

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1329

To amend title 38, United States Code, to provide for educational assistance to veterans, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 17 (legislative day, OCTOBER 10), 1995

Mr. DOLE introduced the following bill; which was read twice and referred to the Committee on Armed Services

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## A BILL

To amend title 38, United States Code, to provide for educational assistance to veterans, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

3        **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Servicepersons Read-  
5        justment Act of 1995”.

1           **TITLE I—READJUSTMENT**  
 2                           **ASSISTANCE**

3 **SEC. 101. EDUCATIONAL ASSISTANCE.**

4           (a) IN GENERAL.—Title 38, United States Code, is  
 5 amended by inserting after chapter 32 the following new  
 6 chapter:

7                   **“CHAPTER 33—SERVICEPERSONS**  
 8                   **EDUCATIONAL ASSISTANCE PROGRAM**

                  “SUBCHAPTER I—PURPOSES

“Sec.

“3301. Purposes.

                  “SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

“3311. Basic educational assistance entitlement: service on active duty.

“3312. Basic educational assistance entitlement: service as a Reserve.

“3313. Duration of basic educational assistance.

“3314. Payment of basic educational assistance.

“3315. Amount of basic educational assistance.

“SUBCHAPTER III—TIME LIMITATION FOR USE OF ELIGIBILITY  
 AND ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVI-  
 SIONS

“3321. Time limitation for use of eligibility and entitlement.

“3322. Bar to duplication of educational assistance benefits.

“3323. Program administration.

9                   “SUBCHAPTER I—PURPOSES

10 **“§ 3301. Purposes**

11           “The purposes of this chapter are—

12                   “(1) to provide a new educational assistance  
 13 program to assist in the readjustment of members of  
 14 the Armed Forces to civilian life after their separa-  
 15 tion from military service; and



1 did interfere with the individual's perform-  
2 ance of duty (as determined by the Sec-  
3 retary of the military department con-  
4 cerned in accordance with regulations pre-  
5 scribed under section 3011(a)(1)(A)(ii)(I)  
6 of this title);

7 “(ii) for the convenience of the Gov-  
8 ernment in the case of an individual who  
9 completed not less than 20 months of con-  
10 tinuous active duty, if the initial obligated  
11 period of active duty of the individual was  
12 less than 2 years, or in the case of an indi-  
13 vidual who completed not less than 30  
14 months of continuous active duty if the ini-  
15 tial obligated period of active duty of the  
16 individual was at least 2 years; or

17 “(iii) involuntarily for the convenience  
18 of the Government as a result of a reduc-  
19 tion in force (as determined by the Sec-  
20 retary of the military department con-  
21 cerned in accordance with regulations pre-  
22 scribed under section  
23 3011(a)(1)(A)(ii)(III) of this title);

24 “(2) who has completed the requirements of a  
25 secondary school diploma (or equivalency certificate)

1 not later than the original ending date of the indi-  
2 vidual's initial obligated period of active duty, re-  
3 gardless of whether the individual is discharged or  
4 released from active duty on such date;

5 “(3) who is not a graduate of a military acad-  
6 emy or the recipient of financial assistance from the  
7 Government for participation in a Reserve Officers’  
8 Training Corps program; and

9 “(4) who, after the completion of the service de-  
10 scribed in paragraph (1)—

11 “(A) continues on active duty;

12 “(B) is discharged from active duty with  
13 an honorable discharge;

14 “(C) is released from service on active duty  
15 characterized by the Secretary concerned as  
16 honorable service and is placed on the retired  
17 list, is transferred to the Fleet Reserve or Fleet  
18 Marine Corps Reserve, or is placed on the tem-  
19 porary disability retired list; or

20 “(D) is released from active duty for fur-  
21 ther service in a reserve component of the  
22 Armed Forces after service on active duty char-  
23 acterized by the Secretary concerned as honor-  
24 able service;

1 is entitled to basic educational assistance under this chap-  
2 ter.

3 “(b)(1) The basic pay of any individual described in  
4 subsection (a) who does not make an election under sub-  
5 section (c) shall be reduced by \$100 for each month of  
6 a period (as designated by the individual) of months in  
7 which the individual is entitled to such pay. The period  
8 shall begin upon the commencement of the person’s initial  
9 period of obligated active duty as described in subsection  
10 (a)(1). The period shall be a multiple of 12 months and  
11 shall be not less than 12 months or more than 48 months.

12 “(2) Any amount by which the basic pay of an indi-  
13 vidual is reduced under this section shall revert to the  
14 Treasury and shall not, for purposes of any Federal law,  
15 be considered to have been received by or to be within the  
16 control of the individual.

17 “(c) An individual described in subsection (a) may  
18 make an election not to receive educational assistance  
19 under this chapter. Any such election shall be made at  
20 the time the individual initially enters on active duty as  
21 a member of the Armed Forces. Any individual who makes  
22 such an election is not entitled to educational assistance  
23 and supplemental assistance under this chapter.

1 **“§ 3312. Basic educational assistance entitlement:**  
2 **service as a Reserve**

3 “(a) Except as provided in subsection (b), each indi-  
4 vidual—

5 “(1)(A) who—

6 “(i) first becomes a member of a reserve  
7 component after April 1, 1996; or

8 “(ii) first enters on active duty as a mem-  
9 ber of the Armed Forces after that date;

10 “(B) beginning within 1 year after first becom-  
11 ing such a member or first entering on such duty,  
12 enters into an agreement to serve at least 6 years  
13 of continuous duty in a reserve component; and

14 “(C) serves at least 6 years of such duty during  
15 which the individual participates satisfactorily in  
16 training as determined by the Secretary concerned;

17 “(2) who, before completion of the duty de-  
18 scribed in paragraph (1) pursuant to the agreement  
19 in that paragraph, has completed the requirements  
20 of a secondary school diploma (or an equivalency  
21 certificate);

22 “(3) who is not a graduate of a military acad-  
23 emy or the recipient of financial assistance from the  
24 Government for participation in a Reserve Officers’  
25 Training Corps program; and

1           “(4) who, after completion of the duty in a re-  
2           serve component described in paragraph (1) pursu-  
3           ant to the agreement in that paragraph is dis-  
4           charged from service with an honorable discharge, is  
5           placed on the retired list, or continues on active duty  
6           or in a reserve component;

7           is entitled to basic educational assistance under this chap-  
8           ter.

9           “(b)(1) The requirement of 6 years of service under  
10          paragraph (1) of subsection (a) pursuant to an agreement  
11          referred to in such paragraph is not applicable to an indi-  
12          vidual—

13           “(A) who, during the active duty service de-  
14          scribed in such paragraph, was discharged or re-  
15          leased from active duty in the Armed Forces for a  
16          service-connected disability, for a medical condition  
17          which preexisted such service on active duty and  
18          which the Secretary determines is not service con-  
19          nected, or for a physical or mental condition not  
20          characterized as a disability, as described in section  
21          3011(a)(1)(A)(ii)(I) of this title, if the individual  
22          was obligated, at the beginning of such active duty  
23          service, to serve such 6 years of service;

24           “(B) who, during the 6 years of service, is dis-  
25          charged or released from service in a reserve compo-



1       nent (i) for a service-connected disability, (ii) for a  
2       medical condition which preexisted the individual's  
3       becoming a member of the reserve component and  
4       which the Secretary determines is not service con-  
5       nected, (iii) for hardship, (iv) in the case of an indi-  
6       vidual discharged or released after 30 months of  
7       such service for the convenience of the Government,  
8       (v) involuntarily for the convenience of the Govern-  
9       ment as a result of a reduction in force (as deter-  
10      mined by the Secretary of the military department  
11      concerned in accordance with regulations prescribed  
12      under section 3012(b)(1)(B)(ii)(V) of this title), or  
13      (VI) for a physical or mental condition not charac-  
14      terized as a disability, as described in section  
15      3011(a)(1)(A)(ii)(I) of this title; or

16           “(C) who, before completing the 6 years of  
17      service described in such paragraph, ceases to be a  
18      member of any reserve component during the period  
19      beginning on October 1, 1991, and ending on Sep-  
20      tember 30, 1999, by reason of the inactivation of the  
21      person's unit of assignment.

22           “(2) In the case of an individual described in para-  
23      graph (1) of subsection (a) who begins service in the Se-  
24      lected Reserve within one year after completion of the  
25      service described in such paragraph pursuant to an agree-

1 ment referred to in such paragraph, the continuity of serv-  
2 ice of such individual as a member of the Selected Reserve  
3 shall not be considered to be broken—

4 “(A) by any period of time (not to exceed a  
5 maximum period prescribed by the Secretary con-  
6 cerned by regulation) during which the member is  
7 not able to locate a unit of the Selected Reserve of  
8 the member’s Armed Force that the member is eligi-  
9 ble to join or that has a vacancy; or

10 “(B) by any other period of time (not to exceed  
11 a maximum period prescribed by the Secretary con-  
12 cerned by regulation) during which the member is  
13 not attached to a unit of the Selected Reserve that  
14 the Secretary concerned, pursuant to regulations,  
15 considers to be inappropriate to consider for such  
16 purpose.

17 “(c)(1) The basic pay of any individual described in  
18 subsection (a) who does not make an election under sub-  
19 section (d) shall be reduced by \$50 for each month of a  
20 period (as designated by the individual) of the months in  
21 which the individual is entitled to such pay. The period  
22 shall begin upon the commencement of the person’s initial  
23 period of obligated duty in a reserve component as de-  
24 scribed in subsection (a)(1). The period shall be a multiple

1 of 12 months and shall be not less than 12 months or  
2 more than 48 months.

3 “(2) Any amount by which the basic pay of an indi-  
4 vidual is reduced under this section shall revert to the  
5 Treasury and shall not, for purposes of any Federal law,  
6 be considered to have been received by or to be within the  
7 control of the individual.

8 “(d) An individual described in subsection (a) may  
9 make an election not to receive educational assistance  
10 under this chapter. Any such election shall be made at  
11 the time the individual initially enters on active duty as  
12 a member of the Armed Forces. Any individual who makes  
13 such an election is not entitled to educational assistance  
14 and supplemental assistance under this chapter.

15 **“§ 3313. Duration of basic educational assistance**

16 “(a) Subject to section 3695 of this title, each indi-  
17 vidual entitled to basic educational assistance under sec-  
18 tion 3311 of this title is entitled to 1 month of educational  
19 assistance benefits under this chapter for each month of  
20 continuous active duty served by the individual for which  
21 the basic pay of the individual is reduced by operation of  
22 subsection (b) of such section 3311.

23 “(b) Subject to section 3695 of this title, each indi-  
24 vidual entitled to basic educational assistance under sec-  
25 tion 3312 of this title is entitled to 1 month of educational

1 assistance benefits under this chapter for each month of  
2 duty in a reserve component served by the individual for  
3 which the basic pay of the individual is reduced by oper-  
4 ation of subsection (b) of such section 3312.

5 “(c) No individual may receive basic educational as-  
6 sistance benefits under this chapter for a period in excess  
7 of 48 months.

8 **“§ 3314. Payment of basic educational assistance**

9 “(a) The Secretary shall pay to each individual enti-  
10 tled to basic educational assistance under this chapter a  
11 basic educational assistance allowance to be used by the  
12 individual for the purposes described in subsection (b).

13 “(b) Subject to subsection (c), an individual shall use  
14 a basic educational assistance allowance under this chap-  
15 ter for the following purposes:

16 “(1) To pay the outstanding interest and prin-  
17 cipal on educational loans of the individual.

18 “(2) To meet the costs (including subsistence,  
19 tuition, fees, supplies, books, equipment, and other  
20 educational costs approved by the Secretary) of a  
21 program of institutional training, including a pro-  
22 gram of institutional training at an institution of  
23 higher learning and a program of institutional train-  
24 ing that does not lead to a standard college degree.

1           “(3) To meet the costs of an approved on-the-  
2           job training program or apprentice training pro-  
3           gram.

4           “(4) To meet the costs of a program of cor-  
5           respondence courses.

6           “(5) To meet the costs of a cooperative training  
7           program.

8           “(6) To meet the costs of tutorial assistance.

9           “(7) To meet the costs of other educational pro-  
10          grams, training programs, or other programs that  
11          the Secretary determines appropriate to achieve the  
12          purposes for which educational assistance is pro-  
13          vided under this chapter.

14          “(c) An individual may not use a basic educational  
15          assistance allowance under this section unless such use is  
16          approved by the Secretary in accordance with such regula-  
17          tions as the Secretary shall prescribe. To the maximum  
18          extent practicable, the regulations shall conform to the  
19          provisions on approval of courses and programs of edu-  
20          cation set forth in chapter 36 of this title, and the regula-  
21          tions prescribed thereunder.

22          **“§ 3315. Amount of basic educational assistance**

23          “(a)(1) Subject to subsection (b), a basic assistance  
24          allowance under this chapter shall be paid as follows:

1           “(A) In the case of an individual entitled to the  
2 allowance under section 3311 of this title—

3           “(i) at the monthly rate of \$800 for a pro-  
4 gram (including tutorial assistance) referred to  
5 in section 3315(b) of this title pursued on a  
6 full-time basis;

7           “(ii) at the monthly rate of \$600 for such  
8 a program pursued on a three-quarters time  
9 basis; or

10           “(iii) at the monthly rate of \$400 for such  
11 a program pursued on less than a three-quar-  
12 ters time basis.

13           “(B) In the case of an individual entitled to the  
14 allowance under section 3312 of this title—

15           “(i) at the monthly rate of \$400 for a pro-  
16 gram (including tutorial assistance) referred to  
17 in section 3315(b) of this title pursued on a  
18 full-time basis;

19           “(ii) at the monthly rate of \$300 for such  
20 a program pursued on a three-quarters time  
21 basis; or

22           “(iii) at the monthly rate of \$200 for such  
23 a program pursued on less than a three-quar-  
24 ters time basis.

1       “(2) An individual receiving educational assistance  
2 benefits under this chapter for purposes of paying out-  
3 standing interest and principal on educational loans shall  
4 be considered to be an individual pursuing a program on  
5 a full-time basis.

6       “(b) With respect to any fiscal year beginning after  
7 fiscal year 1997, the Secretary shall continue to pay, in  
8 lieu of the rates payable under paragraph (1) or (2) of  
9 subsection (a), the monthly rates payable under this sub-  
10 section for the previous fiscal year and shall provide, for  
11 any such fiscal year, a percentage increase in such rates  
12 equal to the percentage by which—

13               “(1) the Consumer Price Index (all items,  
14 United States city average) for the 12-month period  
15 ending on the June 30 preceding the beginning of  
16 the fiscal year for which the increase is made, ex-  
17 ceeds

18               “(2) such Consumer Price Index for the 12-  
19 month period preceding the 12-month period de-  
20 scribed in paragraph (1).

1 “SUBCHAPTER III—TIME LIMITATION FOR USE  
2 OF ELIGIBILITY AND ENTITLEMENT; GEN-  
3 ERAL AND ADMINISTRATIVE PROVISIONS

4 “§ 3321. **Time limitation for use of eligibility and enti-  
5 tlement**

6 “(a) The period during which an individual entitled  
7 to educational assistance under this chapter may use such  
8 individual’s entitlement expires at the end of the 10-year  
9 period beginning on the date of such individual’s initial  
10 discharge or release from active duty or service in a re-  
11 serve component, as the case may be.

12 “(b) In the case of an individual eligible for edu-  
13 cational assistance under this chapter—

14 “(1) who was prevented from pursuing the indi-  
15 vidual’s chosen program of education before the ex-  
16 piration of the 10-year period for use of entitlement  
17 under this chapter otherwise applicable under this  
18 section because of a physical or mental disability  
19 which was not the result of the individual’s own will-  
20 ful misconduct, and

21 “(2) who applies for an extension of such 10-  
22 year period within 1 year after (A) the last day of  
23 such period, or (B) the last day on which the indi-  
24 vidual was so prevented from pursuing the program,  
25 whichever is later,



1 the 10-year period shall not run with respect to the indi-  
2 vidual during the period of time that the individual was  
3 so prevented from pursuing the program and the 10-year  
4 period will again begin running on the first day following  
5 the individual's recovery from the disability on which it  
6 is reasonably feasible, as determined under regulations  
7 prescribed by the Secretary, for the individual to initiate  
8 or resume pursuit of a program of education or training  
9 with educational assistance under this chapter.

10       “(c)(1) If an individual eligible for educational assist-  
11 ance under this chapter is enrolled under this chapter in  
12 an educational institution regularly operated on the quar-  
13 ter or semester system and the period of such individual's  
14 entitlement under this chapter would, under section 3313,  
15 expire during a quarter or semester, such period shall be  
16 extended to the end of such quarter or semester.

17       “(2) If an individual eligible for educational assist-  
18 ance under this chapter is enrolled under this chapter in  
19 an educational institution not regularly operated on the  
20 quarter or semester system and the period of such individ-  
21 ual's entitlement under this chapter would, under section  
22 3313, expire after a major portion of the course is com-  
23 pleted, such period shall be extended to the end of the  
24 course or for 12 weeks, whichever is the lesser period of  
25 extension.

1 **“§ 3322. Bar to duplication of educational assistance**  
2 **benefits**

3 “An individual entitled to educational assistance  
4 under this chapter who is eligible for educational assist-  
5 ance under a program under chapter 31, 32, or 35 of this  
6 title, under chapter 106 or 107 of title 10, or under the  
7 Hostage Relief Act of 1980 (Public Law 96–449; 5 U.S.C.  
8 5561 note) may not receive assistance under two or more  
9 of such programs concurrently but shall elect (in such  
10 form and manner as the Secretary may prescribe) under  
11 which program to receive educational assistance.

12 **“§ 3323. Program administration**

13 “(a) The Secretary shall prescribe regulations gov-  
14 erning the provision of educational assistance and supple-  
15 mental assistance under this chapter and otherwise gov-  
16 erning the administration of this chapter. To the maxi-  
17 mum extent practicable, and except as provided in sub-  
18 section (b), such regulations shall be consistent with rel-  
19 evant provisions on the administration of educational as-  
20 sistance benefits under chapters 30, 34, and 36 of this  
21 title.

22 “(b) Notwithstanding any limitation on the period of  
23 operation of an educational institution under section 3689  
24 of this title, or under regulations prescribed thereunder,  
25 the Secretary may approve the enrollment of an eligible  
26 individual under this chapter in a course offered by a pro-

1 prietary profit educational institution at a subsidiary  
 2 branch or extension of such institution in operation for  
 3 less than two years if—

4 “(1) the main branch of such institution has  
 5 been in operation for more than two years at the  
 6 time the course is offered; and

7 “(2) another subsidiary branch or extension of  
 8 such institution has been in operation for more than  
 9 two years at such time”.

10 (b) CLERICAL AMENDMENTS.—The table of chapters  
 11 at the beginning of title 38, United States Code, and at  
 12 the beginning of part III of such title, are each amended  
 13 by inserting after the item relating to chapter 31 the fol-  
 14 lowing new item:

**“33. SERVICEPERSONS EDUCATIONAL ASSISTANCE  
 PROGRAM ..... 3301”.**

15 (c) CONFORMING AMENDMENT.—Paragraph (4) of  
 16 section 3695(a) of such title is amended to read as follows:

17 “(4) Chapters 30, 32, 33, 34, 35, and 36 of  
 18 this title, and the former chapter 33 of this title that  
 19 was repealed before the date of the enactment of the  
 20 Servicepersons Readjustment Act of 1995.”.

21 **SEC. 102. TAX TREATMENT OF EDUCATIONAL ASSISTANCE.**

22 (a) TAX CREDIT FOR UNUSED EDUCATIONAL AS-  
 23 SISTANCE.—

1           (1) IN GENERAL.—Subpart C of part IV of sub-  
2           chapter A of chapter 1 of the Internal Revenue Code  
3           of 1986 (relating to refundable credits) is amended  
4           by redesignating section 35 as section 36 and by in-  
5           serting after section 34 the following new section:

6   **“SEC. 35. UNUSED PORTION OF VETERANS EDUCATIONAL**  
7                                   **ASSISTANCE.**

8           “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
9           dividual—

10           “(1) who is entitled to educational assistance  
11           under chapter 33 of title 38, United States Code,  
12           and

13           “(2) whose eligibility for such assistance expires  
14           under section 3331 of such title during the taxable  
15           year,

16           there shall be allowed as a credit against the tax imposed  
17           by this subtitle for the taxable year an amount equal to  
18           the unused portion of such educational assistance.

19           “(b) UNUSED PORTION.—For purposes of subsection  
20           (a), the term ‘unused portion’ means, with respect to any  
21           individual, an amount equal to the lesser of—

22           “(1) the total amount of reductions in the indi-  
23           vidual’s basic pay under chapter 33 of title 38,  
24           United States Code, by reason of the individual hav-

1 ing elected to receive educational assistance under  
2 such chapter, or

3 “(2) the excess (if any) of—

4 “(A) the total amount of basic educational  
5 assistance which the individual is entitled to  
6 under subchapter II of chapter 33 of title 38,  
7 United States Code, over

8 “(B) the sum of—

9 “(i) the total amounts received by  
10 such individual under subchapter II of  
11 chapter 33 of title 38, United States Code,  
12 and

13 “(ii) the total amounts received by  
14 such individual under any program de-  
15 scribed in section 3332 of such title which  
16 the individual elects to receive in lieu of  
17 amounts described in clause (i).”

18 (2) CONFORMING AMENDMENT.—The table of  
19 sections for subpart C of part IV of subchapter A  
20 of chapter 1 of such Code is amended by striking  
21 the item relating to section 35 and inserting the fol-  
22 lowing new items:

“Sec. 35. Unused portion of veterans educational assistance.

“Sec. 36. Overpayments of tax.”

23 (b) EXCLUSION OF CERTAIN AMOUNTS.—Section  
24 134 of the Internal Revenue Code of 1986 (relating to

1 certain military benefits) is amended by adding at the end  
2 the following new subsection:

3 “(c) CERTAIN EDUCATIONAL BENEFITS.—

4 “(1) IN GENERAL.—For purposes of this sec-  
5 tion, any educational assistance provided under  
6 chapter 33 of title 38, United States Code, shall be  
7 treated as a qualified military benefit.

8 “(2) NO CONSTRUCTIVE RECEIPT.—No amount  
9 shall be included in the gross income of any individ-  
10 ual solely because the individual’s basic pay is re-  
11 duced under chapter 33 of title 38, United States  
12 Code, by reason of the individual having elected to  
13 receive educational assistance under such chapter.”

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years ending after the  
16 date of enactment of this Act.

## 17 **TITLE II—FUNDING**

### 18 **SEC. 201. VETERANS PROGRAMS.**

19 (a) EXTENSION OF AUTHORITY TO REQUIRE  
20 COPAYMENTS IN EXCHANGE FOR RECEIVING HEALTH-  
21 CARE BENEFITS.—

22 (1) HOSPITAL AND MEDICAL CARE.—Section  
23 8013(e) of the Omnibus Budget Reconciliation Act  
24 of 1990 (38 U.S.C. 1710 note) is amended by strik-

1       ing out “September 30, 1998” and inserting in lieu  
2       thereof “September 30, 2000”.

3           (2)    OUTPATIENT    MEDICATIONS.—Section  
4       1722A(c) of title 38, United States Code, is amend-  
5       ed by striking out “September 30, 1998” and insert-  
6       ing in lieu thereof “September 30, 2000”.

7           (b)   EXTENSION OF AUTHORITY FOR MEDICAL CARE  
8       COST RECOVERY.—Section 1729(a)(2)(E) of such title is  
9       amended in the matter preceding clause (i) by striking out  
10      “October 1, 1998,” and inserting in lieu thereof “October  
11      1, 2000,”.

12          (c)   REPEAL OF PROHIBITION ON OFFSETS FOR LI-  
13      ABILITIES ON LOAN GUARANTEES.—(1) Section 3726 of  
14      such title is repealed.

15          (2)   The table of sections at the beginning of chapter  
16      37 of such title is amended by striking out the item relat-  
17      ing to section 3726.

18          (d)   EXTENSION OF AUTHORITY TO COLLECT IN-  
19      CREASED LOAN FEES.—

20           (1)   HOME LOAN FEES.—Section 3729(a)(4) of  
21      such title is amended by striking out “October 1,  
22      1998,” and inserting in lieu thereof “October 1,  
23      2000,”.

24           (2)   FEE FOR MULTIPLE USE OF HOUSING AS-  
25      SISTANCE.—Section 3729(a)(5)(C) of such title is

1 amended by striking out “October 1, 1998” and in-  
2 sserting in lieu thereof “October 1, 2000”.

3 (e) AUTHORITY TO COLLECT INCREASED LOAN  
4 FEES FOR MANUFACTURED HOUSING.—

5 (1) AUTHORITY.—Section 3729(a)(4) of such  
6 title, as amended by subsection (c)(1), is further  
7 amended by striking out “, (D)(ii),”.

8 (2) EXPIRATION.—The amendment made by  
9 paragraph (1) expires on September 30, 2000.

10 (f) EXTENSION OF PROCEDURES APPLICABLE TO  
11 LIQUIDATION SALES ON DEFAULTED HOME LOANS.—  
12 Section 3732(c)(11) of such title is amended by striking  
13 out “October 1, 1998” and inserting in lieu thereof “Octo-  
14 ber 1, 2000”.

15 (g) EXTENSION OF INCOME VERIFICATION AUTHOR-  
16 ITY.—Section 5317(g) of such title is amended by striking  
17 out “September 30, 1998” and inserting in lieu thereof  
18 “September 30, 2000”.

19 (h) EXTENSION OF LIMITATION ON PENSION FOR  
20 CERTAIN RECIPIENTS OF MEDICAID-COVERED NURSING  
21 HOME CARE.—Section 5503(f)(7) of such title is amended  
22 by striking out “September 30, 1998” and inserting in  
23 lieu thereof “September 30, 2000”.

24 (i) CLOSURE OF VA SUPPLY DEPOTS.—Notwith-  
25 standing the provisions of sections 510(b) and 8121 of



1 title 38, United States Code, the Secretary of Veterans  
2 Affairs shall phase out and close the Department of Veter-  
3 ans Affairs Supply Depots located at Somerville, New Jer-  
4 sey, Hines, Illinois, and Bell, California, over 2 fiscal  
5 years, beginning in fiscal year 1995 and ending in fiscal  
6 year 1996, and shall transfer from the Department of Vet-  
7 erans Affairs Revolving Supply Fund to the General Fund  
8 of the Treasury, \$45,000,000 by September 30, 1995, and  
9 \$44,000,000 by September 30, 1996.

10 (j) PROVISION OF DATA BANK INFORMATION TO DE-  
11 PARTMENT OF VETERANS AFFAIRS.—

12 (1) ADDITIONAL PURPOSE OF DATA BANK.—

13 (A) The heading to section 1144 of the So-  
14 cial Security Act (42 U.S.C. 1320b-14) is  
15 amended by striking “**MEDICARE AND MED-**  
16 **ICAID**” and inserting “**HEALTH CARE**”.

17 (B) Subsection (a) of that section is  
18 amended—

19 (i) in the matter preceding paragraph  
20 (1), by striking “Medicare and Medicaid”  
21 and inserting “Health Care”;

22 (ii) by striking “and” at the end of  
23 paragraph (1);

24 (iii) by substituting “, and” for the  
25 period at the end of paragraph (2); and

1 (iv) by adding at the end the follow-  
2 ing:

3 “(3) assist in the identification of, and the col-  
4 lection from, third parties responsible for payment  
5 for health care items and services furnished to veter-  
6 ans under chapter 17 of title 38, United States  
7 Code.”.

8 (2) DISCLOSURE OF DATA BANK INFORMATION  
9 TO SECRETARY OF VETERANS AFFAIRS.—Subsection  
10 (b)(2)(B) of that section is amended by inserting “to  
11 the Secretary of Veterans Affairs and” after “Data  
12 Bank”.

13 **SEC. 202. ANNUAL PAY ADJUSTMENTS FOR MEMBERS OF**  
14 **CONGRESS.**

15 Effective as of December 31, 1995, paragraph (2) of  
16 section 601(a) of the Legislative Reorganization Act of  
17 1946 is amended—

18 (1) by striking “(2) Effective” and inserting  
19 “(2)(A) Subject to subparagraph (B), effective”; and  
20 (2) by adding at the end the following:

21 “(B) In no event shall the percentage adjustment tak-  
22 ing effect under subparagraph (A) in any calendar year  
23 exceed the percentage adjustment taking effect in such  
24 calendar year under section 5303 of title 5, United States  
25 Code, in the rates of pay under the General Schedule.”.

1 **SEC. 203. DETERRENCE OF FRAUD AND ABUSE IN FECA**  
2 **PROGRAM.**

3 (a) Section 8102 of title 5, United States Code, is  
4 amended to redesignate subsection (b) as subsection (c),  
5 and to add the following new subsection (b):

6 “(b) An individual convicted of a violation of 18  
7 U.S.C. 1920, as amended, or of any other fraud related  
8 to the application for or receipt of benefits under sub-  
9 chapter I or III of chapter 81 of title 5, shall forfeit, as  
10 of the date of the conviction, all entitlement to any pro-  
11 spective benefits provided by subchapter I or III for any  
12 injury occurring on or before the date of the conviction.  
13 Such a forfeiture of benefits shall be in addition to any  
14 action the Secretary may take under section 8106 or 8129  
15 of title 5, United States Code.”.

16 (b) Section 8116 of title 5, United States Code, is  
17 amended by adding the following new subsection (e):

18 “(e) Notwithstanding any other provision of this title,  
19 no benefits under section 8105 or 8106 of this subchapter  
20 shall be paid or provided to any individual during any pe-  
21 riod during which such individual is confined in a jail,  
22 prison, or other penal institution or correctional facility,  
23 pursuant to that individual’s conviction of an offense that  
24 constituted a felony under applicable law, except where  
25 such individual has one or more dependents within the  
26 meaning of section 8110 of this subchapter, in which case

1 the Secretary may, during the period of incarceration, pay  
2 to such dependents a percentage of the benefits that would  
3 have been payable to such individual computed according  
4 to the percentages set forth in section 8133(a)(1)–(5) of  
5 this subchapter.”.

6 (c) Section 8116 of title 5, United States Code, is  
7 further amended by adding the following new subsection  
8 (f):

9 “(f) Notwithstanding the provisions of section 552a  
10 of this title, or any other provision of Federal or State  
11 law, any agency of the United States Government or of  
12 any State (or political subdivision thereof) shall make  
13 available to the Secretary, upon written request, the  
14 names and Social Security account numbers of individuals  
15 who are confined in a jail, prison or other penal institution  
16 or correctional facility under the jurisdiction of such agen-  
17 cy, pursuant to such individuals’ conviction of an offense  
18 that constituted a felony under applicable law, which the  
19 Secretary may require to carry out the provisions of this  
20 subsection.”.

21 (d) Section 1920 of title 18, United States Code, is  
22 amended to read as follows: “Whoever knowingly and will-  
23 fully falsifies, conceals, or covers up a material fact, or  
24 makes a false, fictitious, or fraudulent statement or rep-  
25 resentation, or makes or uses a false statement or report

1 knowing the same to contain any false, fictitious or fraud-  
2 ulent statement or entry in connection with the application  
3 for or receipt of compensation or other benefit or payment  
4 under subchapter I or III of chapter 81 of title 5, United  
5 States Code, shall be punished by a fine of not more than  
6 \$250,000, or by imprisonment for not more than five  
7 years, or both.”.

8 (e) Except as otherwise provided in this section, the  
9 amendments made by this section shall be effective on the  
10 date of enactment and shall apply to actions taken on or  
11 after the date of enactment both with respect to claims  
12 filed before the day of enactment and with respect to  
13 claims filed after such date.

14 (f) The amendments made by subsections (a), (b),  
15 and (c) of this section shall be effective on the date of  
16 enactment and shall apply to any person convicted or im-  
17 prisoned on or after the date of enactment.

18 (g) The amendment made by subsection (d) of this  
19 section shall be effective on the date of enactment and  
20 shall apply to any claim, statement, representation, report,  
21 or other written document made or submitted in connec-  
22 tion with a claim filed under subchapter I or III of chapter  
23 81 of title 5, United States Code.

1 **SEC. 204. ENHANCEMENT OF REEMPLOYMENT PROGRAMS**  
2 **FOR FEDERAL EMPLOYEES DISABLED IN THE**  
3 **PERFORMANCE OF DUTY.**

4 (a) IN GENERAL.—Section 8104 of title 5, United  
5 States Code, is amended—

6 (1) by striking the comma after “employment”  
7 and by striking “other than employment undertaken  
8 pursuant to such rehabilitation” from subsection (b);  
9 and

10 (2) by adding the following new subsection (c):

11 “(c) The Secretary of Labor, as part of the vocational  
12 rehabilitation effort, may assist permanently disabled indi-  
13 viduals in seeking and/or obtaining employment. The Sec-  
14 retary may reimburse an employer (including a Federal  
15 employer), who was not the employer at the time of injury  
16 and who agrees to employ a disabled beneficiary, for por-  
17 tions of the salary paid by such employer to the reem-  
18 ployed, disabled beneficiary. Any such sums shall be paid  
19 from the Employees’ Compensation Fund.”.

20 (b) EXPANSION OF FEDERAL EMPLOYEES’ COM-  
21 PENSATION ACT PERIODIC ROLL MANAGEMENT  
22 PROJECT.—The Secretary of Labor may expand the Fed-  
23 eral Employees’ Compensation Act Periodic Roll Manage-  
24 ment Project to all offices of the Office of Workers’ Com-  
25 pensation Program of the Department of Labor.

1 **SEC. 205. SALE OF ALASKA POWER ADMINISTRATION.**

2 (a) SNETTISHAM.—

3 (1) AUTHORITY TO SELL.—The Secretary of  
4 Energy may sell the Snettisham Hydroelectric  
5 Project (referred to in this section as “Snettisham”)  
6 to the State of Alaska (referred to in this section as  
7 the “Authority”), in accordance with the terms of  
8 this section and the February 10, 1989, Snettisham  
9 Purchase Agreement between the Alaska Power Ad-  
10 ministration of the United States Department of  
11 Energy and the Alaska Power Authority.

12 (2) AUTHORITY TO SELL TO MUNICIPALITY OF  
13 ANCHORAGE.—The Secretary of Energy may sell the  
14 Eklutna Hydroelectric Project (referred to in this  
15 section as “Eklutna”) to the municipality of Anchor-  
16 age doing business as Municipal Light and Power,  
17 the Chugach Electric Association, Inc., and the  
18 Matanuska Electric Association, Inc. (referred to in  
19 this section as “Eklutna Purchasers”) in accordance  
20 with the August 2, 1989, Eklutna Purchase Agree-  
21 ment between the United States Department of En-  
22 ergy and the Eklutna Purchasers.

23 (3) ASSISTANCE.—The heads of other affected  
24 Federal departments and agencies, including the  
25 Secretary of the Interior, shall assist the Secretary

1 of Energy in implementing the sales authorized by  
2 this subsection.

3 (4) DISPOSITION OF PROCEEDS.—The Sec-  
4 retary of Energy shall deposit sale proceeds in the  
5 Treasury of the United States to the credit of mis-  
6 cellaneous receipts.

7 (5) AUTHORITY TO MAKE EXPENDITURES.—  
8 There are authorized to be expended such sums as  
9 are necessary to prepare or acquire Eklutna and  
10 Snettisham assets for sale and conveyance, such  
11 preparations to provide sufficient section to ensure  
12 the beneficial use, enjoyment, and occupancy to the  
13 purchasers of the assets to be sold.

14 (b) EXEMPTION FROM FEDERAL POWER ACT RE-  
15 QUIREMENTS.—

16 (1) EXEMPTIONS.—After the sales authorized  
17 by this section take place, Eklutna and Snettisham,  
18 including future modifications, shall continue to be  
19 exempt from the requirements of the Federal Power  
20 Act (16 U.S.C. 791a), including its requirements  
21 with respect to applications, permits, licenses, and  
22 fees, unless a future modification of Eklutna or  
23 Snettisham affects Federal lands not used for the  
24 two projects when this section takes effect. The fore-  
25 going exemptions are subject to the Memorandum of



1 Agreement entered into between the State of Alaska,  
2 the Eklutna Purchasers, the Authority, and Federal  
3 fish and wildlife agencies regarding the protection,  
4 mitigation of, damages to, and enhancement of fish  
5 and wildlife, dated August 7, 1991, remaining in full  
6 force and effect. Nothing in this section or the Fed-  
7 eral Power Act preempts the State of Alaska from  
8 carrying out the responsibilities and authorities of  
9 the Memorandum of Agreement.

10 (2) JURISDICTION.—The District Court of the  
11 United States for the District of Alaska has jurisdic-  
12 tion to review decisions made under the Memoran-  
13 dum of Agreement and enforce the provisions of the  
14 Memorandum of Agreement, including the remedy of  
15 specific performance. An action seeking review of a  
16 fish and wildlife program of the Governor of Alaska  
17 under the Memorandum of Agreement or challenging  
18 actions of any of the parties to the Memorandum of  
19 Agreement prior to the adoption of the program  
20 shall be brought within 90 days of the time the pro-  
21 gram is adopted by the Governor of Alaska, or be  
22 barred. An action seeking review of implementation  
23 of the program shall be brought within 90 days of  
24 the challenged act implementing the program, or be  
25 barred.

1           (3) RIGHTS-OF-WAY.—With respect to Eklutna  
2 lands described in Exhibit A of the Eklutna Pur-  
3 chase Agreement:

4           (A) The Secretary of the Interior shall  
5 issue rights-of-way to the Alaska Power Admin-  
6 istration for subsequent reassignment to the  
7 Eklutna Purchasers—

8           (i) at no cost to the Eklutna Pur-  
9 chasers;

10           (ii) to remain effective for a period  
11 equal to the life of Eklutna as extended by  
12 improvements, repairs, renewals, or re-  
13 placements; and

14           (iii) sufficient for operation, mainte-  
15 nance, repair, and replacement of, and ac-  
16 cess to, Eklutna facilities located on mili-  
17 tary lands and lands managed by the Bu-  
18 reau of Land Management, including land  
19 selected by the State of Alaska.

20           (B) If the Eklutna Purchasers subse-  
21 quently sell or transfer Eklutna to private own-  
22 ership, the Bureau of Land Management may  
23 assess reasonable and customary fees for con-  
24 tinued use of the rights-of-way on lands man-

1           aged by the Bureau of Land Management and  
2           military lands in accordance with current law.

3           (C) Fee section to lands at Anchorage  
4           Substation shall be transferred to Eklutna Pur-  
5           chasers at no additional cost if the Secretary of  
6           the Interior determines that pending claims to  
7           and selections of those lands are invalid or re-  
8           linquished.

9           (D) With respect only to approximately  
10          853 acres of Eklutna lands identified in para-  
11          graphs 1.a., b., and c. of Exhibit A of the  
12          Eklutna Purchase Agreement, the State of  
13          Alaska may select and the Secretary of the In-  
14          terior shall convey to the State improved lands  
15          under the selection entitlements in section 6(a)  
16          of the Act of July 7, 1958 (Public Law 85-  
17          508) and the North Anchorage Land Agree-  
18          ment of January 31, 1983. This conveyance is  
19          subject to the rights-of-way provided to the  
20          Eklutna Purchasers under subparagraph (A).

21          (4) AUTHORITY TO SELECT LANDS.—With re-  
22          spect to the approximately 2,671 acres of  
23          Snettisham lands identified in paragraphs 1.a., and  
24          b. of Exhibit A of the Snettisham Purchase Agree-  
25          ment, the State of Alaska may select and the Sec-

1       retary of the Interior shall convey to the State im-  
2       proved lands under the selection entitlements in sec-  
3       tion 6(a) of the Act of July 7, 1958 (Public Law  
4       85-508).

5               (5) PROHIBITIONS.—Federal lands conveyed to  
6       the State of Alaska as part of, or in support of, the  
7       Snettisham transfer are specifically prohibited from  
8       being included in the Alaska Mental Health Ena-  
9       bling Act (70 Stat. 709) or any reconstitution there-  
10      of, under the Alaska Mental Health Trust Lands  
11      Settlement Act (Secs. 54-58, Ch. 66, Alaska Session  
12      Laws 1991), or any other law.

13              (6) INTERNAL REVENUE CODE OF 1986.—For  
14      purposes of section 147(d) of the Internal Revenue  
15      Code of 1986, “1st use” of Snettisham shall be con-  
16      sidered to occur pursuant to acquisition of the prop-  
17      erty by or on behalf of the State of Alaska.

18              (7) CLOSING OF ALASKA POWER ADMINISTRA-  
19      TION.—No later than 1 year after both of the sales  
20      authorized in subsection (a) have occurred, as meas-  
21      ured by the transaction dates, stipulated in the pur-  
22      chase agreements, the Secretary of Energy shall—

23                      (A) complete the business of, and close  
24                      out, the Alaska Power Administration;

1 (B) prepare and submit to Congress a re-  
2 port documenting the sales; and

3 (C) return unused balances of funds appro-  
4 priated for the Alaska Power Administration to  
5 the Treasury of the United States.

6 (8) REPEAL OF ACT OF JULY 31, 1950.—The  
7 Act of July 31, 1950 (64 Stat. 382) is repealed ef-  
8 fective on the date, as determined by the Secretary  
9 of Energy, when all Eklutna assets have been con-  
10 veyed to the Eklutna Purchasers.

11 (9) REPEAL OF SECTION 204 OF THE FLOOD  
12 CONTROL ACT OF 1962.—Section 204 of the Flood  
13 Control Act of 1962 (76 Stat. 1193) is repealed ef-  
14 fective on the date, as determined by the Secretary  
15 of Energy, when all Snettisham assets have been  
16 conveyed to the Authority.

17 (10) EFFECTIVE DATE OF AMENDMENTS.—As  
18 of the later of the two dates determined in para-  
19 graphs (8) and (9), section 302(a) of the Depart-  
20 ment of Energy Organization Act (42 U.S.C.  
21 7152(a)) is amended—

22 (A) in paragraph (1), by striking subpara-  
23 graph (C) and redesignating subparagraphs  
24 (D), (E), and (F) as subparagraphs (C), (D),  
25 and (E), respectively; and

1 (B) in paragraph (2), by striking “and the  
2 Alaska Power Administration” and inserting  
3 “and” after “Southwestern Power Administra-  
4 tion,”.

5 (11) REPEAL OF ACT OF AUGUST 9, 1955.—The  
6 Act of August 9, 1955, concerning water resources  
7 investigations in Alaska (69 Stat. 618), is repealed.

8 (12) DISCLAIMER.—The sales of Eklutna and  
9 Snettisham under this section are not considered  
10 disposal of Federal surplus property under the Fed-  
11 eral Property and Administrative Services Act of  
12 1949 (40 U.S.C. 484) or the Act of October 3,  
13 1944, popularly referred to as the “Surplus Property  
14 Act of 1944” (50 U.S.C. App. 1622).

15 **SEC. 206. TERMINATION OF TRADE ADJUSTMENT ASSIST-**  
16 **ANCE.**

17 (a) IN GENERAL.—Section 285 of the Trade Act of  
18 1974 (19 U.S.C. 2271 preceding note) is amended by  
19 striking subsection (c) and inserting the following:

20 “(c) This chapter, other than sections 282 and 283,  
21 shall terminate on September 30, 1995.

22 “(d)(1) Except as provided in paragraph (2), chap-  
23 ters 2 and 3 shall terminate on September 30, 1995.

24 “(2) If, on or before September 30, 1995, a worker—

1           “(A) is eligible to apply for assistance under  
2           subchapter D of chapter 2; and

3           “(B) is otherwise eligible to receive assistance  
4           in accordance with section 250,

5 such worker shall continue to be eligible to receive such  
6 assistance for any week after such date for which the  
7 worker meets the eligibility requirements of such section.”.

8           (b) CONFORMING AMENDMENTS.—

9           (1) Section 236(a)(2)(A) of the Trade Act of  
10          1974 (19 U.S.C. 2296(a)(2)(A)) is amended by  
11          striking “, except that for fiscal year 1997, the total  
12          amount of payments made under paragraph (1)  
13          shall not exceed \$70,000,000”.

14          (2) Section 245 of such Act (19 U.S.C. 2317)  
15          is amended—

16                 (A) in subsection (a), by striking “1995,  
17                 1996, 1997, and 1998” and inserting “and  
18                 1995”; and

19                 (B) in subsection (b), by striking “1996,  
20                 1997, and 1998” and inserting “1996, and  
21                 1997”.

22 **SEC. 207. CONSOLIDATION OF SOCIAL SERVICE PROGRAMS.**

23          (a) AT-RISK CHILD CARE PROGRAM MERGED INTO  
24 PROGRAM OF BLOCK GRANTS TO STATES FOR SOCIAL  
25 SERVICES.—

1           (1) CONSOLIDATION OF SERVICES.—Section  
2           2002(a)(2)(A) of the Social Security Act (42 U.S.C.  
3           1397a(a)(2)(A)) is amended by inserting “(including  
4           services that could have been provided under section  
5           402(i), as in effect immediately before the date of  
6           enactment of the Servicepersons Readjustment Act  
7           of 1995” after “child care services”.

8           (2) CONSOLIDATION OF FUNDING.—Section  
9           2003(c) of such Act (42 U.S.C. 1397b(c)) is amend-  
10          ed—

11                   (A) in paragraph (4), by striking “and”;

12                   (B) in paragraph (5), by striking “each  
13           fiscal year after fiscal year 1989.” and inserting  
14           “the fiscal years 1990, 1991, 1992, 1993, and  
15           1994; and”; and

16                   (C) by adding at the end the following:

17                   “(6) \$2,976,000,000 for each of the fiscal years  
18           1995, 1996, 1997, 1998, and 1999.”.

19          (b) CERTAIN DISCRETIONARY SOCIAL SERVICES  
20          PROGRAMS MERGED INTO PROGRAM OF BLOCK GRANTS  
21          TO STATES FOR SOCIAL SERVICES BUT LEFT DISCRE-  
22          TIONARY.—

23           (1) CONSOLIDATION OF SERVICES.—Section  
24           2002 of such Act (42 U.S.C. 1397a) is amended—



1 (A) in subsection (a), by adding at the end  
2 the following:

3 “(3) In addition to payments pursuant to paragraph  
4 (1), the Secretary may make payments to a State under  
5 this title for a fiscal year in an amount equal to its addi-  
6 tional allotment for such fiscal year, to be used by such  
7 State for services directed at the goals set forth in section  
8 2001, subject to the requirements of this title.

9 “(4) For purposes of paragraph (3)—

10 “(A) services which are directed at the goals set  
11 forth in section 2001 include services that could  
12 have been provided under—

13 “(i) the Community Services Block Grant  
14 Act;

15 “(ii) the Child Care and Development  
16 Block Grant Act of 1990;

17 “(iii) title III or VII of the Older Ameri-  
18 cans Act of 1965; or

19 “(iv) the State Dependent Care Develop-  
20 ment Grants Act,

21 as in effect immediately before the date of enact-  
22 ment of the Servicepersons Readjustment Act of  
23 1995; and

24 “(B) expenditures for such services may include  
25 expenditures described in paragraph (2)(B).”; and

1 (B) in each of subsections (b), (c), and (d),  
2 by inserting “or additional allotment” after “al-  
3 lotment” each place such term appears.

4 (2) CONSOLIDATION OF FUNDING.—Section  
5 2003 of such Act (42 U.S.C. 1397b) is amended by  
6 adding at the end the following:

7 “(d) The additional allotment for any fiscal year to  
8 each State shall be determined in the same manner in  
9 which the allotment for the fiscal year is determined for  
10 the State under the preceding subsections of this section,  
11 except that, in making such determination the following  
12 amounts shall be used in lieu of the amount specified in  
13 subsection (c):

14 “(1) \$2,298,000,000 for the fiscal year 1995.

15 “(2) \$2,360,000,000 for the fiscal year 1996.

16 “(3) \$2,424,000,000 for the fiscal year 1997.

17 “(4) \$2,490,000,000 for the fiscal year 1998.

18 “(5) \$2,557,000,000 for the fiscal year 1999.”.

19 (c) CONFORMING AMENDMENTS AND REPEALS.—

20 (1) COMMUNITY SERVICES BLOCK GRANT  
21 ACT.—The Community Services Block Grant Act  
22 (42 U.S.C. 9901 et seq.) is hereby repealed.

23 (2) CHILD CARE AND DEVELOPMENT BLOCK  
24 GRANT ACT OF 1990.—The Child Care and Develop-

1       ment Block Grant Act of 1990 (42 U.S.C. 9858 et  
2       seq.) is hereby repealed.

3           (3) OLDER AMERICANS ACT OF 1965.—The  
4       Older Americans Act of 1965 (42 U.S.C. 3001 et  
5       seq.) is amended by striking titles III and VII.

6           (4) STATE DEPENDENT CARE DEVELOPMENT  
7       GRANTS ACT.—The State Dependent Care Develop-  
8       ment Grants Act (42 U.S.C. 9871 et seq.) is hereby  
9       repealed.

10          (5) AT-RISK CHILD CARE PROGRAM.—

11           (A) PROGRAM AUTHORITY.—Section 402  
12       of the Social Security Act (42 U.S.C. 602) is  
13       amended—

14           (i) in subsection (g)(7), by striking  
15       “and subsection (i)”; and

16           (ii) by striking subsection (i).

17           (B) FUNDING PROVISIONS.—Section 403  
18       of the Social Security Act (42 U.S.C. 603) is  
19       amended by striking subsection (n).

20          (d) EFFECTIVE DATE.—The amendments and re-  
21       peals made by this section shall take effect on October  
22       1, 1995.

1 **SEC. 208. FEDERAL CLEARINGHOUSE ON DEATH INFORMA-**  
2 **TION.**

3 (a) CLEARINGHOUSE DESIGNATION.—The heading  
4 for section 205(r) of the Social Security Act is amended  
5 to read as follows: “Clearinghouse on Death Information”.

6 (b) ACQUISITION OF DISCLOSABLE DEATH INFORMA-  
7 TION FROM STATES.—

8 (1) Section 205(r)(1)(A) of the Social Security  
9 Act is amended by striking “to furnish the Secretary  
10 periodically with” and inserting “to furnish periodi-  
11 cally to the Secretary, for use in carrying out sub-  
12 paragraph (B) and paragraphs (3) and (4),”.

13 (2)(A) Notwithstanding clause (ii) of section  
14 6103(d)(4)(B) of the Internal Revenue Code of 1986  
15 (as added by section 13444(a) of the Omnibus  
16 Budget Reconciliation Act of 1993 (Public Law  
17 103–66)), in order for a contract requiring a State  
18 to furnish the Secretary of Health and Human Serv-  
19 ices information concerning individuals with respect  
20 to whom death certificates (or equivalent documents  
21 maintained by the State or any subdivision thereof)  
22 have been officially filed with it to meet the require-  
23 ments of such section 6103(d)(4)(B), such contract  
24 shall authorize the Secretary to use such information  
25 and to redisclose such information to any Federal  
26 agency or any agency of a State or political subdivi-

1 sion in accordance with section 205(r) of the Social  
2 Security Act.

3 (B) The provisions of subparagraph (A) of this  
4 paragraph and, notwithstanding subparagraph (C)  
5 of section 6103(d)(4) of the Internal Revenue Code  
6 of 1986 (as added by section 13444(a) of the Omni-  
7 bus Budget Reconciliation Act of 1993 (Public Law  
8 103-66)), the provisions of subparagraphs (A) and  
9 (B) of such section 6103(d)(4) shall apply to all  
10 States, regardless of whether they were, on July 1,  
11 1993, pursuant to a contract, furnishing the Sec-  
12 retary of Health and Human Services information  
13 concerning individuals with respect to whom death  
14 certificates (or equivalent documents maintained by  
15 the State or any subdivision thereof) have been offi-  
16 cially filed with it.

17 (C) Subparagraphs (A) and (B) of this para-  
18 graph shall take effect at the same time as the  
19 amendment made by section 13444(a) of the Omni-  
20 bus Budget Reconciliation Act of 1993 takes effect.

21 (D) For the purpose of applying the special rule  
22 contained in section 13444(b)(2) of the Omnibus  
23 Budget Reconciliation Act of 1993, the reference in  
24 such section to section 6103(d)(4)(B) of the Internal

1 Revenue Code of 1986 shall be deemed to include a  
2 reference to subparagraph (A) of this paragraph.

3 (c) PAYMENT TO STATES FOR DEATH INFORMA-  
4 TION.—Section 205(r)(2) of the Social Security Act is  
5 amended—

6 (1) by striking “the reasonable costs” and in-  
7 serting “a reasonable amount”; and

8 (2) by striking “transcribing and transmitting”  
9 and inserting “furnishing”.

10 (d) FEE FOR CLEARINGHOUSE INFORMATION.—

11 (1) Section 205(r)(3) of the Social Security Act  
12 is amended by striking out “if” and all that follows,  
13 and inserting “, provided that such agency agrees  
14 to pay the fees set by the Secretary pursuant to  
15 paragraph (8).”.

16 (2) Section 205(r)(4) of the Social Security Act  
17 is amended—

18 (A) by inserting “and political subdivi-  
19 sions” after “States” the first place such term  
20 appears;

21 (B) by striking “the States” and inserting  
22 “any State, political subdivision, or combination  
23 thereof”; and

24 (C) by striking “if” and all that follows  
25 and inserting “provided such States and politi-

1           cal subdivisions agree to pay the fees set by the  
2           Secretary pursuant to paragraph (8).”.

3           (3) Section 205(r) of the Social Security Act is  
4           amended by adding at the end a new paragraph as  
5           follows: “(8) The Secretary shall establish fees for  
6           the disclosure of information pursuant to this sub-  
7           section. Such fees shall be in amounts sufficient to  
8           cover all costs (including indirect costs) associated  
9           with the Secretary’s responsibilities under this sub-  
10          section. Fees collected pursuant to this paragraph  
11          shall remain available, without fiscal year limitation,  
12          to the Secretary to cover the administrative costs of  
13          carrying out this subsection.”.

14          (e) TECHNICAL ASSISTANCE.—Section 205(r) of the  
15          Social Security Act is amended by adding at the end (after  
16          the paragraph added by subsection (d)(3)) the following  
17          new paragraph:

18          “(9) The Secretary may provide to any Federal or  
19          State agency that provides Federally funded benefits,  
20          upon the request of such agency, technical assistance on  
21          the effective collection, dissemination, and use of death in-  
22          formation available under this subsection for the purpose  
23          of ensuring that such benefits are not erroneously paid  
24          to deceased individuals.”.

1 (f) TECHNICAL AMENDMENT.—Section 205(r) of the  
2 Social Security Act is amended by adding at the end (after  
3 the paragraph added by subsection (e)) the following new  
4 paragraph:

5 “(10) For purposes of this subsection, the term ‘Fed-  
6 erally funded benefit’ means any payment funded in whole  
7 or in part by the Federal Government.”.

8 (g) EFFECTIVE DATE.—Except as otherwise pro-  
9 vided, the amendments made by this section shall take ef-  
10 fect upon their enactment.

11 **SEC. 209. SECTION 235 MORTGAGE REFINANCING.**

12 Section 235(r) of the National Housing Act is  
13 amended—

14 (1) in paragraph (2)(C), by inserting after “re-  
15 financed” the following: “, plus the costs incurred in  
16 connection with the refinancing as described in para-  
17 graph (4)(B) to the extent that the amount for those  
18 costs is not otherwise included in the interest rate  
19 as permitted by subparagraph (E) or paid by the  
20 Secretary as authorized by paragraph (4)(B)”;

21 (2) in paragraph (4)—

22 (A) in the matter preceding subparagraph  
23 (A), by inserting after “otherwise)” the follow-  
24 ing: “and the mortgagee (with respect to the  
25 amount described in subparagraph (A))”; and



1 (B) in subparagraph (A), by inserting after  
2 “mortgagor” the following: “and the mortga-  
3 gee”; and

4 (3) by amending paragraph (5) to read as fol-  
5 lows:

6 “(5) The Secretary shall use amounts of budget au-  
7 thority recaptured from assistance payments contracts re-  
8 lating to mortgages that are being refinanced for assist-  
9 ance payments contracts with respect to mortgages in-  
10 sured under this subsection. The Secretary may also make  
11 such recaptured amounts available for incentives under  
12 paragraph (4)(A) and the costs incurred in connection  
13 with the refinancing under paragraph (4)(B). For pur-  
14 poses of subsection (c)(3)(A), the amount of recaptured  
15 budget authority that the Secretary commits for assist-  
16 ance payments contracts relating to mortgages insured  
17 under this subsection and for amounts paid under para-  
18 graph (4) shall not be construed as unused.”.

19 **SEC. 210. HUD MULTIFAMILY HOUSING DISPOSITION PROC-**  
20 **ESS.**

21 (a) FINDINGS.—The Congress finds that—

22 (1) the portfolio of multifamily housing project  
23 mortgages insured by the FHA is severely troubled  
24 and at risk of default, requiring the Secretary to in-  
25 crease loss reserves from \$5,500,000,000 in 1991 to

1       \$11,900,000,000 in 1992 to cover estimated future  
2       losses;

3           (2) the inventory of multifamily housing  
4       projects owned by the Secretary of Housing and  
5       Urban Development has more than tripled since  
6       1989, and, by the end of 1993, may exceed 75,000  
7       units;

8           (3) the cost to the Federal Government of own-  
9       ing and maintaining multifamily housing projects es-  
10      calated to approximately \$250,000,000 in fiscal year  
11      1992;

12          (4) the inventory of multifamily housing  
13      projects subject to mortgages held by the Secretary  
14      has increased dramatically, to more than 2,400  
15      mortgages, and approximately half of these mort-  
16      gages, with over 230,000 units, are delinquent;

17          (5) the inventory of insured and formerly in-  
18      sured multifamily housing projects is rapidly deterio-  
19      rating, endangering tenants and neighborhoods;

20          (6) over 5 million families today have a critical  
21      need for housing that is affordable and habitable;  
22      and

23          (7) the current statutory framework governing  
24      the disposition of multifamily housing projects effec-  
25      tively impedes the Government's ability to dispose of

1 properties, protect tenants, and ensure that projects  
2 are maintained over time.

3 (b) MANAGEMENT AND DISPOSITION OF MULTIFAM-  
4 ILY HOUSING PROJECTS.—Section 203 of the Housing  
5 and Community Development Amendments of 1978 (12  
6 U.S.C. 1701z-11) is amended to read as follows:

7 **“SEC. 203. MANAGEMENT AND DISPOSITION OF MULTIFAM-  
8 ILY HOUSING PROJECTS.**

9 “(a) GOALS.—The Secretary of Housing and Urban  
10 Development (in this section referred to as the ‘Secretary’)  
11 shall manage or dispose of multifamily housing projects  
12 that are owned by the Secretary or that are subject to  
13 a mortgage held by the Secretary in a manner that—

14 “(1) is consistent with the National Housing  
15 Act and this section;

16 “(2) will protect the financial interests of the  
17 Federal Government; and

18 “(3) will, in the least costly fashion among rea-  
19 sonable available alternatives, further the goals of—

20 “(A) preserving housing so that it can re-  
21 main available to and affordable by low-income  
22 persons;

23 “(B) preserving and revitalizing residential  
24 neighborhoods;

1           “(C) maintaining existing housing stock in  
2 a decent, safe, and sanitary condition;

3           “(D) minimizing the involuntary displace-  
4 ment of tenants;

5           “(E) maintaining housing for the purpose  
6 of providing rental housing, cooperative hous-  
7 ing, and homeownership opportunities for low-  
8 income persons; and

9           “(F) minimizing the need to demolish mul-  
10 tifamily housing projects.

11 The Secretary, in determining the manner in which a  
12 project is to be managed or disposed of, may balance com-  
13 peting goals relating to individual projects in a manner  
14 that will further the purposes of this section.

15       “(b) DEFINITIONS.—For purposes of this section, the  
16 following definitions shall apply:

17           “(1) MULTIFAMILY HOUSING PROJECT.—The  
18 term ‘multifamily housing project’ means any multi-  
19 family rental housing project which is, or prior to  
20 acquisition by the Secretary was, assisted or insured  
21 under the National Housing Act, or was subject to  
22 a loan under section 202 of the Housing Act of  
23 1959.

24           “(2) SUBSIDIZED PROJECT.—The term ‘sub-  
25 sidized project’ means a multifamily housing project

1 receiving any of the following types of assistance im-  
2 mediately prior to the assignment of the mortgage  
3 on such project to, or the acquisition of such mort-  
4 gage by, the Secretary:

5 “(A) Below market interest rate mortgage  
6 insurance under the proviso of section  
7 221(d)(5) of the National Housing Act.

8 “(B) Interest reduction payments made in  
9 connection with mortgages insured under sec-  
10 tion 236 of the National Housing Act.

11 “(C) Direct loans made under section 202  
12 of the Housing Act of 1959.

13 “(D) Assistance in the form of—

14 “(i) rent supplement payments under  
15 section 101 of the Housing and Urban De-  
16 velopment Act of 1965;

17 “(ii) housing assistance payments  
18 made under section 23 of the United  
19 States Housing Act of 1937 (as in effect  
20 before January 1, 1975); or

21 “(iii) housing assistance payments  
22 made under section 8 of the United States  
23 Housing Act of 1937 (excluding payments  
24 made for tenant-based assistance under  
25 section 8),

1 if (except for purposes of section 183(c) of the  
2 Housing and Community Development Act of  
3 1987) such assistance payments are made to  
4 more than 50 percent of the units in the  
5 project.

6 “(3) FORMERLY SUBSIDIZED PROJECT.—The  
7 term ‘formerly subsidized project’ means a multi-  
8 family housing project owned by the Secretary that  
9 was a subsidized project immediately prior to its ac-  
10 quisition by the Secretary.

11 “(4) UNSUBSIDIZED PROJECT.—The term  
12 ‘unsubsidized project’ means a multifamily housing  
13 project owned by the Secretary that is not a sub-  
14 sidized project or a formerly subsidized project.

15 “(c) MANAGEMENT OR DISPOSITION OF PROP-  
16 ERTY.—

17 “(1) DISPOSITION TO PURCHASERS.—The Sec-  
18 retary is authorized, in carrying out this section, to  
19 dispose of a multifamily housing project owned by  
20 the Secretary on a negotiated, competitive bid, or  
21 other basis, on such terms as the Secretary deems  
22 appropriate considering the low-income character of  
23 the project and the requirements of subsection (a),  
24 to a purchaser determined by the Secretary to be ca-  
25 pable of—

1           “(A) satisfying the conditions of the dis-  
2 position;

3           “(B) implementing a sound financial and  
4 physical management program that is designed  
5 to enable the project to meet anticipated oper-  
6 ating and repair expenses to ensure that the  
7 project will remain in decent, safe, and sanitary  
8 condition;

9           “(C) responding to the needs of the ten-  
10 ants and working cooperatively with tenant or-  
11 ganizations;

12           “(D) providing adequate organizational  
13 staff and financial resources to the project; and

14           “(E) meeting such other requirements as  
15 the Secretary may determine.

16           “(2) CONTRACTING FOR MANAGEMENT SERV-  
17 ICES.—The Secretary is authorized, in carrying out  
18 this section—

19           “(A) to contract for management services  
20 for a multifamily housing project that is owned  
21 by the Secretary (or for which the Secretary is  
22 mortgagee in possession), on a negotiated, com-  
23 petitive bid, or other basis at a price deter-  
24 mined by the Secretary to be reasonable, with

1 a manager the Secretary has determined is ca-  
2 pable of—

3 “(i) implementing a sound financial  
4 and physical management program that is  
5 designed to enable the project to meet an-  
6 ticipated operating and maintenance ex-  
7 penses to ensure that the project will re-  
8 main in decent, safe, and sanitary condi-  
9 tion;

10 “(ii) responding to the needs of the  
11 tenants and working cooperatively with  
12 tenant organizations;

13 “(iii) providing adequate organiza-  
14 tional, staff, and other resources to imple-  
15 ment a management program determined  
16 by the Secretary; and

17 “(iv) meeting such other requirements  
18 as the Secretary may determine; and

19 “(B) to require the owner of a multifamily  
20 housing project that is subject to a mortgage  
21 held by the Secretary to contract for manage-  
22 ment services for the project in the manner de-  
23 scribed in subparagraph (A).

24 “(d) MAINTENANCE OF HOUSING PROJECTS.—



1           “(1) HOUSING PROJECTS OWNED BY THE SEC-  
2           RETARY.—In the case of multifamily housing  
3           projects that are owned by the Secretary (or for  
4           which the Secretary is mortgagee in possession), the  
5           Secretary shall—

6                   “(A) to the greatest extent possible, main-  
7                   tain all such occupied projects in a decent, safe,  
8                   and sanitary condition;

9                   “(B) to the greatest extent possible, main-  
10                  tain full occupancy in all such projects; and

11                  “(C) maintain all such projects for pur-  
12                  poses of providing rental or cooperative hous-  
13                  ing.

14           “(2) HOUSING PROJECTS SUBJECT TO A MORT-  
15           GAGE HELD BY THE SECRETARY.—In the case of  
16           any multifamily housing project that is subject to a  
17           mortgage held by the Secretary, the Secretary shall  
18           require the owner of the project to carry out the re-  
19           quirements of paragraph (1).

20           “(e) REQUIRED ASSISTANCE.—In carrying out the  
21           goal specified in subsection (a)(3)(A), the Secretary shall  
22           take not less than one of the following actions:

23                   “(1) CONTRACT WITH OWNER.—Enter into con-  
24                   tracts under section 8 of the United States Housing  
25                   Act of 1937, to the extent budget authority is avail-

1 able, with owners of multifamily housing projects  
2 that are acquired by a purchaser other than the Sec-  
3 retary at foreclosure or after sale by the Secretary.

4 “(A) SUBSIDIZED OR FORMERLY SUB-  
5 SIDIZED PROJECTS RECEIVING CERTAIN ASSIST-  
6 ANCE.—In the case of a subsidized or formerly  
7 subsidized project referred to in subparagraphs  
8 (A) through (C) of subsection (b)(2)—

9 “(i) the contract shall be sufficient to  
10 assist at least all units covered by an as-  
11 sistance contract under any of the authori-  
12 ties referred to in subsection (b)(2)(D) be-  
13 fore acquisition, unless the Secretary acts  
14 pursuant to the provisions of subparagraph  
15 (C);

16 “(ii) in the case of units requiring  
17 project-based rental assistance pursuant to  
18 this paragraph that are occupied by fami-  
19 lies who are not eligible for assistance  
20 under section 8, a contract under this sub-  
21 paragraph shall also provide that when a  
22 vacancy occurs, the owner shall lease the  
23 available unit to a family eligible for assist-  
24 ance under section 8; and

1           “(iii) the Secretary shall take actions  
2           to ensure the availability and affordability,  
3           as defined in paragraph (3)(B), for the re-  
4           maining useful life of the project, as de-  
5           fined by the Secretary, of any unit located  
6           in any project referred to in subparagraphs  
7           (A) through (C) of subsection (b)(2) that  
8           does not otherwise receive project-based as-  
9           sistance under this subparagraph. To carry  
10          out this clause, the Secretary may require  
11          purchasers to establish use or rent restric-  
12          tions maintaining affordability, as defined  
13          in paragraph (3)(B).

14          “(B) SUBSIDIZED OR FORMERLY SUB-  
15          SIDIZED PROJECTS RECEIVING OTHER ASSIST-  
16          ANCE.—In the case of a subsidized or formerly  
17          subsidized project referred to in subsection  
18          (b)(2)(D)—

19               “(i) the contract shall be sufficient to  
20               assist at least all units in the project that  
21               are covered, or were covered immediately  
22               before foreclosure on or acquisition of the  
23               project by the Secretary, by an assistance  
24               contract under any of the authorities re-  
25               ferred to in such subsection, unless the

1 Secretary acts pursuant to provisions of  
2 subparagraph (C); and

3 “(ii) in the case of units requiring  
4 project-based rental assistance pursuant to  
5 this paragraph that are occupied by fami-  
6 lies who are not eligible for assistance  
7 under section 8, a contract under this  
8 paragraph shall also provide that when a  
9 vacancy occurs, the owner shall lease the  
10 available unit to a family eligible for assist-  
11 ance under section 8.

12 “(C) EXCEPTIONS TO SUBPARAGRAPHS (A)  
13 AND (B).—In lieu of providing project-based as-  
14 sistance under subparagraph (A) or (B), the  
15 Secretary may require certain units in  
16 unsubsidized projects to contain use restrictions  
17 providing that such units will be available to  
18 and affordable by very low-income families for  
19 the remaining useful life of the project, as de-  
20 fined by the Secretary, if—

21 “(i) the Secretary matches any reduc-  
22 tion in units otherwise required to be as-  
23 sisted with project-based assistance under  
24 subparagraph (A) or (B) with at least an  
25 equivalent increase in units made afford-

1           able to very low-income persons within  
2           unsubsidized projects;

3           “(ii) low-income tenants residing in  
4           units otherwise requiring project-based as-  
5           sistance under subparagraph (A) or (B)  
6           upon disposition receive section 8 tenant-  
7           based assistance; and

8           “(iii) the units described in clause (i)  
9           are located within the same market area.

10          “(D) CONTRACT REQUIREMENTS FOR  
11          UNSUBSIDIZED PROJECTS.—Notwithstanding  
12          actions taken pursuant to subparagraph (C), in  
13          unsubsidized projects, the contract shall at least  
14          be sufficient to provide—

15               “(i) project-based rental assistance for  
16               all units that are covered or were covered  
17               immediately before foreclosure or acquisi-  
18               tion by an assistance contract under—

19                       “(I) section 8(b)(2) of the United  
20                       States Housing Act of 1937 (as such  
21                       section existed before October 1,  
22                       1983) (new construction and substan-  
23                       tial rehabilitation); section 8(b) of  
24                       such Act (property disposition); sec-  
25                       tion 8(d)(2) of such Act (project-

1 based certificates); section 8(e)(2) of  
2 such Act (moderate rehabilitation);  
3 section 23 of such Act (as in effect  
4 before January 1, 1975); or section  
5 101 of the Housing and Urban Devel-  
6 opment Act of 1965 (rent supple-  
7 ments); or

8 “(II) section 8 of the United  
9 States Housing Act of 1937, following  
10 conversion from section 101 of the  
11 Housing and Urban Development Act  
12 of 1965; and

13 “(ii) tenant-based assistance under  
14 section 8 of the United States Housing Act  
15 of 1937 for tenants currently residing in  
16 units that were covered by an assistance  
17 contract under the Loan Management Set-  
18 Aside program under section 8(b) of the  
19 United States Housing Act of 1937 imme-  
20 diately before foreclosure or acquisition of  
21 the project by the Secretary.

22 “(2) ANNUAL CONTRIBUTION CONTRACTS.—In  
23 the case of multifamily housing projects that are ac-  
24 quired by a purchaser other than the Secretary at  
25 foreclosure or after sale by the Secretary, enter into

1 annual contribution contracts with public housing  
2 agencies to provide tenant-based assistance under  
3 section 8 of the United States Housing Act of 1937  
4 to all low-income families who are eligible for such  
5 assistance on the date that the project is acquired  
6 by the purchaser. The Secretary shall take action  
7 under this paragraph only after making a deter-  
8 mination that there is available in the area an ade-  
9 quate supply of habitable affordable housing for low-  
10 income families. Actions taken pursuant to this  
11 paragraph may be taken in connection with not  
12 more than 10 percent of the aggregate number of  
13 units in subsidized or formerly subsidized projects  
14 disposed of by the Secretary annually.

15 “(3) OTHER ASSISTANCE.—

16 “(A) IN GENERAL.—In accordance with  
17 the authority provided under the National  
18 Housing Act, reduce the selling price, apply use  
19 or rent restrictions on certain units, or provide  
20 other financial assistance to the owners of mul-  
21 tifamily housing projects that are acquired by a  
22 purchaser other than the Secretary at fore-  
23 closure, or after sale by the Secretary, on terms  
24 which will ensure that—

1           “(i) at least those units otherwise re-  
2           quired to receive project-based section 8  
3           assistance pursuant to subparagraph (A),  
4           (B), or (D) of paragraph (1) are available  
5           to and affordable by low-income persons;  
6           and

7           “(ii) for the remaining useful life of  
8           the project, as defined by the Secretary,  
9           there shall be in force such use or rent re-  
10          strictions as the Secretary may prescribe.

11          “(B) DEFINITION.—A unit shall be consid-  
12          ered affordable under this paragraph if—

13               “(i) for very low-income tenants, the  
14               rent for such unit does not exceed 30 per-  
15               cent of 50 percent of the area median in-  
16               come, as determined by the Secretary, with  
17               adjustments for family size; and

18               “(ii) for low-income tenants other  
19               than very low-income tenants, the rent for  
20               such unit does not exceed 30 percent of 80  
21               percent of the area median income, as de-  
22               termined by the Secretary, with adjust-  
23               ments for family size.

24          “(C) VERY LOW-INCOME TENANTS.—The  
25          Secretary shall provide assistance under section



1           8 of the United States Housing Act of 1937 to  
2           any very low-income tenant currently residing  
3           in a unit otherwise required to receive project-  
4           based assistance under section 8, pursuant to  
5           subparagraph (A), (B), or (D) of paragraph  
6           (1), if the rents charged such tenants as a re-  
7           sult of actions taken pursuant to this para-  
8           graph exceed the amount payable as rent under  
9           section 3(a) of the United States Housing Act  
10          of 1937.

11          “(4) TRANSFER FOR USE UNDER OTHER PRO-  
12          GRAMS OF THE SECRETARY.—

13                 “(A) IN GENERAL.—Enter into an agree-  
14                 ment providing for the transfer of a multifamily  
15                 housing project—

16                         “(i) to a public housing agency for use  
17                         of the project as public housing; or

18                         “(ii) to an owner or another appro-  
19                         priate entity for use of the project under  
20                         section 202 of the Housing Act of 1959 or  
21                         under section 811 of the Cranston-Gon-  
22                         zalez National Affordable Housing Act.

23                 “(B) REQUIREMENTS FOR AGREEMENT.—  
24                 The agreement described in subparagraph (A)  
25                 shall—

1           “(i) contain such terms, conditions,  
2           and limitations as the Secretary deter-  
3           mines appropriate, including requirements  
4           to assure use of the project under the pub-  
5           lic housing, section 202, and section 811  
6           programs; and

7           “(ii) ensure that no current tenant  
8           will be displaced as a result of actions  
9           taken under this paragraph.

10       “(f) OTHER ASSISTANCE.—In addition to the actions  
11       authorized by subsection (e), the Secretary may take any  
12       of the following actions:

13           “(1) SHORT-TERM LOANS.—Provide short-term  
14       loans to facilitate the sale of multifamily housing  
15       projects to nonprofit organizations or to public agen-  
16       cies if—

17           “(A) authority for such loans is provided  
18       in advance in an appropriations Act;

19           “(B) such loans are for a term of not more  
20       than 5 years;

21           “(C) the Secretary is presented with satis-  
22       factory documentation, evidencing a commit-  
23       ment of permanent financing to replace such  
24       short-term loan, from a lender who meets  
25       standards set forth by the Secretary; and

1           “(D) the terms of such loans are consist-  
2           ent with prevailing practices in the marketplace  
3           or the provision of such loans results in no cost  
4           to the Government, as defined in section 502 of  
5           the Congressional Budget Act.

6           “(2) TENANT-BASED ASSISTANCE.—In connec-  
7           tion with projects referred to in subsection (e), make  
8           available tenant-based assistance under section 8 of  
9           the United States Housing Act of 1937 to very low-  
10          income families (as defined in section 3(b)(2) of the  
11          United States Housing Act of 1937) that do not  
12          otherwise qualify for project-based assistance.

13          “(3) ALTERNATIVE USES.—

14                 “(A) IN GENERAL.—Notwithstanding any  
15                 other provision of law, and subject to notice to  
16                 and comment from existing tenants, allow not  
17                 more than—

18                         “(i) 5 percent of the total number of  
19                         units in multifamily housing projects that  
20                         are disposed of by the Secretary during  
21                         any 1-year period to be made available for  
22                         uses other than rental or cooperative uses,  
23                         including low-income homeownership op-  
24                         portunities, or in any particular project,  
25                         community space, office space for tenant

1 or housing-related service providers or se-  
2 curity programs, or small business uses, if  
3 such uses benefit the tenants of the  
4 project; and

5 “(ii) 5 percent of the total number of  
6 units in multifamily housing projects that  
7 are disposed of by the Secretary during  
8 any 1-year period to be used in any man-  
9 ner, if the Secretary and the unit of gen-  
10 eral local government or area-wide govern-  
11 ing body determine that such use will fur-  
12 ther fair housing, community development,  
13 or neighborhood revitalization goals.

14 “(B) DISPLACEMENT PROTECTION.—The  
15 Secretary shall make available tenant-based  
16 rental assistance under section 8 of the United  
17 States Housing Act of 1937 to any tenant dis-  
18 placed as a result of actions taken by the Sec-  
19 retary pursuant to subparagraph (A), and the  
20 Secretary shall take such actions as the Sec-  
21 retary determines necessary to ensure the suc-  
22 cessful use of any tenant-based assistance.

23 “(g) AUTHORIZATION OF USE OR RENT RESTRIC-  
24 TIONS IN UNSUBSIDIZED PROJECTS.—In carrying out the  
25 goals specified in subsection (a), the Secretary may re-

1 quire certain units in unsubsidized projects to contain use  
2 or rent restrictions providing that such units will be avail-  
3 able to and affordable by very low-income persons for the  
4 remaining useful life of the property, as defined by the  
5 Secretary.

6 “(h) CONTRACT REQUIREMENTS.—

7 “(1) CONTRACT TERM.—

8 “(A) IN GENERAL.—Contracts for project-  
9 based rental assistance under section 8 of the  
10 United States Housing Act of 1937 provided  
11 pursuant to this section shall be for a term of  
12 not more than 15 years; and

13 “(B) CONTRACT TERM OF LESS THAN 15  
14 YEARS.—Notwithstanding subparagraph (A), to  
15 the extent that units receive project-based as-  
16 sistance for a contract term of less than 15  
17 years, the Secretary shall require that rents  
18 charged to tenants for such units not exceed  
19 the amount payable for rent under section 3(a)  
20 of the United States Housing Act of 1937 for  
21 a period of at least 15 years.

22 “(2) CONTRACT RENT.—

23 “(A) IN GENERAL.—The Secretary shall  
24 set contract rents for section 8 project-based  
25 rental contracts issued under this section at lev-

1           els that, in conjunction with other resources  
2           available to the purchaser, provide for the nec-  
3           essary costs of rehabilitation of such project  
4           and do not exceed the percentage of the existing  
5           housing fair market rents for the area (as de-  
6           termined by the Secretary under section 8(c) of  
7           the United States Housing Act of 1937) as the  
8           Secretary may prescribe.

9           “(B) UP-FRONT GRANTS AND LOANS.—If  
10          such an approach is determined to be more  
11          cost-effective, the Secretary may utilize the  
12          budget authority provided for project-based sec-  
13          tion 8 contracts issued under this section to—

14               “(i) provide project-based section 8  
15               rental assistance; and

16               “(ii) (I) provide up-front grants for the  
17               necessary cost of rehabilitation; or

18               “(II) pay for any cost to the Govern-  
19               ment, as defined in section 502 of the Con-  
20               gressional Budget Act, for loans made pur-  
21               suant to subsection (f)(1).

22          “(i) DISPOSITION PLAN.—

23               “(1) IN GENERAL.—Prior to the sale of a mul-  
24               tifamily housing project that is owned by the Sec-  
25               retary, the Secretary shall develop a disposition plan

1 for the project that specifies the minimum terms  
2 and conditions of the Secretary for disposition of the  
3 project, the initial sales price that is acceptable to  
4 the Secretary, and the assistance that the Secretary  
5 plans to make available to a prospective purchaser  
6 in accordance with this section. The initial sales  
7 price shall reflect the intended use of the property  
8 after sale.

9 “(2) COMMUNITY AND TENANT INPUT INTO  
10 DISPOSITION PLANS AND SALES.—

11 “(A) IN GENERAL.—In carrying out this  
12 section, the Secretary shall develop procedures  
13 to obtain appropriate and timely input into dis-  
14 position plans from officials of the unit of gen-  
15 eral local government affected, the community  
16 in which the project is situated, and the tenants  
17 of the project.

18 “(B) TENANT ORGANIZATIONS.—The Sec-  
19 retary shall develop procedures to facilitate,  
20 where feasible and appropriate, the sale of mul-  
21 tifamily housing projects to existing tenant or-  
22 ganizations with demonstrated capacity or to  
23 public or nonprofit entities which represent or  
24 are affiliated with existing tenant organizations.

25 “(C) TECHNICAL ASSISTANCE.—

1           “(i) USE OF FUNDS.—To carry out  
2           the procedures developed under subpara-  
3           graphs (A) and (B), the Secretary is au-  
4           thorized to provide technical assistance, di-  
5           rectly or indirectly, and to use amounts ap-  
6           propriated for technical assistance under  
7           the Emergency Low Income Housing Pres-  
8           ervation Act of 1987, the Low-Income  
9           Housing Preservation and Resident Home-  
10          ownership Act of 1990, subtitle B of title  
11          IV of the Cranston-Gonzalez National Af-  
12          fordable Housing Act, or under this section  
13          for the provision of technical assistance  
14          under this section.

15          “(ii) SOURCE OF FUNDS.—Recipients  
16          of technical assistance funding under the  
17          Emergency Low Income Housing Preserva-  
18          tion Act of 1987, the Low-Income Housing  
19          Preservation and Resident Homeownership  
20          Act of 1990, subtitle B of title IV of the  
21          Cranston-Gonzalez National Affordable  
22          Housing Act, or under this section shall be  
23          permitted to provide technical assistance to  
24          the extent of such funding under any of



1           such programs or under this section, not-  
2           withstanding the source of funding.

3       “(j) RIGHT OF FIRST REFUSAL.—

4           “(1) PROCEDURE.—

5           “(A) NOTIFICATION BY SECRETARY OF  
6           THE ACQUISITION OF TITLE.—Not later than  
7           30 days after acquiring title to a project, the  
8           Secretary shall notify the unit of general local  
9           government and the State agency or agencies  
10          designated by the Governor of the acquisition of  
11          such title.

12          “(B) EXPRESSION OF INTEREST.—Not  
13          later than 45 days after receiving notification  
14          from the Secretary under subparagraph (A),  
15          the unit of general local government or des-  
16          ignated State agency may submit to the Sec-  
17          retary a preliminary expression of interest in  
18          the project. The Secretary may take such ac-  
19          tions as may be necessary to require the unit of  
20          general local government or designated State  
21          agency to substantiate such interest.

22          “(C) TIMELY EXPRESSION OF INTER-  
23          EST.—If the unit of general local government or  
24          designated State agency has expressed interest  
25          in the project before the expiration of the 45-

1 day period referred to in subparagraph (B), and  
2 has substantiated such interest if requested, the  
3 Secretary, upon approval of a disposition plan  
4 for a project, shall notify the unit of general  
5 local government and designated State agency  
6 of the terms and conditions of the disposition  
7 plan and give the unit of general local govern-  
8 ment or designated State agency not more than  
9 90 days after the date of such notification to  
10 make an offer to purchase the project.

11 “(D) NO TIMELY EXPRESSION OF INTER-  
12 EST.—If the unit of general local government or  
13 designated State agency does not express inter-  
14 est before the expiration of the 45-day period  
15 referred to in subparagraph (B), or does not  
16 substantiate an expressed interest if requested,  
17 the Secretary, upon approval of a disposition  
18 plan, may offer the project for sale to any inter-  
19 ested person or entity.

20 “(2) ACCEPTANCE OF OFFERS.—Where the  
21 Secretary has given the unit of general local govern-  
22 ment or designated State agency 90 days to make  
23 an offer to purchase the project, the Secretary shall  
24 accept an offer that complies with the terms and  
25 conditions of the disposition plan. The Secretary

1 may accept an offer that does not comply with the  
2 terms and conditions of the disposition plan if the  
3 Secretary determines that the offer will further the  
4 goals specified in subsection (a) by actions that in-  
5 clude extension of the duration of low-income afford-  
6 ability restrictions or otherwise restructuring the  
7 transaction in a manner that enhances the long-term  
8 affordability for low-income persons. The Secretary  
9 shall, in particular, have discretion to reduce the ini-  
10 tial sales price in exchange for the extension of low-  
11 income affordability restrictions beyond the period of  
12 assistance contemplated by the attachment of assist-  
13 ance pursuant to subsection (e). If the Secretary and  
14 the unit of general local government or designated  
15 State agency cannot reach agreement within 90  
16 days, the Secretary may offer the project for sale to  
17 the general public.

18 “(3) PURCHASE BY UNIT OF GENERAL LOCAL  
19 GOVERNMENT OR DESIGNATED STATE AGENCY.—  
20 Notwithstanding any other provision of law, a unit  
21 of general local government (including a public hous-  
22 ing agency) or designated State agency may pur-  
23 chase a subsidized or formerly subsidized project in  
24 accordance with this subsection.

1           “(4) APPLICABILITY.—This subsection shall  
2 apply to projects that are acquired on or after the  
3 effective date of this subsection. With respect to  
4 projects acquired before such effective date, the Sec-  
5 retary may apply—

6           “(A) the requirements of paragraphs (2)  
7 and (3) of section 203(e) as such paragraphs  
8 existed immediately before the effective date of  
9 this subsection; or

10           “(B) the requirements of paragraphs (1)  
11 and (2) of this subsection, if the Secretary gives  
12 the unit of general local government or des-  
13 ignated State agency—

14           “(i) 45 days to express interest in the  
15 project; and

16           “(ii) if the unit of general local gov-  
17 ernment or designated State agency ex-  
18 presses interest in the project before the  
19 expiration of the 45-day period, and sub-  
20 stantiates such interest if requested, 90  
21 days from the date of notification of the  
22 terms and conditions of the disposition  
23 plan to make an offer to purchase the  
24 project.

1       “(k) DISPLACEMENT OF TENANTS AND RELOCATION  
2 ASSISTANCE.—

3           “(1) IN GENERAL.—Whenever tenants will be  
4 displaced as a result of the disposition of, or repairs  
5 to, a multifamily housing project that is owned by  
6 the Secretary (or for which the Secretary is mortga-  
7 gee in possession), the Secretary shall identify ten-  
8 ants who will be displaced, and shall notify all such  
9 tenants of their pending displacement and of any re-  
10 location assistance which may be available. In the  
11 case of a multifamily housing project that is not  
12 owned by the Secretary (and for which the Secretary  
13 is not mortgagee in possession), the Secretary shall  
14 require the owner of the project to carry out the re-  
15 quirements of this paragraph.

16           “(2) RIGHTS OF DISPLACED TENANTS.—The  
17 Secretary shall assure for any such tenant (who con-  
18 tinues to meet applicable qualification standards)  
19 the right—

20           “(A) to return, whenever possible, to a re-  
21 paired unit;

22           “(B) to occupy a unit in another multifam-  
23 ily housing project owned by the Secretary;

24           “(C) to obtain housing assistance under  
25 the United States Housing Act of 1937; or

1           “(D) to receive any other available reloca-  
2           tion assistance as the Secretary determines to  
3           be appropriate.

4           “(I) MORTGAGE AND PROJECT SALES.—

5           “(1) IN GENERAL.—The Secretary may not ap-  
6           prove the sale of any loan or mortgage held by the  
7           Secretary (including any loan or mortgage owned by  
8           the Government National Mortgage Association) on  
9           any subsidized project or formerly subsidized  
10          project, unless such sale is made as part of a trans-  
11          action that will ensure that such project will con-  
12          tinue to operate at least until the maturity date of  
13          such loan or mortgage, in a manner that will provide  
14          rental housing on terms at least as advantageous to  
15          existing and future tenants as the terms required by  
16          the program under which the loan or mortgage was  
17          made or insured prior to the assignment of the loan  
18          or mortgage on such project to the Secretary.

19          “(2) SALE OF CERTAIN PROJECTS.—The Sec-  
20          retary may not approve the sale of any subsidized  
21          project—

22                  “(A) that is subject to a mortgage held by  
23                  the Secretary; or

24                  “(B) if the sale transaction involves the  
25                  provision of any additional subsidy funds by the

1 Secretary or a recasting of the mortgage, unless  
2 such sale is made as part of a transaction that  
3 will ensure that such project will continue to  
4 operate at least until the maturity date of the  
5 loan or mortgage, in a manner that will provide  
6 rental housing on terms at least as advan-  
7 tageous to existing and future tenants as the  
8 terms required by the program under which the  
9 loan or mortgage was made or insured prior to  
10 the proposed sale of the project.

11 “(3) MORTGAGE SALES TO STATE AND LOCAL  
12 GOVERNMENTS.—Notwithstanding any provision of  
13 law that may require competitive sales or bidding,  
14 the Secretary may carry out negotiated sales of sub-  
15 sidized or formerly subsidized mortgages held by the  
16 Secretary, without the competitive selection of pur-  
17 chasers or intermediaries, to units of general local  
18 government or State agencies, or groups of investors  
19 that include at least one such unit of general local  
20 government or State agency, if the negotiations are  
21 conducted with such agencies, except that—

22 “(A) the terms of any such sale shall in-  
23 clude the agreement of the purchasing agency  
24 or unit of local government or State agency to  
25 act as mortgagee or owner of a beneficial inter-

1 est in such mortgages, in a manner consistent  
2 with maintaining the projects that are subject  
3 to such mortgages for occupancy by the general  
4 tenant group intended to be served by the appli-  
5 cable mortgage insurance program, including,  
6 to the extent the Secretary determines appro-  
7 priate, authorizing such unit of local govern-  
8 ment or State agency to enforce the provisions  
9 of any regulatory agreement or other program  
10 requirements applicable to the related projects;  
11 and

12 “(B) the sales prices for such mortgages  
13 shall be, in the determination of the Secretary,  
14 the best prices that may be obtained for such  
15 mortgages from a unit of general local govern-  
16 ment or State agency, consistent with the ex-  
17 pectation and intention that the projects fi-  
18 nanced will be retained for use under the appli-  
19 cable mortgage insurance program for the life  
20 of the initial mortgage insurance contract.

21 “(4) SALE OF MORTGAGES COVERING  
22 UNSUBSIDIZED PROJECTS.—Notwithstanding any  
23 other provision of law, the Secretary may sell mort-  
24 gages held on unsubsidized projects on such terms  
25 and conditions as the Secretary may prescribe.



1       “(m) REPORT TO CONGRESS.—Not later than June  
2 1 of each year, the Secretary shall submit to the Commit-  
3 tee on Banking, Housing, and Urban Affairs of the Senate  
4 and the Committee on Banking, Finance and Urban Af-  
5 fairs of the House of Representatives, a report describing  
6 the status of multifamily housing projects owned by or  
7 subject to mortgages held by the Secretary, which report  
8 shall include—

9           “(1) the name, address, and size of each  
10 project;

11           “(2) the nature and date of assignment;

12           “(3) the status of the mortgage;

13           “(4) the physical condition of the project;

14           “(5) an occupancy profile of the project, includ-  
15 ing the income, family size, and race of current resi-  
16 dents as well as the rents paid by such residents;

17           “(6) the proportion of units in a project that  
18 are vacant;

19           “(7) the date on which the Secretary became  
20 mortgagee in possession;

21           “(8) the date and conditions of any foreclosure  
22 sale;

23           “(9) the date of acquisition by the Secretary;

24           “(10) the date and conditions of any property  
25 disposition sale;

1           “(11) a description of actions undertaken pur-  
2           suant to this section, including—

3                   “(A) a comparison of results between ac-  
4                   tions taken after enactment of the Housing and  
5                   Community Development Act of 1993 and ac-  
6                   tions taken in years prior to such enactment;

7                   “(B) a description of any impediments to  
8                   the disposition or management of multifamily  
9                   housing projects, together with a recommenda-  
10                  tion of proposed legislative or regulatory  
11                  changes designed to ameliorate such impedi-  
12                  ments;

13                  “(C) a description of actions taken to re-  
14                  structure or commence foreclosure on delin-  
15                  quent multifamily mortgages held by the De-  
16                  partment; and

17                  “(D) a description of actions taken to  
18                  monitor and prevent the default of multifamily  
19                  housing mortgages held by the Federal Housing  
20                  Administration;

21           “(12) a description of any of the functions per-  
22           formed in connection with this section that are con-  
23           tracted out to public or private entities or to States,  
24           including—

1           “(A) the costs associated with such delega-  
2           tion;

3           “(B) the implications of contracting out or  
4           delegating such functions for current Depart-  
5           ment field or regional personnel, including an-  
6           ticipated personnel or work load reductions;

7           “(C) necessary oversight required by De-  
8           partment personnel, including anticipated per-  
9           sonnel hours devoted to such oversight;

10          “(D) a description of any authority grant-  
11          ed to such public or private entities or States  
12          in conjunction with the functions that have  
13          been delegated or contracted out or that are not  
14          otherwise available for use by Department per-  
15          sonnel; and

16          “(E) the extent to which such public or  
17          private entities or States include tenants of  
18          multifamily housing projects in the disposition  
19          planning for such projects;

20          “(13) a description of the activities carried out  
21          under subsection (j) during the preceding year; and

22          “(14) a description and assessment of the rules,  
23          guidelines, and practices governing the Department’s  
24          management of multifamily housing projects that  
25          are owned by the Secretary (or for which the Sec-

1       retary is mortgagee in possession) as well as the  
 2       steps that the Secretary has taken or plans to take  
 3       to improve the management performance of the De-  
 4       partment.”.

5       (c) EFFECTIVE DATE.—The Secretary of Housing  
 6       and Urban Development shall, by notice published in the  
 7       Federal Register, which shall take effect upon publication,  
 8       establish such requirements as may be necessary to imple-  
 9       ment the amendments made by this section. The notice  
 10      shall invite public comments, and the Secretary shall issue  
 11      final regulations based on the initial notice, taking into  
 12      account any public comments received.

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