PENALTIES FOR INFLATION.

(a) The Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, 104 Stat. 890; 28 U.S.C. 2461 note) is amended—

(1) by amending section 4 to read as follows:

“SEC. 4. The head of each agency shall, not later than 180 days after the date of enact-

ment of the Debt Collection Improvement Act of 1996, and at least once every 4 years thereafter, by regulation adjust each civil monetary penalty provided by law within the jurisdiction of the Federal agency, except for any penalty under title 26, United States Code, by the inflation adjustment described under section 5 of this Act and publish each such regulation in the Federal Register.”;

(2) in section 5(a), by striking “The adjustment described under paragraphs (4) and (5)(A) of section 4” and inserting “The inflation adjustment”; and

(3) by adding at the end the following new section:

“SEC. 7. Any increase to a civil monetary penalty resulting from this Act shall apply only to violations which occur after the date any such increase takes effect.”.

(b) The initial adjustment of a civil monetary penalty made pursuant to section 4 of Federal Civil Penalties Inflation Adjustment Act of 1990 (as amended by subsection (a)) may not exceed 10 percent of such penalty.

#### Subpart F—Gain Sharing

##### SEC. 5261. DEBT COLLECTION IMPROVEMENT ACCOUNT.

(a) Title 31, United States Code, is amended by inserting after section 3720B the following new section:

##### “§ 3720C. Debt Collection Improvement Account

“(a)(1) There is hereby established in the Treasury a special fund to be known as the ‘Debt Collection Improvement Account’ (hereinafter referred to as the ‘Account’).

“(2) The Account shall be maintained and managed by the Secretary of the Treasury, who shall ensure that programs are credited with the amounts described in subsection (b) and with allocations described in subsection (c).

“(b)(1) Not later than 30 days after the end of a fiscal year, an agency other than the Department of Justice is authorized to transfer to the Account a dividend not to exceed five percent of the debt collection improvement amount as described in paragraph (3).

“(2) Agency transfers to the Account may include collections from—

“(A) salary, administrative and tax referral offsets;

“(B) automated levy authority;

“(C) the Department of Justice; and

“(D) private collection agencies.

“(3) For purposes of this section, the term ‘debt collection improvement amount’ means the amount by which the collection of delinquent debt with respect to a particular program during a fiscal year exceeds the delinquent debt baseline for such program for such fiscal year. The Office of Management and Budget shall determine the baseline from which increased collections are measured over the prior fiscal year, taking into account the recommendations made by the Secretary of the Treasury in consultation with creditor agencies.

“(c)(1) The Secretary of the Treasury is authorized to make payments from the Account solely to reimburse agencies for qualified expenses. For agencies with franchise funds, payments may be credited to sub-accounts designated for debt collection.

“(2) For purposes of this paragraph, the term ‘qualified expenses’ means expenditures for the improvement of tax administration and agency debt collection and debt recovery activities including, but not limited to, account servicing (including cross-servicing under section 502 of the Debt Collection Improvement Act of 1996), automatic data processing equipment acquisitions, delinquent debt collection, measures to minimize delinquent debt, asset disposition, and training of personnel involved in credit and debt management.

“(3) Payments made to agencies pursuant to paragraph (1) shall be in proportion to their contributions to the Account.

“(4)(A) Amounts in the Account shall be available to the Secretary of the Treasury to the extent and in the amounts provided in advance in appropriation Acts, for purposes of this section. Such amounts are authorized to be appropriated without fiscal year limitation.

“(B) As soon as practicable after the end of third fiscal year after which appropriations are made pursuant to this section, and every 3 years thereafter, any unappropriated balance in the account as determined by the Secretary of the Treasury in consultation with agencies, shall be transferred to the Treasury general fund as miscellaneous receipts.

“(d) For direct loan and loan guarantee programs subject to title V of the Congressional Budget Act of 1974, amounts credited in accordance with subsection (c) shall be considered administrative costs and shall not be included in the estimated payments to the Government for the purpose of calculating the cost of such programs.

“(e) The Secretary of the Treasury shall prescribe such rules, regulations, and procedures as the Secretary deems necessary or appropriate to carry out the purposes of this section.”.

(b) The table of sections for subchapter II of chapter 37 of title 31, United States Code, is amended by inserting after the item relating to section 3720B the following new item: “3720C. Debt Collection Improvement Account.”.

#### Subpart G—Tax Refund Offset Authority

##### SEC. 5271. OFFSET OF TAX REFUND PAYMENT BY DISBURSING OFFICIALS.

Section 3720A(h) of title 31, United States Code, is amended to read as follows:

“(h)(1) The term ‘Secretary of the Treasury’ may include the disbursing official of the Department of the Treasury.

“(2) The disbursing official of the Department of the Treasury—

“(A) shall notify a taxpayer in writing of—

“(i) the occurrence of an offset to satisfy a past-due legally enforceable non-tax debt;

“(ii) the identity of the creditor agency requesting the offset; and

“(iii) a contact point within the creditor agency that will handle concerns regarding the offset;

“(B) shall notify the Internal Revenue Service on a weekly basis of—

“(i) the occurrence of an offset to satisfy a past-due legally enforceable non-tax debt;

“(ii) the amount of such offset; and

“(iii) any other information required by regulations; and

“(C) shall match payment records with requests for offset by using a name control, taxpayer identifying number (as defined in 26 U.S.C. 6109), and any other necessary identifiers.”.

##### SEC. 5272. EXPANDING TAX REFUND OFFSET AUTHORITY.

(a) Section 3720A of title 31, United States Code, is amended by adding after subsection (h) the following new subsection:

“(i) An agency subject to section 9 of the Act of May 18, 1933 (16 U.S.C. 831h) may implement this section at its discretion.”.

(b) Section 6402(f) of title 26, United States Code, is amended to read as follows:

“(f) FEDERAL AGENCY.—For purposes of this section, the term ‘Federal agency’ means a department, agency, or instrumentality of the United States, and includes a government corporation (as such term is defined in section 103 of title 5, United States Code).”.

##### SEC. 5273. EXPANDING AUTHORITY TO COLLECT PAST-DUE SUPPORT.

(a) Section 3720A(a) of title 31, United States Code, is amended to read as follows:

“(a) Any Federal agency that is owed by a named person a past-due, legally enforceable debt (including past-due support and debt administered by a third party acting as an agent for the Federal Government) shall, in accordance with regulations issued pursuant to subsections (b) and (d), notify the Secretary of the Treasury at least once a year of the amount of such debt.”

(b) Section 464(a) of the Social Security Act (42 U.S.C. 664(a)) is amended—

(1) in paragraph (1), by adding at the end thereof the following: “This subsection may be implemented by the Secretary of the Treasury in accordance with section 3720A of title 31, United States Code.”; and

(2) in paragraph (2)(A), by adding at the end thereof the following: “This subsection may be implemented by the Secretary of the Treasury in accordance with section 3720A of title 31, United States Code.”

#### Subpart H—Definitions, Due Process Rights, and Severability

##### SEC. 5281. TECHNICAL AMENDMENTS TO DEFINITIONS.

Section 3701 of title 31, United States Code, is amended—

(1) by amending subsection (a)(1) to read as follows:

“(1) ‘administrative offset’ means withholding money payable by the United States (including money payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim.”;

(2) by amending subsection (b) to read as follows:

“(b)(1) The term ‘claim’ or ‘debt’ means any amount of money or property that has been determined by an appropriate official of the Federal Government to be owed to the United States by a person, organization, or entity other than another Federal agency. A claim includes, without limitation, money owed on account of loans insured or guaranteed by the Government, non-appropriated funds, over-payments, any amount the United States is authorized by statute to collect for the benefit of any person, and other amounts of money or property due the Government.

“(2) For purposes of section 3716 of this title, the term ‘claim’ also includes an amount of money or property owed by a person to a State, the District of Columbia, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Commonwealth of Puerto Rico where there is also a Federal monetary interest or in cases of court ordered child support.”; and

(3) by adding after subsection (f) (as added in section 5202(a)) the following new subsection:

“(g) In section 3716 of this title—

“(1) ‘creditor agency’ means any entity owed a claim that seeks to collect that claim through administrative offset; and

“(2) ‘payment certifying agency’ means any Federal department, agency, or instrumentality and government corporation, that has transmitted a voucher to a disbursing official for disbursement.”.

##### SEC. 5282. SEVERABILITY.

If any provision of this title, or the amendments made by this title, or the application of any provision to any entity, person, or circumstance is for any reason adjudged by a court of competent jurisdiction to be invalid, the remainder of this title, and the amendments made by this title, or its application shall not be affected.

#### Subpart I—Reporting

##### SEC. 5291. MONITORING AND REPORTING.

(a) The Secretary of the Treasury, in consultation with concerned Federal agencies, is

authorized to establish guidelines, including information on outstanding debt, to assist agencies in the performance and monitoring of debt collection activities.

(b) Not later than three years after the date of enactment of this Act, the Secretary of the Treasury shall report to the Congress on collection services provided by Federal agencies or entities collecting debt on behalf of other Federal agencies under the authorities contained in section 3711(g) of title 31, United States Code.

(c) Section 3719 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by amending the first sentence to read as follows: “In consultation with the Comptroller General, the Secretary of the Treasury shall prescribe regulations requiring the head of each agency with outstanding non-tax claims to prepare and submit to the Secretary at least once a year a report summarizing the status of loans and accounts receivable managed by the head of the agency.”; and

(B) in paragraph (3), by striking “Director” and inserting “Secretary”; and

(2) in subsection (b), by striking “Director” and inserting “Secretary”.

(d) Notwithstanding any other provision of law, the Secretary of the Treasury is authorized to consolidate all reports concerning debt collection into one annual report.

#### PART II—JUSTICE DEBT MANAGEMENT

##### Subpart A—Private Attorneys

##### SEC. 5301. EXPANDED USE OF PRIVATE ATTORNEYS.

(a) Section 3718(b)(1)(A) of title 31, United States Code, is amended by striking the fourth sentence.

(b) Sections 3 and 5 of the Federal Debt Recovery Act (Public Law 99-578, 100 Stat. 3305) are hereby repealed.

##### Subpart B—Nonjudicial Foreclosure

##### SEC. 5311. NONJUDICIAL FORECLOSURE OF MORTGAGES.

Chapter 176 of title 28 of the United States Code is amended by adding at the end thereof the following:

#### “SUBCHAPTER E—NONJUDICIAL FORECLOSURE

“Sec.

“3401. Definitions.

“3402. Rules of construction.

“3403. Election of procedure.

“3404. Designation of foreclosure trustee.

“3405. Notice of foreclosure sale; statute of limitations.

“3406. Service of notice of foreclosure sale.

“3407. Cancellation of foreclosure sale.

“3408. Stay.

“3409. Conduct of sale; postponement.

“3410. Transfer of title and possession.

“3411. Record of foreclosure and sale.

“3412. Effect of sale.

“3413. Disposition of sale proceeds.

“3414. Deficiency judgment.

#### “§ 3401. Definitions

“As used in this subchapter—

“(1) ‘agency’ means—

“(A) an executive department as defined in section 101 of title 5, United States Code;

“(B) an independent establishment as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office);

“(C) a military department as defined in section 102 of title 5, United States Code; and

“(D) a wholly owned government corporation as defined in section 9101(3) of title 31, United States Code;

“(2) ‘agency head’ means the head and any assistant head of an agency, and may upon the designation by the head of an agency include the chief official of any principal divi-

sion of an agency or any other employee of an agency;

“(3) ‘bona fide purchaser’ means a purchaser for value in good faith and without notice of any adverse claim who acquires the seller’s interest free of any adverse claim;

“(4) ‘debt instrument’ means a note, mortgage bond, guaranty or other instrument creating a debt or other obligation, including any instrument incorporated by reference therein and any instrument or agreement amending or modifying a debt instrument;

“(5) ‘file’ or ‘filing’ means docketing, indexing, recording, or registering, or any other requirement for perfecting a mortgage or a judgment;

“(6) ‘foreclosure trustee’ means an individual, partnership, association, or corporation, or any employee thereof, including a successor, appointed by the agency head to conduct a foreclosure sale pursuant to this subchapter;

“(7) ‘mortgage’ means a deed of trust, deed to secure debt, security agreement, or any other form of instrument under which any interest in real property, including leaseholds, life estates, reversionary interests, and any other estates under applicable law is conveyed in trust, mortgaged, encumbered, pledged or otherwise rendered subject to a lien, for the purpose of securing the payment of money or the performance of any other obligation;

“(8) ‘of record’ means an interest recorded pursuant to Federal or State statutes that provide for official recording of deeds, mortgages and judgments, and that establish the effect of such records as notice to creditors, purchasers, and other interested persons;

“(9) ‘owner’ means any person who has an ownership interest in property and includes heirs, devisees, executors, administrators, and other personal representatives, and trustees of testamentary trusts if the owner of record is deceased;

“(10) ‘sale’ means a sale conducted pursuant to this subchapter, unless the context requires otherwise; and

“(11) ‘security property’ means real property, or any interest in real property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law that secure a mortgage.

#### “§ 3402. Rules of construction

“(a) IN GENERAL.—If an agency head elects to proceed under this subchapter, this subchapter shall apply and the provisions of this subchapter shall govern in the event of a conflict with any other provision of Federal law or State law.

“(b) LIMITATION.—This subchapter shall not be construed to supersede or modify the operation of—

“(1) the lease-back/buy-back provisions under section 1985 of title 7, United States Code, or regulations promulgated thereunder; or

“(2) The Multifamily Mortgage Foreclosure Act of 1981 (chapter 38 of title 12, United States Code).

“(c) EFFECT ON OTHER LAWS.—This subchapter shall not be construed to curtail or limit the rights of the United States or any of its agencies—

“(1) to foreclose a mortgage under any other provision of Federal law or State law; or

“(2) to enforce any right under Federal law or State law in lieu of or in addition to foreclosure, including any right to obtain a monetary judgment.

“(d) APPLICATION TO MORTGAGES.—The provisions of this subchapter may be used to foreclose any mortgage, whether executed prior or subsequent to the effective date of this subchapter.

**§ 3403. Election of procedure**

“(a) SECURITY PROPERTY SUBJECT TO FORECLOSURE.—An agency head may foreclose a mortgage upon the breach of a covenant or condition in a debt instrument or mortgage for which acceleration or foreclosure is authorized. An agency head may not institute foreclosure proceedings on the mortgage under any other provision of law, or refer such mortgage for litigation, during the pendency of foreclosure proceedings pursuant to this subchapter.

“(b) EFFECT OF CANCELLATION OF SALE.—If a foreclosure sale is canceled pursuant to section 3407, the agency head may thereafter foreclose on the security property in any manner authorized by law.

**§ 3404. Designation of foreclosure trustee**

“(a) IN GENERAL.—An agency head shall designate a foreclosure trustee who shall supersede any trustee designated in the mortgage. A foreclosure trustee designated under this section shall have a nonjudicial power of sale pursuant to this subchapter.

“(b) DESIGNATION OF FORECLOSURE TRUSTEE.—

“(1) An agency head may designate as foreclosure trustee—

“(A) an officer or employee of the agency;  
“(B) an individual who is a resident of the State in which the security property is located; or

“(C) a partnership, association, or corporation, provided such entity is authorized to transact business under the laws of the State in which the security property is located.

“(2) The agency head is authorized to enter into personal services and other contracts not inconsistent with this subchapter.

“(c) METHOD OF DESIGNATION.—An agency head shall designate the foreclosure trustee in writing. The foreclosure trustee may be designated by name, title, or position. An agency head may designate one or more foreclosure trustees for the purpose of proceeding with multiple foreclosures or a class of foreclosures.

“(d) AVAILABILITY OF DESIGNATION.—An agency head may designate such foreclosure trustees as the agency head deems necessary to carry out the purposes of this subchapter.

“(e) MULTIPLE FORECLOSURE TRUSTEES AUTHORIZED.—An agency head may designate multiple foreclosure trustees for different tracts of a secured property.

“(f) REMOVAL OF FORECLOSURE TRUSTEES; SUCCESSOR FORECLOSURE TRUSTEES.—An agency head may, with or without cause or notice, remove a foreclosure trustee and designate a successor trustee as provided in this section. The foreclosure sale shall continue without prejudice notwithstanding the removal of the foreclosure trustee and designation of a successor foreclosure trustee. Nothing in this section shall be construed to prohibit a successor foreclosure trustee from postponing the foreclosure sale in accordance with this subchapter.

**§ 3405. Notice of foreclosure sale; statute of limitations**

“(a) IN GENERAL.—

“(1) Not earlier than 21 days nor later than ten years after acceleration of a debt instrument or demand on a guaranty, the foreclosure trustee shall serve a notice of foreclosure sale in accordance with this subchapter.

“(2) For purposes of computing the time period under paragraph (1), there shall be excluded all periods during which there is in effect—

“(A) a judicially imposed stay of foreclosure; or

“(B) a stay imposed by section 362 of title 11, United States Code.

“(3) In the event of partial payment or written acknowledgement of the debt after

acceleration of the debt instrument, the right to foreclosure shall be deemed to accrue again at the time of each such payment or acknowledgement.

“(b) NOTICE OF FORECLOSURE SALE.—The notice of foreclosure sale shall include—

“(1) the name, title, and business address of the foreclosure trustee as of the date of the notice;

“(2) the names of the original parties to the debt instrument and the mortgage, and any assignees of the mortgagor of record;

“(3) the street address or location of the security property, and a generally accepted designation used to describe the security property, or so much thereof as is to be offered for sale, sufficient to identify the property to be sold;

“(4) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;

“(5) the default or defaults upon which foreclosure is based, and the date of the acceleration of the debt instrument;

“(6) the date, time, and place of the foreclosure sale;

“(7) a statement that the foreclosure is being conducted in accordance with this subchapter;

“(8) the types of costs, if any, to be paid by the purchaser upon transfer of title; and

“(9) the terms and conditions of sale, including the method and time of payment of the foreclosure purchase price.

**§ 3406. Service of notice of foreclosure sale**

“(a) RECORD NOTICE.—At least 21 days prior to the date of the foreclosure sale, the notice of foreclosure sale required by section 3405 shall be filed in the manner authorized for filing a notice of an action concerning real property according to the law of the State where the security property is located or, if none, in the manner authorized by section 3201 of this chapter.

“(b) NOTICE BY MAIL.—

“(1) At least 21 days prior to the date of the foreclosure sale, the notice set forth in section 3405 shall be sent by registered or certified mail, return receipt requested—

“(A) to the current owner of record of the security property as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a);

“(B) to all debtors, including the mortgagor, assignees of the mortgagor and guarantors of the debt instrument;

“(C) to all persons having liens, interests or encumbrances of record upon the security property, as the record appears on the date that the notice of foreclosure sale is recorded pursuant to subsection (a); and

“(D) to any occupants of the security property. If the names of the occupants of the security property are not known to the agency, or the security property has more than one dwelling unit, the notice shall be posted at the security property.

“(2) The notice shall be sent to the debtor at the address, if any, set forth in the debt instrument or mortgage as the place to which notice is to be sent, and if different, to the debtor's last known address as shown in the mortgage record of the agency. The notice shall be sent to any person other than the debtor to that person's address of record or, if there is no address of record, to any address at which the agency in good faith believes the notice is likely to come to that person's attention.

“(3) Notice by mail pursuant to this subsection shall be effective upon mailing.

“(c) NOTICE BY PUBLICATION.—The notice of the foreclosure sale shall be published at least once a week for each of three successive weeks prior to the sale in at least one newspaper of general circulation in any county or counties in which the security

property is located. If there is no newspaper published at least weekly that has a general circulation in at least one county in which the security property is located, copies of the notice of foreclosure sale shall instead be posted at least 21 days prior to the sale at the courthouse of any county or counties in which the property is located and the place where the sale is to be held.

**§ 3407. Cancellation of foreclosure sale**

“(a) IN GENERAL.—At any time prior to the foreclosure sale, the foreclosure trustee shall cancel the sale—

“(1) if the debtor or the holder of any subordinate interest in the security property tenders the performance due under the debt instrument and mortgage, including any amounts due because of the exercise of the right to accelerate, and the expenses of proceeding to foreclosure incurred to the time of tender;

“(2) if the security property is a dwelling of four units or fewer, and the debtor—

“(A) pays or tenders all sums which would have been due at the time of tender in the absence of any acceleration;

“(B) performs any other obligation which would have been required in the absence of any acceleration; and

“(C) pays or tenders all costs of foreclosure incurred for which payment from the proceeds of the sale would be allowed; or

“(3) for any reason approved by the agency head.

“(b) LIMITATION.—The debtor may not, without the approval of the agency head, cure the default under subsection (a)(2) if, within the preceding 12 months, the debtor has cured a default after being served with a notice of foreclosure sale pursuant to this subchapter.

“(c) NOTICE OF CANCELLATION.—The foreclosure trustee shall file a notice of the cancellation in the same place and manner provided for the filing of the notice of foreclosure sale under section 3406(a).

**§ 3408. Stay**

“If, prior to the time of sale, foreclosure proceedings under this subchapter are stayed in any manner, including the filing of bankruptcy, no person may thereafter cure the default under the provisions of section 3407(a)(2). If the default is not cured at the time a stay is terminated, the foreclosure trustee shall proceed to sell the security property as provided in this subchapter.

**§ 3409. Conduct of sale; postponement**

“(a) SALE PROCEDURES.—Foreclosure sale pursuant to this subchapter shall be at public auction and shall be scheduled to begin at a time between the hours of 9:00 a.m. and 4:00 p.m. local time. The foreclosure sale shall be held at the location specified in the notice of foreclosure sale, which shall be a location where real estate foreclosure auctions are customarily held in the county or one of the counties in which the property to be sold is located or at a courthouse therein, or upon the property to be sold. Sale of security property situated in two or more counties may be held in any one of the counties in which any part of the security property is situated. The foreclosure trustee may designate the order in which multiple tracts of security property are sold.

“(b) BIDDING REQUIREMENTS.—Written one-price sealed bids shall be accepted by the foreclosure trustee, if submitted by the agency head or other persons for entry by announcement by the foreclosure trustee at the sale. The sealed bids shall be submitted in accordance with the terms set forth in the notice of foreclosure sale. The agency head or any other person may bid at the foreclosure sale, even if the agency head or other person previously submitted a written one-

price bid. The agency head may bid a credit against the debt due without the tender or payment of cash. The foreclosure trustee may serve as auctioneer, or may employ an auctioneer who may be paid from the sale proceeds. If an auctioneer is employed, the foreclosure trustee is not required to attend the sale. The foreclosure trustee or an auctioneer may bid as directed by the agency head.

“(c) **POSTPONEMENT OF SALE.**—The foreclosure trustee shall have discretion, prior to or at the time of sale, to postpone the foreclosure sale. The foreclosure trustee may postpone a sale to a later hour the same day by announcing or posting the new time and place of the foreclosure sale at the time and place originally scheduled for the foreclosure sale. The foreclosure trustee may instead postpone the foreclosure sale for not fewer than 9 nor more than 31 days, by serving notice that the foreclosure sale has been postponed to a specified date, and the notice may include any revisions the foreclosure trustee deems appropriate. The notice shall be served by publication, mailing, and posting in accordance with section 3406 (b) and (c), except that publication may be made on any of three separate days prior to the new date of the foreclosure sale, and mailing may be made at any time at least 7 days prior to the new date of the foreclosure sale.

“(d) **LIABILITY OF SUCCESSFUL BIDDER WHO FAILS TO COMPLY.**—The foreclosure trustee may require a bidder to make a cash deposit before the bid is accepted. The amount or percentage of the cash deposit shall be stated by the foreclosure trustee in the notice of foreclosure sale. A successful bidder at the foreclosure sale who fails to comply with the terms of the sale shall forfeit the cash deposit or, at the election of the foreclosure trustee, shall be liable to the agency on a subsequent sale of the property for all net losses incurred by the agency as a result of such failure.

“(e) **EFFECT OF SALE.**—Any foreclosure sale held in accordance with this subchapter shall be conclusively presumed to have been conducted in a legal, fair, and commercially reasonable manner. The sale price shall be conclusively presumed to constitute the reasonably equivalent value of the security property.

**“§ 3410. Transfer of title and possession**

“(a) **DEED.**—After receipt of the purchase price in accordance with the terms of the sale as provided in the notice of foreclosure sale, the foreclosure trustee shall execute and deliver to the purchaser a deed conveying the security property to the purchaser that grants and conveys title to the security property without warranty or covenants to the purchaser. The execution of the foreclosure trustee's deed shall have the effect of conveying all of the right, title, and interest in the security property covered by the mortgage. Notwithstanding any other law to the contrary, the foreclosure trustee's deed shall be a conveyance of the security property and not a quitclaim. No judicial proceeding shall be required ancillary or supplementary to the procedures provided in this subchapter to establish the validity of the conveyance.

“(b) **DEATH OF PURCHASER PRIOR TO CONSUMMATION OF SALE.**—If a purchaser dies before execution and delivery of the deed conveying the security property to the purchaser, the foreclosure trustee shall execute and deliver the deed to the representative of the purchaser's estate upon payment of the purchase price in accordance with the terms of sale. Such delivery to the representative of the purchaser's estate shall have the same effect as if accomplished during the lifetime of the purchaser.

“(c) **PURCHASER CONSIDERED BONA FIDE PURCHASER WITHOUT NOTICE.**—The purchaser of property under this subchapter shall be presumed to be a bona fide purchaser without notice of defects, if any, in the title conveyed to the purchaser.

“(d) **POSSESSION BY PURCHASER; CONTINUING INTERESTS.**—A purchaser at a foreclosure sale conducted pursuant to this subchapter shall be entitled to possession upon passage of title to the security property, subject to any interest or interests senior to that of the mortgage. The right to possession of any person without an interest senior to the mortgage who is in possession of the property shall terminate immediately upon the passage of title to the security property, and the person shall vacate the security property immediately. The purchaser shall be entitled to take any steps available under Federal law or State law to obtain possession.

“(e) **RIGHT OF REDEMPTION; RIGHT OF POSSESSION.**—This subchapter shall preempt all Federal and State rights of redemption, statutory, or common law. Upon conclusion of the public auction of the security property, no person shall have a right of redemption.

“(f) **PROHIBITION OF IMPOSITION OF TAX ON CONVEYANCE BY THE UNITED STATES OR AGENCY THEREOF.**—No tax, or fee in the nature of a tax, for the transfer of title to the security property by the foreclosure trustee's deed shall be imposed upon or collected from the foreclosure trustee or the purchaser by any State or political subdivision thereof.

**“§ 3411. Record of foreclosure and sale**

“(a) **RECITAL REQUIREMENTS.**—The foreclosure trustee shall recite in the deed to the purchaser, or in an addendum to the foreclosure trustee's deed, or shall prepare an affidavit stating—

- “(1) the date, time, and place of sale;
- “(2) the date of the mortgage, the office in which the mortgage is filed, and the location of the filing of the mortgage;
- “(3) the persons served with the notice of foreclosure sale;
- “(4) the date and place of filing of the notice of foreclosure sale under section 3406(a);
- “(5) that the foreclosure was conducted in accordance with the provisions of this subchapter; and
- “(6) the sale amount.

“(b) **EFFECT OF RECITALS.**—The recitals set forth in subsection (a) shall be prima facie evidence of the truth of such recitals. Compliance with the requirements of subsection (a) shall create a conclusive presumption of the validity of the sale in favor of bona fide purchasers and encumbrancers for value without notice.

“(c) **DEED TO BE ACCEPTED FOR FILING.**—The register of deeds or other appropriate official of the county or counties where real estate deeds are regularly filed shall accept for filing and shall file the foreclosure trustee's deed and affidavit, if any, and any other instruments submitted for filing in relation to the foreclosure of the security property under this subchapter.

**“§ 3412. Effect of sale**

“A sale conducted under this subchapter to a bona fide purchaser shall bar all claims upon the security property by—

“(1) any person to whom the notice of foreclosure sale was mailed as provided in this subchapter who claims an interest in the property subordinate to that of the mortgage, and the heir, devisee, executor, administrator, successor, or assignee claiming under any such person;

“(2) any person claiming any interest in the property subordinate to that of the mortgage, if such person had actual knowledge of the sale;

“(3) any person so claiming, whose assignment, mortgage, or other conveyance was

not filed in the proper place for filing, or whose judgment or decree was not filed in the proper place for filing, prior to the date of filing of the notice of foreclosure sale as required by section 3406(a), and the heir, devisee, executor, administrator, successor, or assignee of such a person; or

“(4) any other person claiming under a statutory lien or encumbrance not required to be filed and attaching to the title or interest of any person designated in any of the foregoing subsections of this section.

**“§ 3413. Disposition of sale proceeds**

“(a) **DISTRIBUTION OF SALE PROCEEDS.**—The foreclosure trustee shall distribute the proceeds of the foreclosure sale in the following order—

“(1)(A) to pay the commission of the foreclosure trustee, other than an agency employee, the greater of—

“(i) the sum of—

“(I) 3 percent of the first \$1,000 collected, plus

“(II) 1.5 percent on the excess of any sum collected over \$1,000; or

“(ii) \$250; and

“(B) the amounts described in subparagraph (A)(i) shall be computed on the gross proceeds of all security property sold at a single sale;

“(2) to pay the expense of any auctioneer employed by the foreclosure trustee, if any, except that the commission payable to the foreclosure trustee pursuant to paragraph (1) shall be reduced by the amount paid to an auctioneer, unless the agency head determines that such reduction would adversely affect the ability of the agency head to retain qualified foreclosure trustees or auctioneers;

“(3) to pay for the costs of foreclosure, including—

“(A) reasonable and necessary advertising costs and postage incurred in giving notice pursuant to section 3406;

“(B) mileage for posting notices and for the foreclosure trustee's or auctioneer's attendance at the sale at the rate provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance;

“(C) reasonable and necessary costs actually incurred in connection with any search of title and lien records; and

“(D) necessary costs incurred by the foreclosure trustee to file documents;

“(4) to pay valid real property tax liens or assessments, if required by the notice of foreclosure sale;

“(5) to pay any liens senior to the mortgage, if required by the notice of foreclosure sale;

“(6) to pay service charges and advancements for taxes, assessments, and property insurance premiums; and

“(7) to pay late charges and other administrative costs and the principal and interest balances secured by the mortgage, including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the debt instrument or mortgage and interest thereon if provided for in the debt instrument or mortgage, pursuant to the agency's procedure.

“(b) **INSUFFICIENT PROCEEDS.**—In the event there are no proceeds of sale or the proceeds are insufficient to pay the costs and expenses set forth in subsection (a), the agency head shall pay such costs and expenses as authorized by applicable law.

“(c) **SURPLUS MONIES.**—

“(1) After making the payments required by subsection (a), the foreclosure trustee shall—

“(A) distribute any surplus to pay liens in the order of priority under Federal law or the law of the State where the security property is located; and

“(B) pay to the person who was the owner of record on the date the notice of foreclosure sale was filed the balance, if any, after any payments made pursuant to paragraph (1).

“(2) If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the distribution of the surplus, that portion of the sale proceeds may be deposited by the foreclosure trustee with an appropriate official authorized under law to receive funds under such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure trustee files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure trustee's necessary costs in taking or defending such action shall be deducted first from the disputed funds.

#### “§ 3414. Deficiency judgment

“(a) IN GENERAL.—If after deducting the disbursements described in section 3413, the price at which the security property is sold at a foreclosure sale is insufficient to pay the unpaid balance of the debt secured by the security property, counsel for the United States may commence an action or actions against any or all debtors to recover the deficiency, unless specifically prohibited by the mortgage. The United States is also entitled to recover any amount authorized by section 3011 and costs of the action.

“(b) LIMITATION.—Any action commenced to recover the deficiency shall be brought within 6 years of the last sale of security property.

“(c) CREDITS.—The amount payable by a private mortgage guaranty insurer shall be credited to the account of the debtor prior to the commencement of an action for any deficiency owed by the debtor. Nothing in this subsection shall curtail or limit the subrogation rights of a private mortgage guaranty insurer.”.

#### SUBCHAPTER B—FAA GRANTS-IN-AID FOR AIRPORTS

##### FEDERAL AVIATION ADMINISTRATION GRANTS-IN-AID FOR AIRPORTS

###### (*Airport and Airway Trust Fund*)

###### (Rescission of Contract Authority)

Of the available contract authority balances under this account, \$48,000,000 are hereby rescinded, in addition to any such sums otherwise rescinded by this Act.

On page 637, line 20 of the Committee substitute, following new proviso is deemed to be in inserted before the period:

“: *Provided further*, That an additional \$30,000,000, to be derived by transfer from unobligated balances from the Homeownership and Opportunity for People Everywhere Grants (HOPE Grants) account, shall be available for use for grants for federally-assisted low-income housing, in addition to any other amount made available for this purpose under this heading, without regard to any percentage limitation otherwise applicable”.

“SEC. 223B. Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100-202; 101 Stat. 1329-213) is repealed effective the date of enactment of Public Law 104-19. The Secretary is authorized to demolish the structures identified in such section. The Secretary is also authorized to compensate those local governments which, due to this provision, expended local revenues demolishing the developments identified in such provision.”.

On page 779, line 10, of the Committee substitute, the following deemed to be inserted:

##### MANAGEMENT AND ADMINISTRATION DEPARTMENTAL RESTRUCTURING FUND

In addition to funds provided elsewhere in this Act, \$20,000,000, to remain available

until September 30, 1997, to facilitate the down-sizing, streamlining, and restructuring of the Department of Housing and Urban Development, and to reduce overall departmental staffing to 7,500 full-time equivalents in fiscal year 2000: *Provided*, That such sum shall be available only for personnel training (including travel associated with such training), costs associated with the transfer of personnel from headquarters and regional offices to the field, and for necessary costs to acquire and upgrade information system infrastructure in support of Departmental field staff: *Provided further*, That not less than 60 days following enactment of this Act, the Secretary shall transmit to the Appropriations Committees of the Congress a report which specifies a plan and schedule for the utilization of these funds for personnel reductions and transfers in order to reduce headquarters on-board staffing levels to 3,100 by December 31, 1996, and 2,900 by October 1, 1997: *Provided further*, That by February 1, 1997 the Secretary shall certify to the Congress that headquarters on-board staffing levels did not exceed 3,100 on December 31, 1996 and submit a report which details obligations and expenditures of funds made available hereunder: *Provided further*, That if the certification of headquarters personnel reductions required by this Act is not made by February 1, 1997, all remaining unobligated funds available under this paragraph shall be rescinded.

#### CLARIFICATION OF BLOCK GRANTS IN NEW YORK

(a) All funds allocated for the State of New York for fiscal years 1995, 1996, and all subsequent fiscal years, under the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625) shall be made available to the Chief Executive Officer of the State, or an entity designated by the Chief Executive Officer, to be used for activities in accordance with the requirements of the HOME investment partnerships program, notwithstanding the Memorandum from the General Counsel of the Department of Housing and Urban Development dated March 5, 1996.

(b) The Secretary of Housing and Urban Development shall award funds made available for fiscal year 1996 for grants allocated for the State of New York for a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301), in accordance with the requirements established under the Notice of Funding Availability for fiscal year 1995 for the New York State Small Cities Community Development Block grant program.

On page 771 line 17 the following new section is deemed to be inserted:

SEC. . Within its Mission to Planet Earth program, NASA is urged to fund Phase A studies for a radar satellite initiative.

On page 689, after line 26 of the Committee substitute, the following new section is deemed to be inserted:

SEC. . (a) The second sentence of section 236(f)(1) of the National Housing Act, as amended by section 405(d)(1) of The Balanced Budget Downpayment Act, I, is amended—

(1) by striking “or (ii)” and inserting “(i)”; and

(2) by striking “located,” and inserting: “located, or (ii) the actual rent (as determined by the Secretary) paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located.”.

(b) The first sentence of section 236(g) of the National Housing Act is amended by inserting the phrase “on a unit-by-unit basis” after “collected”.

On page 631, after the colon on line 24 of the Committee substitute, insert the following:

“*Provided further*, That rents and rent increases for tenants of projects for which plans of action are funded under section 220(d)(3)(B) of LIHPRHA shall be governed in accordance with the requirements of the program under which the first mortgage is insured or made (sections 236 or 221(d)(3) BMIR, as appropriate): *Provided further*, That the immediately foregoing proviso shall apply hereinafter to projects for which plans of action are to be funded under section 220(d)(3)(B), and shall apply to any project that has been funded under such section starting one year after the date that such project was funded.”.

## NOTICES OF HEARINGS

### COMMITTEE ON SMALL BUSINESS

Mr. BOND. Mr. President, I wish to announce that the Committee on Small Business will hold a hearing on “HUB Zones: Revitalizing Inner Cities and Rural America” on Thursday, March 21, 1996, at 10:30 a.m., in room 428A of the Russell Senate Office Building.

For further information, please contact Paul Cooksey at 224-5175.

### SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. MCCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will hold an oversight hearing on Thursday, March 28, 1996, on the recent settlement and accommodation agreements concerning the Navajo and Hopi land dispute. The hearing will be held at 9 a.m. in room 485 of the Russell Senate Office Building.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON ARMED SERVICES

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 10 a.m. on Thursday, March 14, 1996, to receive testimony on the Defense authorization request for fiscal year 1997 and the Future Years Defense Program.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Thursday, March 14, 1996, session of the Senate for the purpose of conducting a hearing on international aviation.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. LOTT. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be granted permission to conduct an oversight hearing Thursday, March 14, at 2 p.m., hearing room (SD-406), on wetland mitigation banking under section 404 of the Clean Water Act.

The PRESIDING OFFICER. Without objection, it is so ordered.