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HOUSE OF REPRESENTATIVES

REPORT
104–628

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1997

JUNE 18, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 3666]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes.

INDEX TO BILL AND REPORT

25–288

Summary of the Bill

The Committee recommends $84,286,060,000 in new budget (obligational) authority for the Departments of Veterans Affairs and Housing and Urban Development, and 17 independent agencies and offices. This is $1,894,094,000 above the 1996 appropriations level.

The following table summarizes the amounts recommended in the bill in comparison with the appropriations for fiscal year 1996 and budget estimates for fiscal year 1997.

SUMMARY OF BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL

	Fiscal year—		House	House compared with enacted	House compared with estimates
	1996 enacted	1997 estimates			
American Battle Monuments Commission	$20,265,000	$20,400,000	$22,265,000	+$2,000,000	+$1,865,000
Cemeterial Expenses, Army	11,946,000	11,600,000	11,600,000	−346,000	
Community Development Financial Institutions	45,000,000	125,000,000	45,000,000		−80,000,000
Consumer Information Center	2,061,000	2,060,000	2,260,000	+199,000	+200,000
Consumer Product Safety Commission	40,000,000	42,500,000	42,500,000	+2,500,000	
Corporation for National and Community Service	402,500,000	545,674,000	367,000,000	−35,500,000	−178,674,000
Council on Environmental Quality	2,150,000	2,436,000	2,250,000	+100,000	−186,000
Court of Veterans Appeals	9,000,000	8,795,000	9,229,000	+229,000	+434,000
Department of Housing and Urban Development	19,127,122,000	21,963,813,000	19,710,563,000	+583,441,000	−2,253,250,000
Department of Veterans Affairs	38,372,807,000	38,838,849,000	38,798,588,000	+425,781,000	−40,261,000
Environmental Protection Agency	6,528,027,000	7,041,917,000	6,547,427,000	+19,400,000	−494,490,000
Federal Emergency Management Agency	678,610,000	780,049,000	1,791,316,000	+1,112,706,000	+1,011,267,000
National Aeronautics and Space Administration	13,903,700,000	14,704,200,000	13,604,200,000	−299,500,000	−1,100,000,000
National Credit Union Administration			1,000,000	+1,000,000	+1,000,000
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)		
National Science Foundation	3,220,000,000	3,325,000,000	3,253,000,000	+33,000,000	−72,000,000
Neighborhood Reinvestment Corporation	38,667,000	55,000,000	50,000,000	+11,333,000	−5,000,000
Office of Consumer Affairs	1,800,000	1,811,000		−1,800,000	−1,811,000
Office of Science and Technology Policy	4,981,000	4,932,000	4,932,000	−49,000	
Resolution Trust Corporation: Office of Inspector General	11,400,000			−11,400,000	
Selective Service System	22,930,000	22,930,000	22,930,000		
Budget scorekeeping adjustments	−51,000,000	25,000,000		+51,000,000	−25,000,000
Total	82,391,966,000	87,521,966,000	84,286,060,000	+1,894,094,000	−3,235,906,000

Fiscal Year 1997 Rationale

The fiscal year 1997 recommendations for the VA, HUD, and Independent Agencies Appropriations Bill continue down the path begun with the fiscal year 1996 enacted Bill and reflect a fundamental recognition that significant changes are required if the goal of a balanced budget is to be realized.

Last year the Subcommittee conducted a zero-base review of each department, agency, and office under its jurisdiction. The goal of that review was to determine exactly what was being done by the government, why was it being done, how was it being done, and if it was a necessary activity, could it be done cheaper. The following report and accompanying Bill reflects an ongoing commitment to the basic premise of the work which was started in fiscal year 1996. The job was not completed in fiscal year 1996, nor will it be completed in fiscal year 1997, but a substantial amount of progress has been made toward controlling the growth in programs while maintaining essential government activity.

The Subcommittee recognizes that many difficult decisions are still before us and that short-term measures such as "outlay enhancers" will do little to address the long-term goal of a balanced budget. Therefore, to the extent possible, the Subcommittee has avoided the use of "outlay enhancers" and other mechanisms which merely postpone difficult decisions. The reductions contained in the Bill which accompanies this report are real reductions which present real challenges for various government offices if fundamental change is to be realized.

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

Fiscal year 1997 recommendation	$38,798,588,000
Fiscal year 1996 appropriation	38,372,807,000
Fiscal year 1997 budget request	38,838,849,000
Comparison with fiscal year 1996 appropriation	+425,781,000
Comparison with fiscal year 1997 budget request	−40,261,000

The Department of Veterans Affairs is the third largest Federal agency in terms of employment with an average employment of approximately 218,000. It administers benefits for 26,000,000 veterans, and 44,000,000 family members of living veterans and survivors of deceased veterans. Thus, 70,000,000 people, comprising about 27 percent of the total population of the United States, are potential recipients of veterans benefits provided by the Federal Government.

A total of $38,798,588,000 in new budget authority is recommended by the Committee for the Department of Veterans Affairs programs in fiscal year 1997. The funds recommended provide for compensation payments to 2,550,700 veterans and survivors of deceased veterans with service-connected disabilities; pension payments for 730,700 non-service-connected disabled veterans, widows and children in need of financial assistance; educational training and vocational assistance to 488,407 veterans, servicepersons, and reservists, and 37,938 eligible dependents of deceased veterans or seriously disabled veterans; housing credit assistance in the form of 250,030 guaranteed loans provided to veterans and servicepersons; administration or supervision of life insurance programs with 5,135,956 policies for veterans and active duty servicepersons providing coverage of $516,868,000,000; inpatient care and treatment of beneficiaries in 173 hospitals; 39 domiciliaries, 135 nursing homes and 404 outpatient clinics which includes independent, satellite, community-based, and rural outreach clinics involving 32,694,000 visits; and the administration of the National Cemetery System for burial of eligible veterans, servicepersons and their survivors.

Veterans Benefits Administration

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1997 recommendation	$18,497,854,000
Fiscal year 1996 appropriation	18,331,561,000
Fiscal year 1997 budget request	18,497,854,000
Comparison with fiscal year 1996 appropriation	+166,293,000
Comparison with fiscal year 1997 budget request	0

This appropriation provides funds for service-connected compensation payments to an estimated 2,550,700 beneficiaries and pension payments to another 730,700 beneficiaries with non-service-connected disabilities. The average cost per compensation case in 1997 is estimated at $6,035, and pension payments are projected at a unit cost of $4,034. The estimated caseload and cost by program for 1996 and 1997 are as follows:

	1996	1997	Difference
Caseload:			
Compensation:			
Veterans	2,240,200	2,247,400	+7,200
Survivors	305,300	303,300	−2,000
Clothing allowance (non-add)	(65,600)	(65,800)	(+200)
Pensions:			
Veterans.	421,800	409,000	−12,800
Survivors	341,100	321,700	−19,400
Vocational training (non-add)	(100)	(50)	(−50)
Burial allowances	103,000	102,000	−1,000
Funds:			
Compensation:			
Veterans	$11,987,023,000	$12,040,316,000	+$53,293,000
Survivors	3,215,000,000	3,317,700,000	+102,700,000
Clothing allowance	32,977,000	33,084,000	+107,000
Payment to GOE (Public Laws 101–508 and 102–568)	2,105,000	2,098,000	−7,000
Pensions:			
Veterans	2,177,600,000	2,171,700,000	−5,900,000
Survivors	790,600,000	775,700,000	−14,900,000
Vocational training	174,000	89,000	−85,000
Payment to GOE (Public Laws 101–508, 102–568, and 103–446)	11,630,000	10,078,000	−1,552,000
Payment to medical care (Public Laws 101–508 and 102–568)	11,445,000	14,241,000	+2,796,000
Payment to medical facilities	2,893,000	3,124,000	+231,000
Burial benefits	113,488,000	115,824,000	+2,336,000
Other assistance	1,895,000	1,900,000	+5,000
Unobligated balance and transfers	−15,269,000	12,000,000	+27,269,000

	1996	1997	Difference
Total appropriation	18,331,561,000	18,497,854,000	+166,293,000

The Administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends a single compensation and pensions appropriation in fiscal year 1997.

The 1997 pension budget request includes funds for a proposed cost-of-living increase of 2.8 percent. Legislation will be proposed to provide a 2.8 percent increase for all compensation beneficiaries. The estimated cost of this compensation adjustment is $288,700,000.

For fiscal year 1997, the Committee is recommending the budget estimate of $18,497,854,000 for compensation and pensions. The bill also includes requested language reimbursing $12,176,000 to the general operating expenses account and $14,241,000 to the medical care account for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, Public Law 101–508, the Veterans' Benefits Act of 1992, Public Law 102–568, and the Veterans' Benefits Improvements Act of 1994, Public Law 103–446. These cost savings provisions include verifying pension income against Internal Revenue Service and Social Security Administration (SSA) data; establishing a match with the SSA to obtain verification of Social Security numbers; and the $90 monthly VA pension cap for Medicaid-eligible single veterans and surviving spouses alone in Medicaid-covered nursing homes. Also, the bill includes requested language permitting this appropriation to reimburse such sums as may be necessary to the medical facilities revolving fund ($3,124,000 estimated in fiscal year 1997) to help defray the operating expenses of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

The Administration has proposed language that would provide indefinite 1997 supplemental appropriations for compensation and pension payments. The Committee believes the current funding procedures are adequate and has not included the requested language in the bill. The Committee recognizes that additional funding may be necessary when the final disposition of proposed legislation is known.

READJUSTMENT BENEFITS

Fiscal year 1997 recommendation	$1,227,000,000
Fiscal year 1996 appropriation	1,345,300,000
Fiscal year 1997 budget request	1,227,000,000
Comparison with fiscal year 1996 appropriation	−118,300,000
Comparison with fiscal year 1997 budget request	0

This appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985. These benefits are included in the All-Volunteer Force Educational Assistance Program. Eligibility to receive this assistance began in 1987. Basic benefits are funded through appropriations made to the readjustment benefits appropriation. Supplemental benefits are also provided to certain veterans through transfers from the Department of Defense. This law also provides education assistance to certain members of the Selected Reserve and is funded through transfers from the Departments of Defense and Transportation. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with the approved adaptive equipment. This account also finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total and permanent service-connected disability as well as dependents of servicepersons who were captured or missing-in-action.

The Committee recommends the budget estimate of $1,227,000,000 for readjustment benefits in fiscal year 1997. The estimated number of trainees and costs by program for 1996 and 1997 are as follows:

	1996	1997	Difference
Number of trainees:			
Education and training: dependents	38,668	37,938	−730
All-Volunteer Force educational assistance:			
Veterans and servicepersons	301,776	320,084	+18,308
Reservists	114,825	109,243	−5,582
Vocational rehabilitation	54,459	59,080	+4,621
Total	509,728	526,345	+16,617
Funds:			
Education and training: dependents	$98,211,000	$96,267,000	−$1,944,000
All-Volunteer Force educational assistance:			
Veterans and servicepersons	843,907,000	902,867,000	+58,960,000
Reservists	113,471,000	110,693,000	−2,778,000
Vocational rehabilitation	348,810,000	388,215,000	+39,405,000
Housing grants	16,327,000	16,327,000	0
Automobiles and other conveyances	5,615,000	5,615,000	0
Adaptive equipment	16,433,000	12,506,000	−3,927,000
Work-study	34,045,000	38,243,000	+4,198,000
Payment to States	13,000,000	13,000,000	0
Jobs training (P.L. 102–484)	−518,000	−173,000	+345,000
Unobligated balance and other adjustments	−144,001,000	−356,560,000	−212,559,000
Total appropriation.	1,345,300,000	1,227,000,000	−118,300,000

VETERANS INSURANCE AND INDEMNITIES

Fiscal year 1997 recommendation	$38,970,000
Fiscal year 1996 appropriation	24,890,000
Fiscal year 1997 budget request	38,970,000
Comparison with fiscal year 1996 appropriation	+14,080,000
Comparison with fiscal year 1997 budget request	0

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; national service life insurance (NSLI), applicable to certain World War II veterans; servicemen's indemnities, applicable to Korean conflict veterans; and the veterans mortgage life insurance, applicable to individuals who have received a grant for specially adapted housing.

The budget estimate of $38,970,000 for veterans insurance and indemnities in fiscal year 1997 is included in the bill. The amount provided will enable VA to transfer more than $31,030,000 to the service-disabled veterans insurance fund, transfer $8,040,000 in payments for the 3,700 policies under the veterans mortgage life insurance program, as well as provide payments for the 1,436 policies under a small NSLI program called "H." These policies are identified under the veterans insurance and indemnity appropriation since they provide insurance to service-disabled veterans unable to qualify under basic NSLI.

GUARANTY AND INDEMNITY PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Fiscal year 1997 recommendation	$158,643,000	$105,226,000
Fiscal year 1996 appropriation	504,122,000	65,226,000
Fiscal year 1997 budget request	158,643,000	107,703,000
Comparison with fiscal year 1996 appropriation	−345,479,000	+40,000,000
Comparison with fiscal year 1997 budget request	0	−2,477,000

The purpose of the VA home loan guaranty program is to facilitate the extension of mortgage credit on favorable terms by private lenders to eligible veterans. All operations of the loan guaranty program for loans closed on or after January 1, 1990, except for manufactured home loans, are financed from the guaranty and indemnity program fund. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation or a loan guarantee commitment. In addition, the Act requires all administrative expenses of a direct or guaranteed loan program to be funded through a program account.

The Committee recommends the budget estimate of such sums as may be necessary (estimated to be $158,643,000) for funding subsidy payments and $105,226,000 to pay administrative expenses. The reduction is to be taken at the VA's discretion, subject to normal reprogramming procedures. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

LOAN GUARANTY PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Fiscal year 1997 recommendation	$14,091,000	$33,810,000
Fiscal year 1996 appropriation	22,950,000	52,138,000
Fiscal year 1997 budget request	14,091,000	33,810,000
Comparison with fiscal year 1996 appropriation	−8,859,000	−18,328,000
Comparison with fiscal year 1997 budget request	0	0

The loan guaranty program account provides for the costs of direct and guaranteed home loans, as well as necessary administrative expenses, for loans closed prior to January 1, 1990, and for all manufactured home loans closed prior to September 30, 1991. This program also provides for the subsidies for all manufactured home loans guaranteed after September 30, 1991. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation or a loan guarantee commitment. In addition, the Act requires all administrative expenses, including those arising from the servicing of loans obligated or committed prior to 1992, to be funded through a program account.

The Committee has provided the budget requests of such sums as may be necessary (estimated to be $14,091,000) for the loan guaranty program account and $33,810,000 to pay administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

DIRECT LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1997 recommendation	$30,000	$300,000	$80,000
Fiscal year 1996 appropriation	28,000	300,000	459,000
Fiscal year 1997 budget request	30,000	300,000	80,000
Comparison with fiscal year 1996 appropriation	+2,000	0	−379,000
Comparison with fiscal year 1997 budget request	0	0	0

The direct loan program account provides funds for subsidies to severely disabled veterans for specially adapted housing and for the administrative expenses to carry out the direct loan program. The budget also requests a limitation on direct loans for specially adapted housing. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget requests of a $300,000 limitation on specially adapted housing loans, such sums as may be necessary for program costs (estimated to be $30,000), and $80,000 for administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1997 recommendation	$1,000	$3,000	$195,000
Fiscal year 1996 appropriation	1,000	4,000	195,000
Fiscal year 1997 budget request	1,000	3,000	204,000
Comparison with fiscal year 1996 appropriation	0	−1,000	0
Comparison with fiscal year 1997 budget request	0	0	−9,000

This appropriation covers the cost of direct loans for eligible dependents and, in addition, it includes administrative expenses necessary to carry out the direct loan program. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget request of $1,000 for program costs and the current appropriation level of $195,000 for administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account. In addition, the bill includes language limiting program direct loans to $3,000, the requested limitation level.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1997 recommendation	$49,000	$1,964,000	$377,000
Fiscal year 1996 appropriation	54,000	1,964,000	377,000
Fiscal year 1997 budget request	49,000	2,822,000	507,000
Comparison with fiscal year 1996 appropriation	−5,000	0	0
Comparison with fiscal year 1997 budget request	0	−858,000	−130,000

This appropriation covers the cost of direct loans for vocational rehabilitation of eligible veterans and, in addition, it includes administrative expenses necessary to carry out the direct loan program. Loans of up to $791 (based on indexed chapter 31 subsistence allowance rate) are available to service-connected disabled veterans enrolled in vocational rehabilitation programs when the veteran is temporarily in need of additional assistance. Repayment is made in 10 monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget request of $49,000 for program costs and the current appropriation level of $377,000 for administrative expenses. The administrative expenses may be transferred to and merged with the general operating expenses account. In addition, the bill includes language limiting program direct loans to $1,964,000, the current limitation level. It is estimated that VA will make 4,317 loans in fiscal year 1997, with an average amount of $455.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

Administrative expenses:	
Fiscal year 1997 recommendation	$205,000
Fiscal year 1996 appropriation	205,000
Fiscal year 1997 budget request	434,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−229,000

This program is testing the feasibility of authorizing VA to make direct home loans to native American veterans who live on U.S. trust land. This program is a five-year pilot program which began in 1993. The bill includes $205,000 for administrative expenses, the current appropriation level, which may be transferred to and merged with the general operating expenses account.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

Fiscal year 1997 recommendation	$17,008,447,000
Fiscal year 1996 appropriation	16,564,000,000
Fiscal year 1997 budget request	17,008,447,000
Comparison with fiscal year 1996 appropriation	+444,447,000
Comparison with fiscal year 1997 budget request	0

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliaries and outpatient facilities; contract hospitals; State domiciliaries, nursing homes and hospitals; contract community nursing homes; and outpatient programs on a fee basis. Hospital and outpatient care are also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs for the Department of Veterans Affairs. Funds are also used to train medical residents, interns, and other professional, paramedical and administrative personnel in health-science fields to support VA's medical programs.

The bill includes the budget request of $17,008,447,000 for medical care in fiscal year 1997. The recommended amount is an increase of $444,447,000 above the current year appropriation. In addition, $14,241,000 is transferred from the compensation and pensions account for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, and the Veterans' Benefits Act of 1992.

The budget estimates that approximately 2,900,000 patients will receive medical treatment in 1997, the same number as treated in 1995 and estimated for 1996. However, employment is estimated to decrease by 4,294 in 1996 and 5,154 in 1997. Treating the same number of patients while employment decreases is only possible through various reengineering and reorganization efforts to increase efficiency and effectiveness. The Committee strongly supports these efforts to fundamentally change the system.

The VA cannot maintain the status quo and remain a viable system. This is especially true given the budgetary constraints assumed by both the executive and legislative branches. Future funding levels for the medical care appropriation are not known. The Administration's estimates for medical care in fiscal years 1998–2002 total nearly $74,000,000,000. The House's 1997 Congressional Budget Resolution estimates a total of approximately $78,800,000,000 for the medical care account in the same five-year period. Thus, the Administration assumptions total $4,800,000,000 less for medical care in fiscal years 1998–2002 than does the House Budget Resolution. But these numbers are assumptions. Both the Administration and the Congress review the amounts to be requested and appropriated each year, as has been the long-standing practice.

The Committee supports the VA's proposal to change the method for allocating resources. However, information from the VA continues to show that similar hospitals have different levels of staffing and resources to treat approximately the same number of veterans. Such data indicates that one hospital had nearly twice the staffing and resources as another hospital in the same grouping. Savings can and should be achieved by reallocating staffing and resources from less efficient hospitals to more efficient hospitals.

The Committee also supports the VA's effort to shift funds to areas of the country where the veteran population has moved. Although reallocating limited resources is not easy, veterans should have equal access to VA medical treatment regardless of the part of the country in which they live.

Other areas for potential savings include improving management and coordination at medical centers, as well as reductions in non-direct patient care activities. While training, education, and research activities are important, the level of support for these programs needs to be reviewed in light of the budgetary situation. Beneficiary travel has increased from $77,951,000 in fiscal year 1993 to $114,834,000 estimated for fiscal year 1997. This is an area that the VA is again encouraged to examine for reduction. The proposal to consolidate and close underutilized services will permit a more effective and efficient use of resources. The primary purpose of these various savings proposals is to provide the opportunity for the treatment of more patients than would otherwise occur.

Last year's report indicated that complaints were heard where veteran patients and their families were treated in an insensitive manner by VA staff. The subjects of these complaints, which are still being heard, cannot be tolerated. Veterans and their families should receive the best and most courteous medical treatment possible. Top management needs to ensure that local management promptly deals with all such problems.

Eligibility reform is still being considered by the VA and the Congress. Such proposals have the potential to streamline the delivery of health services by shifting care from inpatient to more efficient outpatient settings. Any resulting savings will permit an increase in the number of veterans that can receive medical treatment above the level otherwise possible. The Committee supports budget neutral eligibility reform.

To increase the availability and decrease the cost of medical care, the VA has proposed that a number of small medical clinics be established. The Committees on Appropriations have agreed that several of these so-called access points be established. During the hearings, the VA testified that it supported the current approval method. The Committee agrees. The proposal for each access point should include information on cost and staffing requirements, how the parent medical center will cover such requirements, anticipated workloads, proximity to surrounding VA facilities, and other pertinent information.

The concept of joint venture federal hospitals is to promote greater sharing of health resources between the Department of Veterans Affairs and the Department of Defense. These agreements are a way of reducing the cost of health care, while increasing access to care for many DOD beneficiaries and veterans. For the most part, these projects have been successful, but specific problems relating to the hiring of personnel and the integration of services have hindered effective utilization at some of these hospitals. For example, the Nellis Federal Hospital has a few outstanding issues that the Committee expects that the VA and DOD will resolve. The Committee urges the authorizing committees to thoroughly examine the joint venture concept to determine if legislative changes are needed.

The Committee understands that a number of the leading causes of morbidity and mortality are behavioral in origin. The VA is urged to continue its psychology internship program and use these health care professionals aggressively in primary care settings to counsel behavioral modifications to reduce mortality and morbidity and the need for hospital-based services.

The Committee is aware of the collaborative work that has been taking place with the Office of the Chief Financial Officer of the Veterans Health Administration (VHA), university health management educators and leading private sector executives to improve the management of VHA facilities. The use of outside experts in health administration is a critically important component in the promotion of systemic improvements. These efforts hold great promise for bringing a new era of cost-effectiveness and efficiency to the VHA. Because of the Committee's strong interest in efficient management and quality service for veterans, the VA is urged to support the continuation and expansion of this relationship.

The Committee believes all veterans want a modern and effective health care system, but is concerned that the Veterans Integrated Service Network (VISN) #3 proposal for New Jersey may impact the quality of care and accessibility of health care for veterans. The Secretary is urged to hold public hearings on the VISN #3 proposal and report back to the Committee on its scope, the status and plan for implementation and a summary of specific service-level increases and decreases that would occur at the Lyons and East Orange medical facilities.

In the fiscal year 1996 process, $300,000 was provided for the operation of a veterans counseling medical center in Williamsport, Pennsylvania. It is the Committee's intention that funding be made available to continue the center in fiscal year 1997.

The Committee requests that the VA conduct a feasibility study of establishing a VA health care facility in Alamogordo, New Mexico. This facility would provide accessible health care services to veterans in south central New Mexico who currently must travel 150 miles or more round trip to a VA outpatient clinic.

The Committee directs the Department to expand services at the existing community-based outpatient clinic in Texarkana, Texas. It is expected that this expansion will utilize fully all available space in the current facility to meet the higher than expected demand for services.

The Committee understands that there are benefits of utilizing a disposable sheath when physicians conduct procedures using a flexible sigmoidoscope on patients to detect colorectal cancer. The Committee also understands that disposable sheaths are widely used in private practice. The Veterans Health Administration is encouraged to explore the overall effectiveness of the single-patient, sterile, condom-like protective coverings that may help protect veterans from the risk of cross-contamination.

The Committee is aware that migratory veterans currently strain the budget of many VA medical facilities. The Committee is deeply concerned that the implementation of capitation funding may exacerbate this problem. The VA is directed to prepare a report on how capitation funding will sufficiently compensate facilities with a significant migratory veteran caseload.

MEDICAL AND PROSTHETIC RESEARCH

Fiscal year 1997 recommendation	$257,000,000
Fiscal year 1996 appropriation	257,000,000
Fiscal year 1997 budget request	257,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	0

This account includes medical, rehabilitative and health services research. Medical research is an important aspect of VA programs, providing complete medical and hospital service for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic and sensory aids for the purpose of improving the care and rehabilitation of eligible disabled veterans, including amputees, paraplegics and the blind. The health service research program provides unique opportunities to improve the effectiveness and efficiency of the health care delivery system. In addition, budgetary resources from a number of areas including appropriations from the medical care account; reimbursements from the Department of Defense; and grants from the National Institutes of Health, private proprietary sources, and voluntary agencies provide support for VA's researchers.

The Committee recommends the budget request of $257,000,000 for medical and prosthetic research in fiscal year 1997. This amount, together with an estimated $705,000,000 from other sources will provide for a total research program of $962,000,000.

The fiscal year 1996 conference agreement included $1,250,000 to establish an Office of Veterans Affairs Technology and Commercialization. The Committee reiterates its intent that $1,250,000 of current year medical and prosthetic research funds be used to establish an Office of Veterans Affairs Technology and Commercialization at the National Technology Transfer Center.

Last year, the Committee supported the fiscal year 1996 budget request of $33,218,000 for health service research. The Committee supports this important research effort at that level of funding in fiscal year 1997.

According to information from the VA, approximately $1,700,000 is being spent per year for research on Parkinson's Disease. The Committee strongly suggests that research on this debilitating disease be increased in 1997. The VA is to prepare a long range plan for research in this area and how it is coordinating such efforts with the Department of Defense and the National Institutes of Health.

Previous reports have indicated support for the establishment and development of a Department of Veterans Affairs medical research service minority recruitment initiative in collaboration with minority health professions institutions. The Committee strongly supports the continued development of this program.

The Committee understands there are potential benefits and cost savings associated with antibody-directed technology such as radioimmunodetection and radioimmunotherapy which utilizes anticancer antibodies to target and deliver to diseased tissues appropriate radioisotopes, pharmaceutical and/or biological agents for detection and/or therapy. The Committee recommends that VA establish a partnership with a private, independent, not-for-profit, research and treatment center that could serve as a Center of Excellence Network in the diagnosis, detection, and treatment of cancer utilizing such radioimmunodetection and radioimmunotherapy technology. The Committee notes that the Center for Molecular Medicine and Immunology has an international reputation in this field.

Diabetes is a major health concern facing our nation's veterans. The Committee supports research efforts to reduce the cost of providing care to diabetic veterans. The VA is urged to explore forming a partnership with a nonprofit research and treatment center to develop a research program that could reduce the cost of providing care to diabetic veterans. The Committee understands that the Diabetes Institutes of Norfolk, Virginia, have made breakthroughs in diabetes research and treatment.

Approximately two percent of the research budget is spent on prostate cancer research. Prostate cancer is a major health problem for aging males. Eighty percent of the meritorious proposals for prostate cancer research are denied funding. The Committee encourages the VA to consider additional funding for prostate cancer research.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Fiscal year 1997 recommendation	$59,207,000
Fiscal year 1996 appropriation	63,602,000
Fiscal year 1997 budget request	62,207,000
Comparison with fiscal year 1996 appropriation	−4,395,000
Comparison with fiscal year 1997 budget request	−3,000,000

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

The Committee recommends $59,207,000 for medical administration and miscellaneous operating expenses in fiscal year 1997, a reduction of $3,000,000 below the budget request. The reduction is to be taken at the VA's discretion, subject to normal reprogramming procedures.

TRANSITIONAL HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1997 recommendation	$7,000	$70,000	$54,000
Fiscal year 1996 appropriation	7,000	70,000	54,000
Fiscal year 1997 budget request	7,000	70,000	54,000
Comparison with fiscal year 1996 appropriation	0	0	0
Comparison with fiscal year 1997 budget request	0	0	0

This program provides loans to nonprofit organizations to assist them in leasing housing units exclusively for use as a transitional group residence for veterans who are in (or have recently been in) a program for the treatment of substance abuse. The amount of the loan cannot exceed $4,500 for any single residential unit and each loan must be repaid within two years through monthly installments. The amount of loans outstanding at any time may not exceed $100,000.

The bill includes the budget requests of $7,000 for the estimated cost of providing loans for this program, $54,000 for associated administrative expenses, and a $70,000 limitation on direct loans. The administrative expenses may be transferred to and merged with the general post fund.

Departmental Administration

general operating expenses

Fiscal year 1997 recommendation	$823,584,000
Fiscal year 1996 appropriation	848,143,000
Fiscal year 1997 budget request	843,730,000
Comparison with fiscal year 1996 appropriation	−24,559,000
Comparison with fiscal year 1997 budget request	−20,146,000

The general operating expenses appropriation provides for the administration of non-medical veterans benefits through the Veterans Benefits Administration and top management direction and support. The Federal Credit Reform Act of 1990 changed the accounting of Federal credit programs and required that all administrative costs associated with such programs be included within the respective credit accounts. Beginning in fiscal year 1992, costs incurred by housing, education, and vocational rehabilitation programs for administration of these credit programs are reimbursed by those accounts. The bill includes $139,893,000 in other accounts for these credit programs. In addition, $12,176,000 is transferred from the compensation and pensions account for administrative costs of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Section 107 of the administrative provisions provides requested language which permits excess revenues in three insurance funds to be used for administrative expenses. The VA estimates that $32,000,000 will be utilized for such purposes in fiscal year 1997. Prior to fiscal year 1996, such costs were included in the general operating expenses appropriation.

The Committee recommends $823,584,000 for general operating expenses in fiscal year 1997. This amount represents a decrease of $20,146,000 below the budget request. The reduction is to be taken at the discretion of the Secretary, subject to normal reprogramming procedures. The Committee does not intend that any reduction be applied to the Board of Veterans Appeals.

The VA lacks the authority to pay administrative costs of the Service Members Occupational Conversion and Training Act. The VA estimates that approximately $200,000 may be needed for these expenses. The bill includes requested language to continue allowing such costs to be funded in the general operating expenses account.

The bill includes language identical to that carried in the 1996 Act which limits funds for salary and travel in the Office of the Secretary to $3,206,000 and $50,000, respectively. The bill also includes language carried in the 1996 Act which limits the number of schedule C and non-career senior executive service positions in 1997 to 6 and 11, respectively.

The 1997 budget proposes a reduction of 624 FTE in the Veterans Benefits Administration. This reduction in employment is due to decreases in workload and the impact of ten restructuring initiatives designed to improve service to veterans and reduce the overall cost of operation in the future. The request will support continued progress in reducing the time it takes to process veteran compensation and pension claims and improvement in the quality of rating and other actions. The first phase of the multi-year restructuring plan is proposed to be implemented beginning in 1997. The VA testified during the recent budget hearings that it supported the consolidation efforts because of the belief that such activities are the secret to continuing to improve services. The Committee endorses and supports these goals. Today's budgetary environment of constrained resources precludes maintaining quality service delivery at the status quo. The VBA must rapidly move forward to position itself to be a high performing organization with greater efficiency and economy of activities.

One of the Veterans Benefits Administration's restructuring initiatives is to improve access by making personnel more available for contact by telephone. This proposal would improve access through the use of time-of-day routing and network call distribution features. Within the amount recommended is $3,000,000 to implement this initiative.

NATIONAL CEMETERY SYSTEM

Fiscal year 1997 recommendation	$76,864,000
Fiscal year 1996 appropriation	72,604,000
Fiscal year 1997 budget request	76,864,000
Comparison with fiscal year 1996 appropriation	+4,260,000
Comparison with fiscal year 1997 budget request	0

The National Cemetery System was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program. This appropriation provides for the operation and maintenance of 148 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico.

The Committee recommends the budget request of $76,864,000 for the national cemetery system in fiscal year 1997.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation	$30,900,000
Fiscal year 1996 appropriation	30,900,000
Fiscal year 1997 budget request	31,175,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−275,000

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit, investigation and inspection of all Department of Veterans Affairs programs and operations. The overall operational objective is to focus available resources on areas which would help improve services to veterans and their beneficiaries, assist managers of VA programs to operate economically in accomplishing program goals, and prevent and deter recurring and potential fraud, waste and inefficiencies.

The Committee has provided $30,900,000 for the Office of Inspector General in fiscal year 1997, a decrease of $275,000 below the budget request. The reduction is to be taken at the discretion of the VA, subject to normal reprogramming procedures.

CONSTRUCTION, MAJOR PROJECTS

Fiscal year 1997 recommendation	$245,358,000
Fiscal year 1996 appropriation	136,155,000
Fiscal year 1997 budget request	249,900,000
Comparison with fiscal year 1996 appropriation	+109,203,000
Comparison with fiscal year 1997 budget request	−4,542,000

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $3,000,000 or more. Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities.

A construction program of $249,900,000 is requested for construction, major projects, in fiscal year 1997. The bill includes $245,358,000 for the construction of major projects, an increase of $109,203,000 above the current appropriation level and a decrease of $4,542,000 below the budget request.

The changes from the budget request are as follows:

+$15,500,000 for the renovation of facilities and relocation of medical school functions project at the Mountain Home VA Medical Center. This completes the total Federal funding for this project which has been provided over a several year period.

+$13,000,000 for the phase I development of a new national cemetery in the Albany, New York area.

+$1,258,000 to complete the design of a new national cemetery in Guilford Township, Ohio.

+$1,000,000 for planning of an ambulatory care addition at the Lyons, New Jersey VA Medical Center.

+$2,300,000 for planning and design of a renovation/reconstruction of psychiatric care facilities project at the Murfreesboro, Tennessee VA Medical Center.

+$20,000,000 for the first phase of the spinal cord injury unit and energy center project at the Tampa VA Medical Center. These funds are for the energy plant and associated site work for both the energy plant and the spinal cord injury unit.

−$42,600,000 requested for construction of phase I of a new medical center in Brevard County, Florida. To date, a total of $25,000,000 has been appropriated for the design and construction of an outpatient clinic in Brevard County. The 1996 conference report stated that the VA was expected to commence construction of this project as soon as possible. The Committee directs the VA to immediately commence work on this project. By fast-tracking the project, veterans in the Brevard County area will start receiving medical care in the new outpatient clinic at the earliest possible date.

−$5,000,000 of the $8,845,000 requested for the advance planning fund.

−$5,000,000 of the $15,000,000 requested for asbestos abatement.

−$5,000,000 requested for the judgment fund.

The bill includes the $32,100,000 requested for the VA/Air Force Joint Venture at Travis Air Force Base in Fairfield, California. Last year's conference agreement provided $25,000,000 for an outpatient clinic at Travis, instead of the requested replacement hospital. The Committee has now been convinced to support phased funding for the hospital which is a replacement for the Martinez VA Medical Center that was closed in 1991 because it did not meet earthquake safety requirements. The Committee expects the VA to utilize the $32,100,000 in this bill, together with the $25,000,000 provided in the 1996 major construction appropriation, for the first phase of the full replacement hospital.

The budget proposes changing the minor construction cost limitation from less than $3,000,000 to less than $10,000,000. This would increase the lower limit of the major construction appropriation accordingly. The bill does not include either of these two proposals.

The budget also proposes eliminating language defining the timeframe for awarding design and construction contracts, and removing a report requirement on projects not awarded in those timeframes. The bill retains this language which has been carried for a number of years and is designed to ensure that major construction projects proceed in a timely manner.

Funding was provided in a previous appropriations Act to convert the former Orlando Naval Training Center Hospital into a VA nursing home. The VA should not expend funds for that conversion until the Secretary can complete a comprehensive study of veterans health care delivery in Florida. The Committee notes that during the budget hearings the VA indicated that it had halted any further expenditure of funds for the nursing home project pending the examination of other options in Florida.

The specific amounts recommended by the Committee are as follows:

DETAIL OF BUDGET REQUEST

[In thousands of dollars]

Location and description	Available through 1996	1997 request	House recommendation
Medical Program:			
Replacement and modernization:			
Brevard County, FL, new medical center/nursing home	$25,000	$42,600	0
Travis, CA, VA/Air Force joint venture	25,000	32,100	$32,100
Subtotal, replacement and modernization	50,000	74,700	32,100
Outpatient improvements:			
Honolulu, HI, ambulatory care/renovate "E" wing	27,000	16,000	16,000

DETAIL OF BUDGET REQUEST—Continued

[In thousands of dollars]

Location and description	Available through 1996	1997 request	House recommendation
Wilkes-Barre, PA, ambulatory care/environmental improvements	5,000	42,700	42,700
Subtotal, outpatient improvements	32,000	58,700	58,700
Patient environment:			
Marion, IN, replace psychiatric beds	0	17,300	17,300
Pittsburgh (UD), PA, environmental improvements	0	17,400	17,400
Salisbury, NC, environmental enhancements	0	18,200	18,200
Subtotal, patient environment	0	52,900	52,900
Clinical improvements: Tampa, FL, spinal cord injury/energy plant	4,000	0	20,000
General: Mountain Home, TN, renovation of facilities/relocation of medical school	13,500	0	15,500
Advance planning fund:			
Lyons, NJ, ambulatory care addition	0	0	1,000
Various stations	0	8,845	3,845
Subtotal, advance planning fund	0	8,845	4,845
Design fund:			
Murfreesboro, TN, psychiatric care facilities	0	0	2,300
Various stations	0	1,000	1,000
Subtotal, design fund	0	1,000	3,300
Hazardous substance abatement: Various stations	0	800	800
Asbestos abatement: Various stations	0	15,000	10,000
Less: FY 1996 Design fund	0	(2,645)	(2,645)
Subtotal, major VHA	99,500	209,300	195,500
National Cemetery Program:			
Albany, NY, new cemetery	1,750	0	13,000
Chicago, IL, new cemetery	1,500	18,400	18,400
Dallas/Fort Worth, TX, new cemetery	5,000	16,200	16,200
Subtotal, new national cemeteries	8,250	34,600	47,600
Design fund:			
Cleveland, OH, new cemetery	700	0	1,258
Various stations	0	500	500
Subtotal, design fund	700	500	1,758
Subtotal, NCS	8,950	35,100	49,358
Judgment Fund: Various stations	0	5,000	0
Claims Analyses: Various stations	0	500	500
Total construction, major projects	108,450	249,900	245,358

CONSTRUCTION, MINOR PROJECTS

Fiscal year 1997 recommendation	$160,000,000
Fiscal year 1996 appropriation	190,000,000
Fiscal year 1997 budget request	189,241,000

Comparison with fiscal year 1996 appropriation	−30,000,000
Comparison with fiscal year 1997 budget request	−29,241,000

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

The Committee recommends $160,000,000 for the construction, minor projects appropriation in fiscal year 1997. The amount recommended is $29,241,000 below the budget request. The reduction is to be taken at the discretion of the Secretary, subject to normal reprogramming procedures.

The budget proposes increasing the minor construction cost limitation from less than $3,000,000 to less than $10,000,000. The budget also proposes bill language to allow the use of up to $3,000,000 per lease of minor construction funding for the enhanced-use leasing program. The bill does not include either of these two proposals.

Within the amount recommended is up to $3,000,000 to renovate existing outpatient space for the development of modern managed care facilities at the Syracuse VA Medical Center. This project will improve clinic efficiency by facilitating the shift of treatment from inpatient services to outpatient managed care, and it will reduce the waiting time for appointments.

Within the amount recommended is $2,900,000 for the expansion of an ambulatory care facility at the Chillicothe, Ohio VA Medical Center. The design work for this expansion was recently completed. The Veterans Integrated Service Network ranked this project as the highest priority in the network last year.

In 1996, funds in the minor construction project account were awarded to the San Francisco VA Medical Center for the construction of a Neuroscience Center. The Committee urges the VA, prior to proceeding with this project, to work closely with the City of San Francisco to negotiate an option which would both alleviate the substandard conditions at the hospital and respond to local environmental concerns.

PARKING REVOLVING FUND

Fiscal year 1997 recommendation	$12,300,000
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	0
Comparison with fiscal year 1996 appropriation	+12,300,000
Comparison with fiscal year 1997 budget request	+12,300,000

This appropriation provides funds for the construction, alteration, and acquisition (by purchase or lease) of parking garages at VA medical facilities. The Secretary is required under certain circumstances to establish and collect fees for the use of such garages and parking facilities. Receipts from the parking fees are to be deposited in the revolving fund and can be used to fund future parking garage initiatives.

No new budget authority is requested for the parking revolving fund in fiscal year 1997. Leases will be funded from parking fees collected. The Committee recommends $12,300,000 for the parking structure component of the ambulatory care addition project at the Cleveland VA Medical Center. The bill includes the requested language permitting operation and maintenance costs of parking facilities to be funded from the medical care appropriation.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Fiscal year 1997 recommendation	$47,397,000
Fiscal year 1996 appropriation	47,397,000
Fiscal year 1997 budget request	39,909,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	+7,488,000

This program provides grants to assist States to construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project. Grants for State nursing facilities may not provide for more than four beds per thousand veterans in any State.

The Committee recommends $47,397,000 for grants for construction of State extended care facilities in fiscal year 1997. This amount represents the current appropriation level and is an increase of $7,488,000 above the budget request.

The Committee understands that the current system under which projects are prioritized for funding appears to favor new construction. Projects like the one proposed for the D.J. Jacobetti Home for Veterans, which would replace a 50-year-old heating system, experience difficulties in receiving funding. The VA is to review the current funding prioritization system with the goal of allowing projects involving life or safety issues to take precedence.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

Fiscal year 1997 recommendation	$1,000,000
Fiscal year 1996 appropriation	1,000,000
Fiscal year 1997 budget request	1,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	0

Public Law 95–476 established authority to provide aid to States for establishment, expansion, and improvement of State veterans' cemeteries. States receive financial assistance to provide burial space for veterans which serves to supplement the burial services provided by the national cemetery system. The cemeteries are operated and permanently maintained by the States. A grant may not exceed 50 percent of the total value of the land and the cost of improvements. The remaining amount must be contributed by the State.

The Committee recommends the budget request of $1,000,000 for grants for the construction State veterans cemeteries in fiscal year 1997.

FRANCHISE FUND

(LANGUAGE)

The VA was chosen by the Administration as a pilot franchise fund agency under Public Law 103–356, the Government Management and Reform Act of 1994. Beginning in fiscal year 1997, the Administration is proposing to formally establish the franchise fund as a revolving fund. The concept is intended to increase competition for government administrative services resulting in lower costs and higher quality.

Administrative services included in the fund will be financed on a fee-for-service basis rather than through a VA appropriation. The fund will be used to supply common administrative services on the basis of services supplied. Such activities are expected to have billings of approximately $55,000,000 and employ 445 people.

The bill includes language requested to establish the franchise fund, modified to more closely resemble pilot programs of other federal agencies. The Committee expects to be notified prior to the VA entering service areas beyond those listed in the budget. It is also expected that next year's budget justifications will include detailed information on the franchise fund.

ADMINISTRATIVE PROVISIONS

(INCLUDING THE TRANSFER OF FUNDS)

The bill contains the seven administrative provisions requested by the Administration. These provisions were also carried in the 1996 Appropriations Act.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fiscal year 1997 recommendation	$19,710,563,000
Fiscal year 1996 appropriation	19,127,122,000
Fiscal year 1997 budget request (revised)	21,963,813,000
Comparison with fiscal year 1996 appropriation	+583,441,000
Comparison with fiscal year 1997 budget request	−2,253,250,000

The Department of Housing and Urban Development was established by the Department of Housing and Urban Development Act of 1965. In that Act, the Congress recognized the importance of housing and urban development to the Nation and tasked HUD to administer four major categories of programs: FHA mortgage insurance, subsidized housing, community and neighborhood development, and regulatory functions.

The breadth and vagueness of these activities have contributed to the evolution of an agency that is clearly troubled. In an attempt to change this perception, HUD has offered various suggestions to "reinvent" itself into an agency that provides communities with power to design local strategies to deal with unique circumstances while providing adequate resources necessary to enable them to implement those strategies. While these proposals have increased the level of debate about how to reorganize the Department, unfortunately, they have not yielded substantial results towards improving HUD's management and programmatic weaknesses.

One possible reason for this lack of performance is the fact that HUD lacks a cohesive mission. For example, the Department is responsible for administering a wide variety of programs, including the Federal Housing Administration mortgage insurance programs that help families become homeowners and facilitates the construction and rehabilitation of rental units; rental assistance programs for lower income families who otherwise could not afford decent housing; the Government National Mortgage Association mortgage-backed securities program that helps insure an adequate supply of mortgage credit; community and neighborhood economic development programs; and, programs that assist states in their efforts to combat housing discrimination and to further fair housing. In addition, HUD is currently one of the nation's largest financial institutions, with significant commitments, obligations, and exposure.

This diversity of missions has resulted in a department that is intricately woven into the financial and social framework of the nation and that interacts with a diverse number of constituencies, including public housing authorities, private housing owners, and other governmental entities, such as state housing finance agencies, nonprofit groups, and state and local governments. All these factors have contributed to the serious disarray that exists at the agency.

Complicating HUD's troubles are serious management and budget problems. Recently, the General Accounting Office (GAO) reported that HUD has an ineffective organizational structure, an insufficient mix of staff with the proper skills, weak internal controls, and inadequate information and financial management systems.

This finding corroborates the findings of outside auditors who, in June, 1995, noted that HUD's internal controls and financial systems, primarily in the areas of grant and subsidy payments to public and Indian housing authorities, did not provide adequate assurance that amounts paid under these programs are valid and correctly calculated. Consequently, HUD is unable to state categorically that federally subsidized housing units are occupied by needy lower-income families and that those living in such units are paying the correct rents.

Moreover, HUD's incoherent budget process does not enable it to justify its fiscal priorities to the Congress on a timely basis. This combination—a deficient budget process and weak internal controls and financial systems—has contributed to the perception that HUD is a failed institution, prompting many in Congress to consider eliminating it altogether.

Another vexing programmatic and budget problem is the excessive housing subsidies and physical inadequacies of HUD's insured multifamily property portfolio. This portfolio includes approximately 8,500 properties with section 8 rental contracts that expire over the next seven years. Of these properties, about 63% have rents that are higher than market rents, a burden which is shouldered by the taxpayer. However, simply reducing rents or deciding against renewing section 8 contracts has significant consequences: the number of households HUD assists could be reduced and currently-assisted tenants could face sharp rent increases, forced displacement or eviction.

While there are no easy solutions to this problem, HUD has requested authority to change the manner in which this portfolio is administered. This initiative, called portfolio reengineering, involves several components. First, prior to section 8 contract expiration, HUD would authorize third parties to negotiate with owners to restructure the property's mortgage so that it could be supported by market rents. Then, upon contract expiration, the above-market rents would be reduced to market rate levels. Concurrently, FHA's guarantee of the loan would be disconnected from the restructured mortgage. Finally, section 8 rental assistance contracts would be renewed only for a term of one year.

Restructuring the mortgage so it can be supported by market rents will decrease the level of budget authority and outlays necessary to fund the program. Without portfolio reengineering, budget authority needs will skyrocket and outlay requirements will increase by $7,000,000,000 between now and 2002, jeopardizing each of HUD's other programs, including community development grants, homeless assistance, funding for the HOME program, and operating assistance for public housing authorities.

Reducing section 8 contract terms to one year will enable budget authority and outlays to bear some relation to each other, thereby improving the ability of policymakers to manage the contract renewal process with more precise budget estimates and timely information. Moreover, one year renewals will place HUD programs on the same budget basis as virtually all other domestic discretionary programs.

Because legislation has not been introduced to contend with the problem of expiring section 8 contracts, the Committee has been put in the position of crafting legislation to deal with those section 8 project-based contracts that expire in 1997. Unfortunately, this provision does not solve, but merely ameliorates, the problem for this fiscal year. Next year, HUD speculates that the level of budget authority it will require to renew expiring contracts could exceed discretionary budget caps. Therefore, it is the hope of this Committee that all appropriate parties in Congress will make a concerted effort to craft a solution to this problem prior to the 1998 fiscal year.

This year, HUD requested $845 million in bonus funding for high-performing grantees in four of its six block grants, called "performance funds." The Committee, however, has decided against funding any new programs, including these bonus pools. HUD believes these grants will provide communities with greater flexibility to craft local solutions for local problems. The Department plans to competitively award bonuses to grantees who exceed established performance measures and who submit project proposals.

However, the Committee is concerned that the characteristics of the block grants themselves—their program breadth and the flexibility will—greatly complicate and add significant time to the development of uniform performance measures. Moreover, because HUD's information systems are inadequate to support performance measurement, HUD is likely to be unable to effectively use the requested funding.

Program performance information comes from sound, well-run information systems that accurately and reliably track actual performance against standards, such as benchmarks. GAO, the Inspector General and outside auditors have expressed major concerns that HUD's information systems are inadequate to support current programs, much less support implementation of four bonus pools.

Given these complications, the Committee is concerned that HUD is still in the midst of developing its bonus program and measures for its performance funds. In its fiscal year 1997 budget, HUD is requesting $11 million for its office of Policy Development and Research to continue developing quantifiable measures for each program, a process for setting benchmarks with grantees and improvements in how program performance information is used by the Department. This means the measures and processes will not be in place and known to the grantees before HUD uses them to award bonuses with fiscal year 1997 funds. The Committee believes that for the performance bonuses to have equity and merit, HUD needs to be able to specify prior to the year over which performance is measured what results and outcomes will be rewarded and how they will be measured.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

Fiscal year 1997 recommendation	$5,372,000,000
Fiscal year 1996 appropriation	9,818,795,000
Fiscal year 1997 budget request (revised)	5,597,000,000
Comparison with fiscal year 1996 appropriation	−4,446,795,000
Comparison with fiscal year 1997 budget request	−225,000,000

The annual contributions for assisted housing account has been the principal appropriation at the Department for providing housing assistance to low-income families. Some of the programs in this account have included public housing, Indian housing, modernization, section 8 certificates and vouchers (rental assistance), housing for the elderly and disabled, preservation, lead-based paint grants, section 8 contract amendments, and housing opportunities for persons with AIDS.

Last year, the Committee recommended eliminating funding for 22 duplicative and/or unauthorized programs within this account in an attempt to improve HUD's ability to track and control subsidy payments. This year, the Committee has restructured the account again, retaining subaccounts for section 8 tenant-based and project-based contracts and section 8 amendments. The amount made available for section 8 renewals is for 12-month contracts. Remaining funds should not be expended until September 15, 1997.

Tracking expenditures should be a priority for HUD and ought to be possible through various automated systems. For example, the Tenant Rental Assistance Certification System (TRACS) gives HUD the capacity to determine the amount of funds appropriated in a given year and compare the number with what was spent on current contract amounts, amendments or renewals. Owners and PHAs, however, must supply the pertinent information. If they do not comply with this directive, the Committee believes they ought to be penalized. The goal of reaching a balanced budget by the year 2002 makes it imperative that HUD be in a position to account for every dollar provided to it by Congress.

HOUSING FOR SPECIAL POPULATIONS: ELDERLY AND DISABLED

Fiscal year 1997 recommendation	$769,000,000
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request (revised)	769,000,000
Comparison with fiscal year 1996 appropriation	−319,358,000
Comparison with fiscal year 1997 budget request	0

The Housing for Special Populations program provides eligible private non-profit organizations with capital grants used to finance the acquisition, rehabilitation, or construction of housing intended for elderly people or people with disabilities. Twenty-five percent of the funding for supportive housing for the disabled is available for tenant-based assistance under section 8 to increase program flexibility.

The Committee recommends funding the section 202 housing for the elderly program at $595,000,000 and section 811 housing for the disabled program at $174,000,000, as requested by the President.

The Committee recognizes the value of service coordination as an essential management tool in elderly housing. The average age of older persons in public and assisted housing is now in the late 70's and rising. These tenants have very high rates of disability which threaten their independence and create difficult management issues. The need for service coordinators is especially acute in public housing which often includes large numbers of younger tenants with mental and physical disabilities. The diversity of needs and the community tensions that sometimes result from housing these groups in the same buildings require staff who are trained in bringing relevant supportive services to address these problems. The Committee strongly urges the Department to routinely fund service coordinators as a part of operating budgets. These costs should also be assumed in future budget submissions by the Department to Congress.

The Secretary currently has broad authority to reform the Section 202 Elderly Housing Program in order to expedite needed programmatic and financing changes. In this regard, the Committee is concerned about the program's long term financial viability, based on the decision to reduce the rental assistance contract by the amount of tenant contributions. Such action has the effect of defunding the reserves needed for modernization and major maintenance in the long term. Possible budgetary implications in the outyears must also be considered, given the likelihood that additional resources may be necessary for modernization and major repairs. The Committee directs the Secretary to provide a report no later than February 1, 1997, on the effects of this change on project reserves.

FLEXIBLE SUBSIDY FUND

The Housing and Urban Development Act of 1968 authorized HUD to establish a revolving fund into which rental collections in excess of the established basic rents for units in section 236 subsidized projects are deposited. Subject to approval in appropriations acts, the Secretary is authorized under the Housing and Community Development Amendment of 1978 to transfer excess rent collections received after 1978 to the Troubled Projects Operating Subsidy program, renamed the Flexible Subsidy Fund.

The Committee recommends that the account continue to serve as a repository of excess rental charges appropriated from the Rental Housing Assistance Fund. Although these resources will not be used for new reservations, they will continue to offset Flexible Subsidy outlays and other discretionary expenditures.

RENTAL HOUSING ASSISTANCE

The Housing and Urban Development Act of 1968, as amended, authorizes the section 236 rental housing assistance program which subsidizes the monthly mortgage payment that an owner of a rental or cooperative project is required to make. This interest subsidy reduces rents for lower income tenants. No new commitment activity has occurred in this program since 1973.

The Committee recommends allowing a reduction of not more than $2,000,000 in uncommitted balances of contract authority.

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATES FUND

Fiscal year 1997 recommendation	$166,000,000
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request (revised)	290,000,000
Comparison with fiscal year 1996 appropriation	+166,000,000
Comparison with fiscal year 1996 budget request	−124,000,000

The Housing Certificates Fund consolidates the existing section 8 voucher and certificate rental assistance programs. The Committee has recommended providing funding sufficient to prevent tenant displacement due to preservation activities, property disposition, portfolio reengineering and other activities.

The Committee recommends that $50 million be set-aside to fund section 8 tenant-based rental assistance for people with disabilities displaced as a result of P.L. 104–120, legislation that enables PHAs to designate public housing buildings for elderly residents. Clearly, in virtually every part of the United States, people with mental retardation, mental illness and other disabilities face an extreme crisis in the availability of affordable housing. Hundreds of people with disabilities live in seriously substandard housing conditions, paying 50–75% or more of their limited income for rent, live at home with elderly parents who fear for the future or remain in inappropriate institutional settings because there is no housing available to them in the community. Therefore, this set-aside should help disabled persons to have access to housing—a cornerstone to independence, integration, and productivity.

Finally, the Committee recommends providing for a three-month delay in reissuing section 8 rental assistance, limits the annual adjustment factor for high cost units and reduces the annual adjustment factor by 1% on those units that do not experience turnover due to attrition.

PUBLIC AND INDIAN HOUSING OPERATION FUNDS

Fiscal year 1997 recommendation	$2,850,000,000
Fiscal year 1996 appropriation	2,800,000,000
Fiscal year 1997 budget request	2,900,000,000
Comparison with fiscal year 1996 appropriation	+50,000,000
Comparison with fiscal year 1996 budget request	−50,000,000

Operating subsidies are provided to public housing authorities as a supplement to tenant rental contributions and other income to assist in financing the operation of public housing projects. Operating subsidies are required to maintain operating and maintenance services and to provide for minimum project reserves. The performance funding system (PFS) formula is the primary system for determining operating subsidy amounts.

The Committee recommends funding operating subsidies at $2,850,000,000, and notes that reforms contained in the 1996 rescissions package and appropriations measure have enabled PHAs to operate more efficiently and more economically. These reforms, however, expire at the end of the 1996 fiscal year unless permanent authorizing language is adopted.

Both the House of Representatives and the Senate have passed legislation, H.R. 2406 and S. 1260, that contains significant reform measures. The Committee urges the authorizing committees to reconcile the differences between these two pieces of legislation so that the reforms can become permanent law.

PUBLIC AND INDIAN HOUSING CAPITAL FUNDS

Fiscal year 1997 recommendation	$2,700,000,000
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	2,700,000,000
Comparison with fiscal year 1996 appropriation	+2,700,000,000
Comparison with fiscal year 1997 budget request	0

The public and Indian housing capital fund consolidates all current public housing capital programs into one account, including public housing development, modernization, and amendments, as well as major reconstruction of public housing, severely distressed public housing, and Indian housing development and modernization activities. In fiscal year 1996, modernization was funded at $2,500,000,000 in the annual contributions account.

The Committee recommends funding the Public and Indian housing capital fund account at $2,700,000,000, which is the level requested by the President, to enable PHAs/IHAs to continue making both capital and management improvements.

$2,415,000,000 is set-aside for long-range capital improvement programs and ordinary modernization programs. Other set-asides include: $200,000,000 for Indian housing development which will lead to 2,100 units of newly constructed homes on Indian reservations; $50,000,000 for supportive services to promote self-sufficiency of residents; $20,000,000 for technical assistance funds; $10,000,000 for the Tenant Opportunity Program; and $5,000,000 for the Jobs-Plus Demonstration program.

HUD intends to use the funds provided for technical assistance to support more inspections of public housing units, and to contract with real estate management experts who can assist the Department in turning-around troubled PHA/IHAs. While the Committee agrees with this use of funds, the Committee recommends that HUD create performance targets for the use of these funds and provide a final report to Congress next year on how the funds are spent and whether the targets are achieved.

The Committee recommends reducing the President's request for the Tenant Opportunity Program by $5,000,000. This program has come under intense scrutiny because of wasteful spending practices and allegedly fraudulent activities. Therefore, the Committee has decided against fully funding the program until an investigation has been completed.

The Committee has funded the Jobs-Plus Demonstration program at the President's request, recognizing the importance of increasing the number of public housing residents who are employed. This demonstration is designed to establish innovative and replicable strategies for increasing and retaining the number of public housing residents who are employed. It will focus on four to six urban PHAs in developing tailored, locally-based approaches to providing employment opportunities and job access to working-age residents in at least one family development in the selected PHA.

The Committee is pleased to note that legislative reforms initiated by this subcommittee last year have yielded very positive results. For example, to date, at least 13,800 units of nonviable, overly-dense and obsolete public housing have been demolished. By the end of fiscal year 1996, HUD estimates that approximately 10,000 more units of dilapidated public housing will be eliminated from the inventory. Other reforms have empowered PHAs to make substantial improvements to their public housing facilities quickly with little interference from HUD.

PUBLIC HOUSING CAPITAL FUND BONUS PROGRAM

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	$500,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1996 budget request	−500,000,000

The Public Housing Capital Fund Bonus program would be available to those PHAs that score 90 or higher under HUD's Public Housing Management Assessment Program, and that have made substantive efforts to link public housing residents with education, job training or similar self-sufficiency initiatives, including HUD's "Campus of Learners" initiative. The bonus pool would be split among eligible PHAs based on the Capital Fund formula, and bonus funds would be used for any uses eligible under the Capital Fund.

Additional funding for new, unauthorized programs is not available.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VII)

Fiscal year 1997 recommendation	$550,000,000
Fiscal year 1996 appropriation	480,000,000
Fiscal year 1997 budget request	650,000,000
Comparison with fiscal year 1996 appropriation	+70,000,000
Comparison with fiscal year 1996 budget request	−100,000,000

The Revitalization of Severely Distressed Public Housing program awards competitive grants to public housing authorities to enable them to demolish obsolete projects, or to revitalize where appropriate, the sites on which the projects are located. In addition, the grants may provide replacement housing for those families displaced by demolition to avoid or lessen concentrations of very low-income families.

The Committee recommends funding this program at $550,000,000 with a set-aside of $2,500,000 for technical assistance. Of the amount made available, up to 50% of the funds may be used for reconstruction of demolished projects or replacement units for displaced families. The balance will be used for demolition or tenant-based assistance for relocation.

The Severely Distressed Public Housing Program was created in 1992 and has received appropriations of more than $2,038,240,000. The Committee is requesting that GAO review the results of the program, how the appropriations have been expended, including the number of units constructed or renovated, the number of units demolished, the costs associated with the program, and the number of families assisted. To enable the Committee to make future spending recommendations, the study should be presented to the Committee by February 1, 1997.

The Committee is extremely troubled by ongoing attempts to rebuild on the site of Desire Homes in New Orleans, Louisiana, without an unbiased recommendation that the site is safe and viable, and the surrounding neighborhood provides adequate services for families who remain on the Desire site. Therefore, the Committee is withholding the HOPE VI grant made to HANO for the Desire Homes project until the Committee has reviewed an independent recommendation that the units can be rebuilt cost-effectively, that the site is suitable for low-income housing and that the quality of life for residents will be improved.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Fiscal year 1997 recommendation	$290,000,000
Fiscal year 1996 appropriation	290,000,000
Fiscal year 1997 budget request	290,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1996 budget request	0

Drug elimination grants are provided to public housing agencies and Indian housing authorities to eliminate drug-related crime in housing developments. PHAs may use funds to employ security personnel and investigators, provide physical project improvements to enhance security, support tenant patrols in cooperation with local law enforcement agencies, develop innovative programs to reduce drugs, and provide resident groups with funds to develop security and drug abuse prevention programs.

The Committee recommends funding this program at the level requested by the President, and provides a $10,000,000 set-aside for Operation Safe Home, a program administered by HUD's Office of the Inspector General. This set-aside will enable residents to be moved to safe buildings when they identify drug dealers to aid police officers.

VIOLENT CRIME REDUCTION PROGRAMS

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	$3,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1996 budget request	−3,000,000

Amounts for Public and Indian Housing's portion of the Crime Control Programs are derived from transfers from the Violent Crime Reduction Trust Fund, authorized by the Crime Control and Law Enforcement Act of 1994. These funds are provided to pay for census surveys required in development of formulae needed to distribute funds to units of local governments.

The Committee recommends against transferring $3,000,000 to the Census Bureau for these purposes.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

	Program account	Limitation on direct loans
Fiscal year 1997 recommendation	$3,000,000	$36,900,000
Fiscal year 1996 appropriation	3,000,000	36,900,000
Fiscal year 1997 budget request	3,000,000	36,900,000
Comparison with fiscal year 1996 appropriation	0	0
Comparison with fiscal year 1996 budget request	0	0

Section 184 of the Housing and Community Development Act of 1992 establishes a loan guarantee program for Native Americans to build or purchase homes on trust land. This program provides access to sources of private financing for Indian families and Indian housing authorities who otherwise could not acquire financing because of the unique legal status of Indian trust land. This program provides the financial vehicle for approximately 20,000 families to construct new homes or purchase existing properties on reservations. The budget requests $3,000,000 to support loan guarantees totaling $36,900,000. The bill includes the requested program subsidy and loan guarantee limitation.

Continued deplorable housing conditions for low-income Native American families greatly concerns the Committee. In many cases, these deplorable conditions are attributable to several factors: the unique nature of Native American Trust lands, private industry's inability to understand the special Trust land status, and the lack of cost-effective ways to build on Indian lands. Nevertheless, considerable money is appropriated annually to address these concerns with little result. Therefore, the committee is requesting that the General Accounting Office (GAO) survey the Native American programs administered by HUD, provide an analysis of which programs are working well and make recommendations to improve them and to make them more cost-effective.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

Fiscal year 1997 recommendation	$4,300,000,000
Fiscal year 1996 appropriation	4,600,000,000
Fiscal year 1997 budget request	4,600,000,000
Comparison with fiscal year 1996 appropriation	−300,000,000
Comparison with fiscal year 1997 budget request	−300,000,000

Title I of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to make grants to units of general local government and states for local community development programs. The primary objective of the block grant program is to develop viable urban communities and to expand economic opportunities, principally for persons of low- and moderate-income.

The Committee recommends appropriating $4,300,000,000 for community development grants in fiscal year 1997, a $300,000,000 decrease from fiscal year 1996, but a $600,000,000 increase from the recommendation of the House Budget Resolution. Though the Committee is aware that the CDBG program is extremely popular, it is necessary to improve controls to ensure that CDBG grantees fund eligible activities and provide the required level of activities for the benefit of low- and moderate-income persons.

Since 1991, section 107 grants have provided funds for various purposes including providing assistance for community development for insular areas; historically black colleges and universities, work study; funding for states and units of general local government to correct any miscalculation of their share of funds under section 106; joint community development; regulatory barrier removal; community outreach; and technical assistance in planning, developing and administering programs under Title I.

Bill language earmarks $49,000,000 for section 107 grants, including: $7,000,000 for insular areas; $6,500,000 for Historically Black Colleges and Universities; $4,000,000 for Community Development Work Study, with a $1,500,000 set-aside for Hispanic-serving institutions and $500,000 set-aside for continuing a seven site effort to develop revitalization strategies through the National Center for the Revitalization of Central Cities; $7,500,000 for the Community Outreach Partnership program; $9,000,000 for technical assistance to States, communities, and Native American tribes to plan, develop and administer Title I assistance; and, not less than $14,000,000 to develop, implement, and refine management information system for purposes of establishing a national database on local needs and program performance.

The Committee continues to encourage the Department to support joint projects between units of local government and the historically black colleges and universities. The Committee believes that progress is being made in developing expanded opportunities of joint community development projects that serve both public and subsidizing housing residents, especially the elderly; but also in bringing institutional local government and private sector funds together that result in the development of capital projects that serve the campus and the community.

Other set-asides within the CDBG account include: $61,400,000 for Native Americans; $2,100,000 for the Housing Assistance Council; $1,000,000 for the National American Indian Housing Council; and $20,000,000 for Youthbuild. This year the Committee recommends funding the Lead-based Paint Hazard Reduction program with a $60,000,000 set-aside in this account. The program, however, shall continue to be administered by the Office of Lead-based Paint.

Included in the legislation is a $40,000,000 set-aside within the CDBG program for Economic Development Initiatives (EDI), to finance efforts that generate economic revitalization and link people to jobs and social services. Of this amount, $11,000,000 is targeted to address local examples of need as follows:

$1,000,000 to renovate the Valentine Theatre, which will serve as a magnet in attracting new business and support existing businesses in Toledo, Ohio's, continuing downtown revitalization efforts;

$900,000 to expand services and facilities for high risk youths in Suffolk County, New York;

$3,100,000 for Ball State University in Indiana to create a Housing Futures Institute that will use environmentally sound materials and systems to build affordable housing using local partnerships in Columbus, Indiana, Bloomington, Indiana, Terre Haute, Indiana, Gary, Indiana, and Indianapolis, Indiana;

$2,250,000 for economic revitalization and community development activities, and to provide counseling services to low-income families in San Bernardino County, California;

$1,000,000 to complete the Multi-Agency Visitor Center in Cibola County, New Mexico, to improve economic opportunities in that area;

$1,000,000 to enable the City of Scranton, Pennsylvania, to continue revitalizing the downtown area by demolishing the Casey Hotel;

$750,000 to pursue infrastructure improvements for assisting in constructing low- and moderate-income housing in Osceola, Iowa.

$1,000,000 for the East Texas and Ark-Texas and Ark-Tex Council of Governments in Texas, to operate an economic development revolving loan fund for creating jobs and improving the economic environment of East Texas.

The bill also includes language limiting guaranteed loans under section 108 to $1,500,000,000, with credit subsidy needs at $31,750,000.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Fiscal year 1997 recommendation	$1,400,000,000
Fiscal year 1996 appropriation	1,400,000,000
Fiscal year 1997 budget request	1,400,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	0

The HOME investment partnerships program provides assistance to states, units of local government, Indian tribes, and insular areas, through formula allocation, for the purpose of expanding the supply and affordability of housing. Eligible activities include acquisition, rehabilitation, tenant-based rental assistance, and new construction. Jurisdictions participating in the program are required to develop a comprehensive housing affordability strategy.

The Committee recommends funding the HOME program at the President's request. This program provides resources to nonprofits to build affordable homes economically and efficiently. Furthermore, the program is well-monitored, making it possible to determine whether low- and moderate-income families are receiving the benefit of the assistance.

HOME FUND CHALLENGE GRANT BONUS PROGRAM

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	$150,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−150,000,000

The HOME Fund Challenge Grant program would be used to create Homeownership Zones and would be available on a competitive basis to high performing jurisdictions in targeted areas. HUD would administer the funding as a Challenge Grant, requiring localities to compete for funds by proposing creative, cost-effective homeownership strategies using a combination of their own resources, private capital and Federal program incentives.

The Committee recommends against funding this new, unauthorized program.

HOMELESS ASSISTANCE GRANTS

Fiscal year 1997 recommendation	$823,000,000
Fiscal year 1996 appropriation	823,000,000
Fiscal year 1997 budget request	1,010,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−187,000,000

The homeless assistance grants account provides funding for four homeless programs under title IV of the McKinney Act: (1) The emergency shelter grants program; (2) the supportive housing program; (3) the section 8 moderate rehabilitation (single room occupancy) program; and (4) the shelter plus care program. This account also supports activities eligible under the innovative homeless initiatives demonstration program. Consolidating the McKinney Act homeless programs has improved their operation and administration, and the Committee recommends that HUD include performance targets that can be measured and assessed as part of the Consolidated Plan. The Committee will consider funding a homeless set-aside within the Homeless assistance grant account for Indian tribes, as requested by the President, pending enactment of authorizing legislation.

The Committee recommends funding homeless programs at the 1996 level.

HOMELESS GRANT BONUS PROGRAM

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	$110,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−110,000,000

The Homeless/Innovations program would be available on a competitive basis to applicants who propose innovative programs or solutions to addressing homelessness through “continuum of care” efforts. HUD would administer the program as a challenge grant, requiring localities to compete for funds by proposing creative strategies using a combination of their own resources, private capital, and Federal program incentives.

The Committee recommends against funding this new, unauthorized program.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Fiscal year 1997 recommendation	$171,000,000
Fiscal year 1996 appropriation	0
Fiscal year 1997 budget request	171,000,000
Comparison with fiscal year 1996 appropriation	+171,000,000
Comparison with fiscal year 1997 budget request	0

The Housing Opportunities for Persons with AIDS (HOPWA) program, which was previously funded as part of the annual contributions account, is authorized by the Housing Opportunities for Persons with AIDS Act, as amended. The purpose of the program is to provide states and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families. Government recipients must have a HUD-approved Comprehensive Plan/Comprehensive Housing Affordability Strategy (CHAS), with funds allocated among eligible grantees based on section 854(c) of the National Affordable Housing Act.

The Committee recommends funding this program at the level requested by the President. Additionally, the Committee requests the General Accounting Office (GAO) review the mechanics of this program, how it is operating and the level of efficiency within the program, the services provided and whether the services are adequate to address the needs of the recipients.

FEDERAL HOUSING ADMINISTRATION

FHA–MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1997 recommendation	$200,000,000	$110,000,000,000	$341,595,000
Fiscal year 1996 appropriation	200,000,000	110,000,000,000	341,595,000
Fiscal year 1997 budget request	200,000,000	110,000,000,000	350,595,000
Comparison with 1996 Appropriation	0	0	0
Comparison with fiscal year 1997 budget request	0	0	−9,000,000

Beginning in 1992, the Federal Housing Administration (FHA) was split into two separate accounts. One account is the FHA-mutual mortgage insurance program account and includes the mutual mortgage insurance (MMI) and cooperative management housing insurance (CMHI) funds. The other account is the FHA-general and special risk program account and includes the general insurance (GI) and special risk insurance (SRI) funds.

The mutual mortgage insurance program account covers the unsubsidized programs. The MMI fund consists of the basic single-family home mortgage program, the largest of all the FHA programs. The CMHI fund contains the cooperative housing insurance program which provides mortgages for cooperative housing projects of more than five units which are occupied by members of a cooperative housing corporation.

The Committee recommends limiting the commitments in the FHA–MMI program account to $110,000,000,000 in fiscal year 1997 and provides an appropriation of $341,595,000 for administrative expenses. Of the amount for administrative expenses, $532,782,000 is transferred to the salaries and expenses appropriation and $36,567,000 is transferred to the Office of Inspector General appropriation. The bill also includes the requested direct loan limitation of $200,000,000.

FHA–GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses	Program costs
Fiscal year 1997 recommendation..	$120,000,000	$17,400,000,000	$202,470,000	$85,000,000
Fiscal year 1996 appropriation	120,000,000	17,400,000,000	202,470,000	$85,000,000
Fiscal year 1997 budget request	120,000,000	17,400,000,000	207,470,000	$160,000,000
Comparison with 1996 Appropriation	0	0	0	0
Comparison with 1997 budget request	0	0	−5,000,000	−75,000,000

The general and special risk insurance funds contain the largest number of programs administered by the FHA. The GI funds cover a wide variety of special purpose single and multifamily programs, including loans for property improvements, manufactured housing, multifamily rental housing, condominiums, housing for the elderly, hospitals, group practice facilities, and nursing homes. The SRI fund includes insurance programs for mortgages in older, declining urban areas which would not be otherwise eligible for insurance, mortgages with interest reduction payments, those for experimental housing, and for high-risk mortgagors who would not normally be eligible for mortgage insurance without housing counseling.

The budget proposes to limit loan guarantee commitments for the FHA-general and special risk insurance program account to $17,400,000,000 in fiscal year 1997. The Committee recommends $85,000,000 for credit subsidy and $202,470,000 for administrative expenses.

HUD requested an additional $100,000,000 in credit subsidy for originations of multifamily mortgages by transferring receipts from the sale of notes. The Committee, however, has appropriated credit subsidy at the 1996 level of $85,000,000, and would recommend against increasing credit subsidy levels until such time as the multifamily programs are self-sustaining. Moreover, the Committee is concerned about the tenuous financial position of the FHA Hospital Mortgage Insurance and the Nursing Home Insurance programs, and recommends that HUD fully address the concerns raised in the reports issued by the General Accounting Office (GAO). Finally, it is important to note that the portfolio reengineering provision will result in a large drain upon the FHA multifamily insurance fund, making the creation of a self-sustaining insurance program even more important.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1997 recommendation	$110,000,000,000	$9,101,000
Fiscal year 1996 appropriation	110,000,000,000	9,101,000
Fiscal year 1997 budget request	110,000,000,000	9,383,000

	Limitation of guaranteed loans	Administrative expenses
Comparison with 1996 appropriation	0	0
Comparison with 1997 budget request	0	−282,000

The guarantees of mortgage-backed securities program facilitates the financing of residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA) and the Farmers Home Administration (FmHA). Funds are provided through investments in and securities guaranteed by the Government National Mortgage Association (GNMA) which are backed by pools of such mortgages. The investment proceeds are used in turn to finance additional mortgage loans. Institutions which provide and service mortgages (such as mortgage companies, commercial banks, savings banks, and savings and loan associations) assemble pools of mortgages and issue securities backed by the pools. The program has attracted nontraditional sources of credit into the housing market. Approximately 70 percent of the funds used to purchase GNMA securities come from nontraditional mortgage investors, including pension and retirement funds, life insurance companies and individuals.

The budget proposes language to limit loan guarantee commitments for mortgage-backed securities of the Government National Mortgage Association to $110,000,000,000 in 1996. In addition, an appropriation of $9,101,000 is provided to fund administrative expenses. The amount for administrative expenses is transferred to the salaries and expenses appropriation.

Policy Development and Research

RESEARCH AND TECHNOLOGY

Fiscal year 1997 recommendation	$34,000,000
Fiscal year 1996 appropriation	34,000,000
Fiscal year 1997 budget request	45,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−11,000,000

The Housing and Urban Development Act of 1970 directs the Secretary to undertake programs of research, studies, testing, and demonstrations related to the HUD mission. These functions are carried out internally; through contracts with industry, nonprofit research organizations, and educational institutions, and through agreements with state and local governments and other federal agencies.

The bill includes $34,000,000 for research and technology in fiscal year 1997. Though this level of funding is not an increase from fiscal year 1996, the Committee is aware that over half of PD&R's budget is consumed by large-scale national surveys and publications, like "U.S. Housing Market Conditions." The research conducted by the office, however, has paid off in big dividends to the Department. Therefore, while budget constraints do not allow for increases in this account at this time, the Committee encourages HUD to consider including PD&R as a set-aside within the Secretary's reserve fund, or providing PD&R with funding from the many technical assistance set-asides contained within program accounts, to supplement research activities.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Fiscal year 1997 recommendation	$30,000,000
Fiscal year 1996 appropriation	30,000,000
Fiscal year 1997 budget request	33,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−3,000,000

The Fair Housing Act, title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, prohibits discrimination in the sale, rental and financing of housing and authorizes assistance to state and local agencies in administering the provisions of the fair housing law.

The bill provides $30,000,000, of which $15,000,000 is for the fair housing assistance program (FHAP) and $15,000,000 is for the fair housing initiatives program (FHIP). Additionally, the Committee requests the GAO to study the Fair Housing Initiatives Program (FHIP) to evaluate its financial accountability systems and its general effectiveness in combating housing discrimination.

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

The Committee notes that HUD's Office of Fair Housing and Equal Opportunity has undertaken a variety of activities pertaining to property insurance under the authority of the Fair Housing Act. HUD recently testified that, due to Congressional concern about such activities, it does not intend to focus its regulatory initiatives on property insurance. The Committee is encouraged by this statement, but remains concerned about HUD's use of funds for other fair housing activities aimed at property insurance practices.

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

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

Management and Administration

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

	Appropriation	By transfer: FHA funds	By transfer: GNMA funds	By transfer: CPD	Total
FY 1997 recommendation	$420,000,000	$532,782,000	$9,101,000	$675,000	$962,558,000
FY 1996 appropriation	420,000,000	532,782,000	9,101,000	675,000	962,558,000
FY 1997 budget request	430,718,000	546,782,000	9,383,000	675,000	987,558,000
Comparison with 1996 appropriation	0	0	0	0	0
Comparison with 1997 budget request	−10,718,000	−14,000,000	−282,000	0	−25,000,000

The Administration requests a single appropriation to finance all salaries and related costs associated with administering the programs of the Department of Housing and Urban Development, except the Office of Inspector General and the Office of Federal Housing Enterprise Oversight. These activities include housing, mortgage credit, and secondary market programs; community planning and development programs; departmental management; legal services; and field direction and administration.

The Committee recommends funding salaries and expenses at fiscal year 1996 levels.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	FHA funds	Drug elim. grants	Total
FY 1997 recommendation	$36,567,000	$11,283,000	$5,000,000	$52,850,000
FY 1996 appropriation	36,567,000	11,283,000	0	47,850,000
FY 1997 budget request	36,567,000	11,283,000	5,000,000	52,850,000
Comparison with 1996 appropriation	0	0	0	+5,000,000
Comparison with 1997 budget request	0	0	0	0

This appropriation provides agency-wide audit and investigative functions to identify and correct management and administrative deficiencies which create conditions for existing or potential instances of fraud, waste and mismanagement. The audit function provides internal audit, contract audit, and inspection services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts. Internal audits review and evaluate all facets of agency operations. Inspection services provide detailed technical evaluations of agency operations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

The bill includes $36,567,000 for the Office of Inspector General in 1997, as well as $11,283,000 from the various funds of the FHA. These are the same amounts as provided in 1996. This funding level, together with $5,000,000 transferred from Drug Elimination Grants, result in $52,850,000 for OIG activities in 1997.

The Committee believes the functions carried-out by the Inspector General's office are extremely important and commends the Inspector General for focusing greater attention on public housing problems, including waste and abuse; creating and successfully implementing the Operation Safe Home program; and pursuing equity skimming litigation aggressively.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1997 recommendation	$14,895,000
Fiscal year 1996 appropriation	14,895,000
Fiscal year 1997 budget request	15,751,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−856,000

The Office of Federal Housing Enterprise Oversight (OFHEO) was established in 1992 to regulate the financial safety and soundness of the two housing government-sponsored enterprises (GSEs)—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The Office was authorized in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, and gave the regulator enhanced authority to enforce these standards. In addition to financial regulation, the OFHEO monitors the GSEs compliance with affordable housing goals that were contained in the Act.

The bill funds OFHEO at 1996 levels. These funds will be collected from Fannie Mae and Freddie Mac.

ADMINISTRATIVE PROVISIONS

The bill contains a number of administrative provisions.

Section 201 imposes minimum rents of up to $25 in the public housing and section 8 housing programs. A waiver for hardship cases is unnecessary because PHAs can choose to charge less than $25 for minimum rents.

Section 202 includes a provision changing the manner in which section 8 administrative fees are calculated.

Section 203 extends for one year the FHA Assignment Reforms;

Section 204 provides authority to HUD to restructure multifamily apartment mortgages that are subsidized with section 8 project-based rental assistance contracts that expire in 1997. To be eligible for this program, the property must be FHA-insured and have rents that are higher than comparable market rents for the area. In 1997, HUD estimates that approximately 83,000 units will fall into this category.

Because HUD does not have the capacity to carry out a program of this magnitude, the legislation authorizes the department to enter into agreements with third parties who can assume the insurance risk and economic liability of the federal government, while keeping in mind the broad public purposes of the underlying program. These public purposes are to:

minimize involuntary displacement and other adverse impacts on residents;

protect the property owner's rights;

restructure the mortgages in a manner that decreases the chance of default in the future; and

decrease the burden on the taxpayer by lowering rents to levels that reflect the market.

Local governments are provided the option of utilizing project-based assistance or tenant-based assistance to minimize the possibility of resident displacement. If the local government opts to use tenant-based assistance, the families may choose to use the assistance in the current apartment or may choose to move if the apartment is not being maintained appropriately.

The third parties, called qualified liability managers, which will engage in workout agreements with the owners of eligible projects shall be chosen using competitive processes. The selection provisions require that the state housing finance agency have the financial and operational capacity to carry out all of the responsibilities of a qualified liability manager. In the absence of a suitably qualified housing finance agency, an alternative qualified liability manager shall consist of a State housing finance authority that partners with one or more public and private-sector entities to partnership to carry out these responsibilities. Moreover, the qualified liability manager must have the capacity to work cooperatively with the owner, and to negotiate in good faith to prevent a default of the mortgage to the extent economically practicable.

This provision is applicable only for fiscal year 1997.

Section 205 authorizes HUD to renew any expiring section 8 contracts at rent levels that reflect comparable market rents but only if the current rent is above market levels. If the rent is lower than market, the rent must remain at the lower level. Section 8 contracts attached to projects that are uninsured under the National Housing Act, and for which the original financing was provided by a public agency, shall have contract rents renewed at current levels.

Section 206 includes permanent reforms to the HUD multifamily property disposition program.

HUD is directed to extend the previously authorized loan forgiveness for the Homeownership Turnkey III Program to the Cuyahoga Metropolitan Housing Authority (CMHA) retroactive to the inception of the program. Additionally, the Committee notes that HUD and the CMHA have engaged in ongoing discussions with regard to outstanding reimbursable of development funds for various properties. The Committee encourages HUD to continue with these discussions in order to resolve this outstanding issue. Finally, the Committee directs HUD to forgive any outstanding debt from issuance of bonds and notes, as provided in P.L. 99–272, that HUD still considers open for CMHA.

TITLE III

INDEPENDENT AGENCIES

American Battle Monuments Commission

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$22,265,000
Fiscal year 1996 appropriation	20,265,000

Fiscal year 1997 budget request	20,400,000
Comparison with fiscal year 1996 appropriation	+2,000,000
Comparison with fiscal year 1997 budget request	+1,865,000

The Commission is responsible for the administration, operation and maintenance of cemetery and war memorials to commemorate the achievements and sacrifices of the American Armed Forces where they have served since April 6, 1917. In performing these functions, the American Battle Monuments Commission maintains twenty-four permanent American military cemetery memorials and twenty-nine monuments, memorials, markers and offices in fifteen foreign countries, the Commonwealth of the Northern Mariana Islands, and the British dependency of Gibraltar. In addition, four memorials are located in the United States: the East Coast Memorial in New York; the West Coast Memorial, The Presidio, in San Francisco; the Honolulu Memorial in the National Memorial Cemetery of the Pacific in Honolulu, Hawaii; and the American Expeditionary Forces Memorial in Washington, D.C. A new memorial in Washington, the Korean War Veterans Memorial, was dedicated in July, 1996.

The Committee recommends $22,265,000 for fiscal year 1997 to administer, operate and maintain the Commission's monuments, cemeteries, and memorials throughout the world. This amount represents an increase of $2,000,000 above the current appropriation level and is for the foreign currency fluctuations account. The $2,000,000 for foreign currency fluctuations in fiscal year 1997 is necessary to avoid a serious degradation in the appearance of the cemeteries. These funds will support a staffing level of 367, a decrease of four below the 1996 level.

Department of The Treasury

Community Development Financial Institutions

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Fiscal year 1997 recommendation	$45,000,000
Fiscal year 1996 appropriation	45,000,000
Fiscal year 1997 budget request	125,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 request	−80,000,000

The CDFI fund provides grants, loans, and technical assistance to new and existing community development financial institutions such as community development banks, community development credit unions, revolving loan funds, and micro-loan funds. Recipients must use the funds to support mortgage, small business, and economic development lending in currently underserved, distressed neighborhoods. The CDFI fund also operates as an information clearinghouse for community development lenders.

The Committee recommends an appropriation of $45,000,000 for the program in fiscal year 1997. The recommendation is the same as provided in fiscal year 1996 and $80,000,000 below the fiscal year 1997 President's budget request.

The Committee's recommended funding level includes $3,600,000 for Management and Administration, $14,000,000 for Incentives for

Depository Institutions, $8,000,000 for Direct Loan Subsidies, and $19,400,000 for assistance to CDFI's.

The Committee is concerned that rapid growth in this new program is being promoted prior to an effective management structure being implemented. For example, the Committee has yet to receive a staffing plan for the office which would explain how the office will be organized and what personnel resources will be required to carry out various functions. Until such a staffing plan is in place it is difficult to understand how lines of responsibility and authority can be effectively established to safeguard the taxpayers money and avoid embarrassing mistakes.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$42,500,000
Fiscal year 1996 appropriation	40,000,000
Fiscal year 1997 budget request	42,500,000
Comparison with fiscal year 1996 appropriation	+2,500,000
Comparison with fiscal year 1997 request	0

The Consumer Product Safety Act established the Consumer Product Safety Commission, an independent Federal regulatory agency, to reduce unreasonable risk of injury associated with consumer products. Its primary responsibilities and overall goals are: to protect the public against unreasonable risk of injury associated with consumer products; to develop uniform safety standards for consumer products, minimizing conflicting State and local regulations; and to promote research into prevention of product-related deaths, illnesses, and injuries.

The Committee recommends an appropriation of $42,500,000 for fiscal year 1997, the same as the President's budget request and an increase of $2,500,000 to the fiscal year 1996 level.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

Fiscal year 1997 recommendation	$365,000,000
Fiscal year 1996 appropriation	400,500,000
Fiscal year 1997 budget request	543,549,000
Comparison with fiscal year 1996 appropriation	−35,500,000
Comparison with fiscal year 1997 budget request	−178,549,000

The Corporation for National and Community Service was established by the National and Community Service Trust Act of 1993 to enhance opportunities for national and community service and provide national service educational awards. The Corporation makes grants to States, institutions of higher education, public and private nonprofit organizations, and others to create service opportunities for a wide variety of individuals such as students, out-of-school youth, and adults through innovative, full-time national and community service programs. National service participants may receive educational awards which may be used for full-time or part-time higher education, vocational education, job training, or school-to-work programs. Funds for the Volunteers in Service to America and the National Senior Service Corps are provided in the Labor-Health and Human Services-Education Appropriations bill.

The Corporation was first funded in fiscal year 1994 at the $365,000,000 level. The fiscal year 1995 appropriation of $575,000,000 was reduced by a $105,000,000 rescission to $470,000,000. The fiscal year 1996 appropriation is $400,500,000. The fiscal year 1997 budget request is $543,549,000. The second round of participants is just now completing its service. The Committee believes that there is a need for further independent evaluations of the actual experiences in the AmeriCorps programs and recommends $365,000,000 for the Corporation for National and Community Service in fiscal year 1997.

The bill continues most of the program limitations carried in the 1996 Act, adjusted to reflect the amount appropriated and current cost estimates. The bill also continues language prohibiting grants to Federal agencies; and, to the extent practicable, encourages an increase in matching funds and in-kind contributions, expands educational awards, and reduces the cost per participant.

One of the concerns with the AmeriCorps program has been the cost per participant. The average cost per participant from Corporation funds has been approximately $18,000 per year. The Corporation recently announced that in program year 1997–1998, the budgeted average cost per member in the AmeriCorps programs will be reduced to $17,000. In the next year, the average Corporation cost will be reduced to $16,000 per member, and the following year to $15,000. These figures include the education award, the Corporation's share of the living allowance and benefits, the grant for program support, and state commission and Corporation administration, training, recruitment and other costs directly attributable to the grants program. The Committee supports these cost reductions.

The Corporation is developing a plan to expand the number of sponsors who receive no direct funding, but whose members earn education awards from the National Service Trust. This arrangement should enable religious organizations, higher education institutions, and other organizations with alternative funding sources to expand. The $40,000,000 earmarked for the National Service Trust in fiscal year 1997 includes approximately $9,500,000 for 2,000 such "education award only" grants.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation	$2,000,000
Fiscal year 1996 appropriation	2,000,000
Fiscal year 1997 budget request	2,125,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−125,000

The Office of Inspector General is authorized by the Inspector General Act of 1978, as amended. This Office provides an independent assessment of all Corporation operations and programs, including those of the Volunteers in Service to America and the National Senior Service Corps, through audits, investigations, and other proactive projects.

The bill includes $2,000,000 for the Office of Inspector General in fiscal year 1997. This is the amount provided in the current year and $125,000 below the budget request.

Court of Veterans Appeals

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$9,229,000
Fiscal year 1996 appropriation	9,000,000
Fiscal year 1997 budget request	8,795,000
Comparison with fiscal year 1996 appropriation	+229,000
Comparison with fiscal year 1997 budget request	+434,000

The Veterans Benefits Administration Adjudication Procedure and Judiciary Review Act established the Court of Veterans Appeals. The Court reviews appeals from Department of Veterans Affairs claimants seeking review of a benefit denial. The Court has the authority to overturn findings of fact, regulations and interpretations of law.

The bill includes $9,229,000 for the Court of Veterans Appeals in fiscal year 1997, an increase of $434,000 above the budget request. The recommendation includes $8,595,000 for the operations of the Court and $634,000 for the pro bono representation program. This amount will permit both activities to be continued at the fiscal year 1996 level. The bill also includes language earmarking $634,000 for the pro bono representation program.

Department of Defense—Civil

Cemeterial Expenses, Army

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$11,600,000
Fiscal year 1996 appropriation	11,946,000
Fiscal year 1997 budget request	11,600,000
Comparison with fiscal year 1996 appropriation	−346,000
Comparison with fiscal year 1997 budget request	0

The Secretary of the Army is responsible for the administration, operation and maintenance of Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery. At the close of fiscal year 1995, the remains of 255,758 persons were interred/inured in these cemeteries. Of this total, 223,352 persons were interred and 18,107 remains inured in the Columbarium in Arlington National Cemetery, and 14,299 remains were interred in the Soldiers' and Airmen's Home National Cemetery. There were 3,500 interments and 1,700 inurnments in fiscal year 1995. It is projected that there will be 3,500 interments and 1,800 inurnments in fiscal year 1996; and 3,500 interments and 1,900 inurnments in fiscal year 1997. In addition to its principal function as a national cemetery, Arlington is the site of approximately 1,900 nonfuneral ceremonies each year and has approximately 4,000,000 visitors annually.

The Committee recommends the budget request of $11,600,000 and 121 full-time equivalents to administer, operate, maintain and provide ongoing development at the Arlington National and Soldiers' and Airmen's Home National Cemeteries in fiscal year 1997.

Environmental Protection Agency

Fiscal year 1997 recommendation	$6,547,427,000
Fiscal year 1996 appropriation	6,528,027,000

Fiscal year 1997 budget request	7,041,917,000
Comparison with fiscal year 1996 appropriation	+19,400,000
Comparison with fiscal year budget request	−494,490,000

The Environmental Protection Agency was created by Reorganization Plan No. 3 of 1970, which consolidated nine programs from five different agencies and departments. Major EPA programs include air and water quality, drinking water, hazardous waste, pesticides, radiation, toxic substances, enforcement and compliance assurance, pollution prevention, oil spills, Superfund and the Leaking Underground Storage Tank (LUST) program. In addition, EPA provides Federal assistance for wastewater treatment, drinking water facilities, and other water infrastructure projects. The agency is responsible for conducting research and development, establishing environmental standards through the use of risk assessment and cost-benefit analysis, monitoring pollution conditions, seeking compliance through a variety of means, managing audits and investigations, and providing technical assistance and grant support to states and tribes, which are delegated authority for actual program implementation. Finally, the Agency participates in some international environmental activities.

Among the statutes for which the Environmental Protection Agency has sole or significant oversight responsibilities are:

National Environmental Policy Act of 1969, as amended.

Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

Toxic Substances Control Act, as amended.

Federal Water Pollution Control Act, as amended.

Marine Protection, Research, and Sanctuaries Act of 1972, as amended.

Oil Pollution Act of 1990

Public Health Service Act (Title XIV), as amended.

Solid Waste Disposal Act, as amended.

Clean Air Act, as amended.

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

Emergency Planning and Community Right-to-Know Act of 1986.

Pollution Prevention Act of 1990.

Resource Conservation and Recovery Act, as amended.

For fiscal year 1997, the Committee has recommended a total program and support level of $6,547,427,000, an increase of $19,400,000 from the fiscal year 1996 level and a decrease of $494,490,000 from the budget request.

Of the amounts approved in the following appropriations accounts, the Agency must limit transfers of funds between programs and activities to not more than $500,000, except as specifically noted, without prior approval of the Committee. No changes may be made to any account or program element, except as approved by the Committee, if it is construed to be policy or a change in policy. Any activity or program cited in the report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. It is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above. The Agency is expected to comply with all normal rules and regulations in carrying out these directives. Finally, the Committee wishes to continue to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

SCIENCE AND TECHNOLOGY

Fiscal year 1997 recommendation [1]	$540,000,000
Fiscal year 1996 appropriation	525,000,000
Fiscal year 1997 budget request	578,748,000
Comparison with fiscal year 1996 appropriation	+15,000,000
Comparison with fiscal year 1997 budget request	−38,748,000

[1] Total does not include transfer of $35,000,000 from the Hazardous Substance Superfund.

The Science and Technology account funds all extramural Environmental Protection Agency research (including Hazardous Substances Superfund research activities) carried out through grants, contracts, and cooperative agreements with other Federal agencies, states, universities, and private business, as well as on an in-house basis. This account also funds supplies and operating expenses for all Agency research. Research addresses a wide range of environmental and health concerns across all environmental media and encompasses both long-term basic and near-term applied research to provide the scientific knowledge and technologies necessary for preventing, regulating, and abating pollution, and to anticipate merging environmental issues.

The Committee has recommended an appropriation of $540,000,000 for Science and Technology for fiscal year 1997, an increase of $15,000,000 above the fiscal year 1996 level, and a decrease of $38,748,000 from the 1997 budget request.

The Committee's recommended appropriation includes the following increases to the budget request:

$1,250,000 for the Mickey Leland National Urban Air Toxics Research Center.

$1,500,000 for the Water Environment Research Foundation.

$4,000,000 for the American Water Works Association Research Foundation.

$700,000 to continue the study of livestock and agricultural pollution abatement.

$750,000 for oil spill remediation research at the Louisiana Environmental Research Center at McNeese State University.

$1,250,000 to continue the PM–10 clean air study in the San Joaquin Valley, California.

$1,250,000 for continuation of the Resource and Agriculture Policy Systems program at Iowa State University.

$1,000,000 for EPSCoR.

$1,000,000 for the development of a study by the University of Redlands on salinity of the Salton Sea.

$1,000,000 for research on the health effects of arsenic in drinking water, to be contracted with groups such as AWWARF so as to maximize the leverage of research dollars.

Reductions from the budget request include the following:

$27,619,000 for the Environmental Technology Initiative. Again this year, the Committee believes that a great many grants issued under this program are duplicative of work being done or work already completed through research grants issued by other Federal and State agencies or universities. Moreover, many of these grants, though small in dollar amount, fund "research" which is suspect at best in the context of developing good environmental science for application in focusing on and resolving real environmental concerns. In the fiscal year 1996 Appropriations Act, $10,000,000 was provided to complete technology verification activities, and it was intended that this amount would be sufficient to close out the program.

$1,000,000 from enforcement activities.

$4,000,000 from low priority global climate and climate change action plan programs.

$2,200,000 for the Environmental Monitoring and Assessment Program, bringing the 1997 program level to $42,897,000.

$17,629,000 general reduction to be applied to lower priority activities throughout the Science and Technology account.

In addition to the funds provided through appropriations directly to this account, the Committee has recommended that $35,000,000 be transferred to Science and Technology from the Hazardous Substance Superfund account for ongoing research activities consistent with the intent of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

Within the funds provided for Science and Technology, the Committee urges the adoption of a $1,000,000 pilot initiative to transfer technology developed in federal laboratories to meet the environmental needs of small companies in the Great Lakes region. This initiative should be accomplished through a NASA sponsored midwest regional technology transfer center working in collaboration with an HBCU from the region.

Again this year, the Committee notes that the Experimental Program to Stimulate Competitive Research (EPSCoR) is designed to improve the scientific and technological capacity of states with less developed research infrastructure. Developed with NASA and the National Science Foundation as partners, the Committee strongly urges EPA's continued participation in this program.

The Committee again wishes to express its continued support for the new direction the Agency has chosen to take its research program. With peer reviewed, meaningful, and quality research, the Agency will be better prepared to scientifically support its rulemaking activity, which has been criticized in recent years as often being deficient of a sound science base. Moreover, this new direction will foster a better foundation for the development of longer-term environmentally and scientifically sound policies and statutes for the consideration of the Congress. The Committee expects the program offices of the Agency to make extensive use of the Office of Research and Development (ORD) so that its programs and actions on an Agency-wide basis are justified with sound and credible science. To this end, bill language has been included under Administrative Provisions which will allow the use of funds appropriated to any EPA account to be transferred, following certain guidelines, to the Science and Technology account for necessary research purposes. In effect, EPA's program offices will be able to "buy" science or research and development activities during the fiscal year which was not anticipated when the budget request was developed or approved through the legislative process. This flexibility should permit the Agency to help avoid delays of important ongoing programmatic activities which may need the assistance of ORD.

As part of the peer review process, the Committee expects the ORD to continue to place more reliance on oversight and review of its ongoing research by the Science Advisory Board, as well as by outside sources such as the National Academy of Sciences. The Board was created to offer scientific guidance in the development of research and policies of the Agency, and better use of the Board and the Academy throughout the Agency would likely enhance the credibility of much of what is suggested by the program offices.

In this vein, the Committee is also aware of the publication, "A National R&D Strategy for Toxic Substances and Hazardous and Solid Waste," which was developed by representatives of the Environmental Protection Agency, Office of Management and Budget and Office of Science and Technology Policy within the Executive Office of the President, the National Science Foundation, the Consumer Product Safety Commission, the Tennessee Valley Authority and the Departments of Agriculture, Commerce, Defense, Energy, Health and Human Services, Housing and Urban Development, the Interior, Justice, and Transportation. This document does much to outline the parameters of an effective research strategy across the broad spectrum of interests and the Committee suggests that this type of long term, inclusive policy development will generally provide greater and less contentious results. ORD and the Assistant Administrator deserve a job well done for their efforts in this regard.

The Committee directs ORD to maintain its on-going commitment to the Middle Atlantic Region in terms of funding and FTEs to complete the demonstration and evaluation of the EMAP approach in a specific geographic area.

The Committee is aware of many concerns regarding the relationship of the environment to the incidence of breast cancer. While most of the research conducted by the EPA is directly related to health issues, the Committee is not aware of those on-going research efforts which also have a direct or indirect benefit in gaining more knowledge in the fight against such cancer. The Agency is thus asked to review this matter and report to the Committee on that research which does have a direct or an indirect association. Further, EPA is asked to provide an analysis of how a directed EPA breast cancer research program can be coordinated with other on-going research efforts of other governmental and non-governmental agencies, and whether such a program is an appropriate expenditure for EPA.

Finally, the Committee last year suggested that the Agency actively review the possibility of utilizing DOE's National Laboratories for all appropriate research. These are generally excellent facilities with fine personnel, and could offer budget savings in lieu of building new or repairing current facilities. The Committee had asked that ORD submit a report by April 1, 1996 outlining the results of this review with a recommendation by the Agency of what, if any use of these National Labs is appropriate and the time-frame for any such proposed use. Because of the delay in passage of the 1996 appropriation, that report could not be completed by the requested date. However, the Committee remains interested in this concept and asks that said report be provided no later than December 15, 1996.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Fiscal year 1997 recommendation	$1,703,000,000
Fiscal year 1996 appropriation	1,677,300,000
Fiscal year 1997 budget request	1,894,329,000
Comparison with fiscal year 1996 appropriation	+25,700,000
Comparison with fiscal year 1997 budget request	−191,329,000

The Environmental Programs and Management account encompasses a broad range of abatement, prevention, and compliance, and personnel compensation, benefits, and travel expenses for all media and programs of the Agency except Hazardous Substance Superfund, Leaking Underground Storage Tank Trust Fund, Oil Spill Response, and the Office of Inspector General.

Abatement, prevention, and compliance activities include setting environmental standards, issuing permits, monitoring emissions and ambient conditions and providing technical and legal assistance toward compliance and oversight. In most cases, the states are directly responsible for actual operation of the various environmental programs. In this regard, the Agency's activities include oversight and assistance in the facilitation of the environmental statutes.

In addition to program costs, this account funds administrative costs associated with the operating programs of the Agency, including support for executive direction, policy oversight, resources management, general office and building services for program operations, and direct implementation of all Agency environmental programs—except those previously mentioned—for Headquarters, the ten EPA Regional offices, and all non-research field operations.

For fiscal year 1997, the Committee has recommended $1,703,000,000 for Environmental Programs and Management, an increase over the 1996 level of $25,700,000, and a decrease from the budget request of $191,329,000. This account encompasses most of those activities previously conducted through the Abatement, Control and Compliance and Program and Research Operations accounts. In 1996, these accounts, except for certain research operations and the state categorical grant program, were merged in order to provide greater spending flexibility for the Agency. Bill language is included which makes this appropriation available for two fiscal years and, for this account only, the Agency may transfer funds of not more than $500,000 between programs and activities without prior notice to the Committee, and of not more than $1,000,000 without prior approval of the Committee. But for this difference, all other reprogramming procedures as outlined earlier shall apply.

The Committee's recommended appropriation includes the following increases to the budget request:

$3,000,000 for environmental justice activities, including grants to small communities ($2,000,000) and community/university partnership grants ($1,000,000).

$4,500,000 for rural water technical assistance activities. Of the Committee's recommendation, which is an increase of $4,000,000 above the fiscal year 1996 level, $3,000,000 is to increase and expand the groundwater protection program in all 50 states and $1,000,000 is to increase the continuing programs of the Small

Flows Clearinghouse, the Rural Community Assistance Program, and the National Underground Injection Council.

$3,000,000 for the Southwest Center for Environmental Research and Policy.

$325,000 for the Long Island Sound Office.

$300,000 for a study of EPA's Mobile Source Emission Factor Model to be conducted by the National Academy of Sciences.

$500,000 for ongoing programs of the Canaan Valley Institute.

$1,000,000 for continuing work on the water quality management plan for the Skaneatles, Owasco, and Otisco Lake watersheds.

$300,000 for continuing work on the Cortland County, New York aquifer protection plan.

$3,000,000 for the National Institute for Environmental Renewal for development of an integrated environmental monitoring and data management system to assist businesses to participate in voluntary compliance monitoring.

$5,000,000 for a sludge to reactor (STORS) and nitrogen removal system demonstration project in the San Bernardino Valley Municipal Water District.

$14,500,000 for three cost-shared environmental technology demonstrations, including the South Shore Tahoe Transportation demonstration, Lake Tahoe, Nevada and California ($2,500,000); Lake Hollingsworth lake dredging technology demonstration, Lakeland, Florida ($4,500,000); and West Palm Beach, Florida potable water reuse demonstration project ($7,500,000). The Committee is considering development of a multi-year, science-based, peer-reviewed demonstration program which will make federal funds available to demonstrate environmental technologies which have a national application, are ready for commercialization, and which have been heavily cost-shared by private or non-federal government sponsors. The aforementioned projects are representative of what the Committee is contemplating, and it is expected that a more definitive plan will be in place prior to the 1998 budget hearings for the Agency.

$290,000 for an analysis of the perennial yield of good quality groundwater in the Wadsworth Sub-basin for the town of Fernley, Nevada.

$2,000,000 for continuing work on the New York and New Jersey Dredge Decontamination Project pursuant to section 405 of the Water Resources Development Act of 1992.

$1,000,000 for continuation of the Sacramento River Toxic Pollutant Control program, to be cost shared.

Reductions from the budget request include the following:

$5,000,000 for low priority international programs.

$11,650,000 from the enforcement program, approximately a 5% reduction from the budget request.

$43,487,000 from the EPM portion of the Environmental Technology Initiative. The Committee intended that funding in fiscal year 1996 would complete this program.

$16,000,000 from global climate and climate action plan programs, including capture of unused fiscal year 1996 carryover funds.

$1,500,000 from funds designated to expand the toxic release inventory to an unauthorized toxic use inventory.

$1,200,000 from low priority activities within the Gulf of Mexico Program. The Committee's proposed reduction nevertheless leaves over $23,500,000 for the Gulf of Mexico Program, an increase of more than $2,000,000 from the 1996 level. In applying the proposed reduction, EPA is directed to provide the budget request for the program office.

$2,000,000 from low priority indoor air programs.

$1,000,000 from low priority programs specifically associated with NAFTA.

$5,000,000 from non-specific regulatory projects as outlined in the budget request.

$26,712,000 from management and support activities, approximating a 5% reduction from the budget request. Included in the total amount is $2,000,000 from the communication, outreach and liaison programs. Except as noted, this reduction should be spread proportionately throughout all programs at Headquarters, the Regional Offices, and in the field.

$1,000,000 from the GLOBE program.

$115,495,000 general reduction to be applied to lower priority activities throughout the account.

As in fiscal year 1996, the Committee continues to strongly support the EPA Finance Centers and urges that they be fully funded. Similarly, the Committee supports funding for the Environmental Justice Advisory Council at $400,000 and continues to urge full support for the Agency's EarthVision program.

Within available funds, the Committee strongly suggests that EPA provide two additional FTE's to the Office of Small and Disadvantaged Business and, likewise within available funds to Region II, fully endorses the continuation of EPA's helicopter survey activity along the New York-New Jersey coastline.

The Committee notes that the Great Lakes program office has been fully funded within this account, and similarly notes its support for the Estuary Program, including full funding for the Chesapeake Bay program. Within the funds provided for the Estuary Program, $1,000,000 shall be made available to support the Federal share of the recently approved Bay-Delta Agreement in Northern California.

The Committee has provided $500,000 to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions. This program is a joint effort between EPA, the Departments of Health and Human Services and Housing and Urban Development, and the National Association of Realtors, and is, in the Committee's judgment, a prime example of how cooperative efforts can produce excellent results. The Committee applauds EPA, HHS, HUD and the Realtors for their joint efforts and expresses its support for continued outreach to ensure that housing consumers get good information about lead hazards, which can help prevent many poisonings.

In its fiscal year 1996 Report, the Committee expressed concern with the process by which EPA was developing its proposed maximum achievable control technology (MACT) standard for hazardous waste combusters. On April 19, 1996, EPA proposed this rule. The Committee is disappointed that the proposal may have inappropriately set standards above the MACT floor and has failed to consider appropriate subcategories within the proposal. The Committee requests that EPA reconsider this proposal on a basis more consistent with past MACT precedents and corrected for methodological errors. The Committee further requests that EPA report back on its actions within 120 days of enactment of this Act. The Committee would also note that EPA has stated publicly that its use of applicable statutory authority must be accompanied by site-specific findings of risk in the administrative record supporting a permit and that any conditions in the permit are necessary to ensure protection of human health and the environment (56 Federal Register 7145). The Committee strongly urges the Agency to fully comply with its own regulations in any invocation of omnibus permitting authority and, in furtherance of the record in this matter, directs EPA to report to the Committee as to how the Agency intends to implement these requirements in connection with its Combustion Strategy.

Given the importance of maintaining an adequate and wholesome food supply to ensure good public health, the Committee again this year expresses its support for a continuation of sufficient funding and full time equivalent personnel for the Office of Pesticide Programs.

In the Committee's fiscal year 1996 Report as well as in the Conference Report accompanying H.R. 2009 and Public Law 104–134, the Agency was asked to review its rulemaking activities with respect to the use of acrylamide and n-methylolacrylamide (NMA) grouts. The Committee is disappointed that EPA has taken over five years to decide whether to issue a rule under the Toxic Substances Control Act, as amended (15 U.S.C. 2601–2692) banning the use of these grouts. The Committee believes that the Agency has been provided ample time and opportunity to render a decision on this issue. Although the Committee does not believe the Agency has justified the need for such drastic action with regard to these chemical grouts, it nevertheless wishes to bring this matter to a close. Therefore, the Committee strongly urges the Agency to publish either a notice of withdrawal of the rule or a final rule no later than October 2, 1996.

The Committee is aware that the EPA has proposed regulations that would require public water systems to monitor for and provide protections from pathogens, disinfectants, and disinfection byproducts (D/DBPs). Stage 1 of the D/DBP rule was intended to be promulgated concurrently with the proposed Enhanced Surface Water Treatment Rule (ESWTR) nine months after the completion of the monitoring requirements of the Information Collection Rule (ICR). Unfortunately, there has been a significant delay in the promulgation of the ICR and, accordingly, the Committee is concerned about the time frame for promulgating Stage 1 of the D/DBP rule. Because of the ICR delay, it appears to the Committee that there may be a lack of data upon which to rely in development of the ESWTR. In order to remedy this situation without negatively impacting the delicate balance between microbial and D/DBP risk, the Committee believes that EPA should extend the implementation period of Stage 1 of the D/DBP rule until after the results of the ICR monitoring are obtained and the ESWTR is promulgated. To do otherwise will very likely mean that public water systems will be forced to invest large sums for retrofitting to comply with Stage 1 of the D/DBP, only to turn around very soon thereafter and invest additional capital to install alternative treatment techniques as a result of the ICR. Rulemaking that results in this type of situation certainly should be avoided at all costs.

Last year, the Committee and the conferees on the 1996 appropriation bill spoke firmly in opposition to the EPA expanding the Toxics Release Inventory to include toxic use data. While the Committee questions the benefit of EPA's plan to expand the TRI list to additional chemicals as well as to additional industries—which the Committee understands has been challenged in court—that is not the issue in this case. Stated very plainly again this year, the Committee can identify no statutory authority for EPA to expand from toxic release inventory into the area of toxic use inventory. Moreover, the Agency has to date not been able to produce the legal citation which gives them such specific authority to collect this use data. Until such specific authorization has been provided under law, the Committee expects the Agency will spend no funds to expand the TRI to include use inventory.

Aside from the statutory question, the Committee remains concerned that all of the regulations produced by EPA continue to add to the phenomenal expense of doing business in this country. In 1994, for example, EPA estimated that the paperwork burden of just 308 of its reporting requirements mandated by its regulations generated 4,530,000 reports from industry and state and local governments. This paperwork took 85.8 million hours to prepare—an increase of 15 million hours from the previous year—and, by EPA's own data, such reporting for the eight major environmental statutes alone cost an estimated $2.9 billion.

There is significant evidence that current reporting requirements are also inefficient and unnecessarily burdensome for businesses and governments. For example, 37 lists created by ten major environmental, health and safety statutes under EPA's jurisdiction mandate 6,986 reporting requirements on 2,554 individual chemicals. Many of the chemicals appear multiple times on these lists, and some appear on as many as 21 of the lists. With respect to the TRI mentioned above, some 79,987 reports were generated in 1993. As EPA's plan calls for increasing the list of chemicals for reporting from 364 to 650, it is estimated that some 108,000 reports costing an additional $331,000,000 each year will be required. The Committee has difficulty understanding how this type of regulatory requirement generates truly meaningful benefits to our environment.

Even though EPA has pledged to reduce the paperwork burden for industry and state and local governments, it is difficult to see how they can possibly meet their goals. Nevertheless, costs to business and government are real, and they are ultimately borne by our economy as a whole. The Committee expresses in the strongest possible terms the need for EPA to take all appropriate steps to greatly reduce this burden on our economy and requests that regular monitoring be performed so as to make available validated, cumulative reports on the results of such reduction efforts to the Committee on a quarterly basis.

As was discussed during the fiscal year 1997 budget hearings for the Agency, the Committee is concerned with activities of the Agency's public affairs office which at times appear to be blatantly political in nature and more than occasionally raise the specter of illegal lobbying. While the Committee fully endorses the practice of providing meaningful information to the public, even an appearance of political activity on the part of the Agency has and will continue to lead to an atmosphere that is wholly unacceptable from the standpoint of working together to improve our environment. The press activities surrounding plans for Earth Day is a prime example of the kind of atmosphere that should be avoided. The Committee has taken a dim view of this overall situation and strongly urges the Agency to improve its performance in this regard.

Similarly, much discussion at the aforementioned hearings centered on EPA's role regarding the commercial marketing of MMT. While opinions vary as to whether various products should be acceptable for commercial use, the courts have clearly spoken in this instance. The Committee therefore expects EPA to take no further action to slow the use of this product or to intimidate or assist in the intimidation of any users of this product. In addition, the Committee expects that the Agency will take no similar actions which will negatively impact the commercialization of other products.

With regard to the Agency's convening of a federal advisory committee to address water pollution issues related to wet weather, the Committee wishes to restate the position of the conferees on the fiscal year 1996 legislation that EPA should take advantage of the many stakeholders concerned about stormwater "at the table" and use this opportunity to see if these participants can reach consensus on a simplified, environmentally protective, workable, cost effective stormwater program for municipalities regardless of population and all entities whether or not they are already covered under the Phase I NPDES program.

While the use of federal advisory committees is obviously a useful tool for the Agency, the Committee noted during the 1997 budget hearings that, despite the Administration's directive to reduce FACA expenses, very little progress had been made in reducing the number of FACA committees and the cost of such committees at EPA has actually increased dramatically over the past three years. Although the agency has convinced the Committee of the particular value of the use of these committees at EPA, the Committee nevertheless asks the Agency to continue to monitor this situation regularly and make reductions in committee and subcommittee numbers, costs of committees and subcommittees, and numbers of EPA personnel assigned to such FACA activities wherever and whenever possible.

The Committee is aware of the progress made by the Agency regarding contract management improvements over the past two years and commends it for its efforts. As EPA itself has said, however, significant measures remain to be taken. The Committee stands ready to provide the Agency with any additional tools necessary to remove this weakness from the next EPA Federal Managers Financial Integrity Act report, due out during fiscal year 1997.

In fiscal year 1996, the Committee encouraged EPA to consider conducting a study of the need for a national ozone transport zone. Because of the delay in receiving 1996 appropriations, the review of this proposal requested by the Committee had not yet been completed by the Agency. The Committee thus reiterates its request for review of this matter and asks EPA to respond no later than December 1, 1996.

The Committee has oftentimes expressed its strong support for the precepts of the environmental self-audit laws passed by some 17 states. Self-audit laws are designed to encourage companies to voluntarily self-evaluate their compliance with environmental regulations as a means of improving our nation's compliance with environmental laws, as a means of establishing cooperative relationships between regulators and the regulated community, and as a means of redirecting our limited enforcement resources to the most flagrant and serious problems. The greatest burden of environmental enforcement rests in the states, yet testimony received by the Committee suggests that the states may be threatened with the loss of delegation of this responsibility if they do not conform their self audit laws in ways to meet the specific approval of EPA. The Committee would take a very dim view of such a response on the part of EPA. States should be encouraged to create and implement new, non-adversarial and cost effective alternatives to the traditional "command and control" approach for environmental enforcement, such as the self-audit. The Committee strongly urges EPA to allow states—indeed, assist the states—to go forward in implementing their self-audit laws, giving states the opportunity to demonstrate whether greater flexibility and cooperation will in fact lead to lowering the overall cost of achieving a clean and healthy environment while assuring that legal action remains for those not willing to meet the law.

Like every other federal agency or department, EPA has developed a system for providing employees awards and bonuses for superior performance. The Committee strongly supports the use of bonuses and awards by the Agency, but testimony received from the Agency suggests that the system in place is excessive and may in fact minimize the individual value of each award or bonus. Although there are just over 17,000 employees at EPA, some 21,425 awards or bonuses totaling over $15,000,000 were given by the Agency in 1995, including over 10,000 Sustained Superior Service Awards to employees, level GS–15 and below, who "demonstrate high quality performance as documented by the employee's current performance record." This and other examples obviously raise legitimate concerns over the criteria utilized in determining which individuals are truly deserving of such awards and bonuses. The Committee directs the Agency to fully review this matter and either justify why the current system should be retained or propose a new system which mitigates the various concerns. A report on this matter should be provided no later than March 1, 1997.

Through testimony received following the fiscal year 1997 budget hearings, the Committee is aware of and applauds the EPA for its commitment to continue to foster a spirit of competition with respect to further controls on the use of CFCs within metered dose inhalers (MDIs). While phasing out CFCs is an important ongoing commitment, the Agency is correct to take a go-slow approach in this regard to make sure that users of MDIs are not adversely affected while the marketplace moves from the use of CFCs as a propellant to other, safe alternatives.

In fiscal years 1994, 1995, and 1996, bill language was included which prohibited the Administrator from expending funds to sign or publish a rule concerning new drinking water standards for radon. This action was taken based partly on EPA's own admission that their research effort did not yet support specific rulemaking. Additionally, the costs of a premature rule such as this for the water community—that is, those people who use water in their homes or business—would run into the hundreds of millions of dollars. Despite these concerns, however, the Committee has agreed to include no funding limitations or administrative provisions for EPA which might prove to be controversial. Nevertheless, pending reauthorization of the Safe Drinking Water Act, the Committee urges the Agency not to sign or publish for promulgation a final rule concerning any new drinking water standard for randon or arsenic. The Committee further urges that, in litigation affecting the schedules for promulgation of drinking water rules, the Agency seek to ensure that promulgation of final rules for arsenic and radon will not be required during fiscal year 1997. It is not the intent of the Committee to discourage or prevent the Agency from carrying out research or other activities that may be preparatory to signing and publishing for promulgation final drinking water rules for arsenic or radon.

Similarly, the fiscal 1995 and 1996 bills contained language which denied funding for the implementation and enforcement of an independent foreign refiner baseline rule proposed in 1994 by EPA. Although the Committee has likewise determined to not continue this language at this time, the Agency should not mistake this action for lack of Congressional intent. To the contrary, the Committee felt very strongly that the language in 1995 and 1996 was a sincere expression that the Agency's proposed rule constituted a step backward with respect to environmental protection. The Committee has not wavered from this view, and urges in the strongest possible terms that the Agency take no further steps to move this proposed rule forward.

It has come to the Committee's attention that a renewed effort to achieve international harmonization of environmental regulations and test procedures has been initiated in a Transatlantic Business Dialogue process organized last year by European and U.S. industries with support from the United States and European Union governments. Further, high level officials of the Administration participated in an automotive regulatory conference in April and endorsed the need for such harmonization as a means to foster growth of automotive exports and reduce regulatory costs to industry and the consumer. As part of that endorsement, the Administration committed to developing and formally submitting a proposal by which the United States could become a signatory to the existing 1958 United Nations ECE Agreement on the adoption of uniform standards for automobiles.

The Committee endorses these efforts and encourages EPA to work with the Department of State and other appropriate agencies to become an official participant in the U.N. harmonization process. It is understood that fundamental to this participation is the requirement that harmonization efforts not lead to any degradation in environmental quality in the United States.

The Committee has for some time been concerned with the adoption of consent agreement or decrees negotiated through the judiciary which have the affect of creating a mandatory duty where otherwise discretionary authority had existed. Such agreements in essence permit the courts to establish working and spending priorities over those proposed by the Agency or approved by the Congress. Moreover, because such agreements are oftentimes developed in the midst of ongoing litigation, they do not become known until just before or, more typically, after approval of the parties and ratification by the court. This circumstance only adds to the frustration of all those interested in the issues before the Agency and/or the court.

Although the Committee encourages the Agency to minimize its involvement in such agreements, it is of course recognized that consent agreements sometimes constitute the best means of resolving litigation. So that the Committee can better understand the planned and ongoing activities of the Agency in this regard, the Agency is requested to provide brief reports on each consent decree which converts into a mandatory duty the otherwise discretionary authority of the Administrator to revise, amend or promulgate regulations. Such reports are requested prior to the beginning of negotiations, at six month intervals once negotiations have commenced, and upon completion of negotiations, and should include an outline of the reasons for primary issues involved with the negotiation, a list of all parties, the expected timetable of the negotiation, any special instructions of the court, any international implications of the negotiations, and the budget impact the negotiation may or will have on the Agency.

Finally, a significant portion of the 1997 budget hearings were dedicated to discussion of the need for improved science and the use of science at EPA as well as on the new joint CSIS/NAPA project, "Enterprise for the Environment." The Committee wishes to express its full support for and commends the sponsors as well as the Agency and all other parties for their support and active participation for this very worthwhile project. The Committee looks forward with great anticipation as this project begins to actively pursue meaningful alternatives that will, with wiser use of financial resources, nevertheless bring us real, measurable environmental results.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation [1]	$28,500,000
Fiscal year 1996 appropriation	28,500,000
Fiscal year 1997 budget request	30,744,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−2,244,000

[1] Total does not include transfer of $11,000,000 from the Hazardous Substance Superfund account and $577,000 from the Leaking Underground Storage Tank Trust Fund account.

The Office of Inspector General (OIG) provides EPA audit and investigative functions to identify and recommend corrective actions of management, program, and administrative deficiencies which create conditions for existing and potential instances of fraud, waste, or mismanagement. The appropriation for the OIG is funded from three separate accounts: Office of Inspector General, Hazardous Substance Superfund, and the Leaking Underground Storage Tank trust fund.

For fiscal year 1997, the Committee recommends a total appropriation of $40,077,000 for the Office of Inspector General, an increase of $77,000 from the 1996 level and a decrease of $2,667,000 from the budget request. Of the amount provided, $11,000,000 shall be derived by transfer from the Hazardous Substance Superfund account, and $577,000 by transfer from the Leaking Underground Storage Tank trust fund. All funds within this account are to be considered annual monies.

BUILDINGS AND FACILITIES

Fiscal year 1997 recommendation	$107,220,000
Fiscal year 1996 appropriation	110,000,000
Fiscal year 1997 budget request	209,220,000
Comparison with fiscal year 1996 appropriation	−2,780,000
Comparison with fiscal year 1997 budget request	−102,000,000

This activity provides for the design and construction of EPA-owned facilities as well as for the operations, maintenance, repair, extension, alteration, and improvement of facilities utilized by the agency. The funds are to be used to pay nationwide FTS charges, correct unsafe conditions, protect health and safety of employees and Agency visitors, and prevent serious deterioration of structures and equipment.

The Committee is recommending $107,220,000 for Buildings and Facilities, a reduction of $2,780,000 from the fiscal year 1996 level and $102,000,000 from the budget request. This recommendation provides the budget request of $25,220,000 for necessary maintenance and repair costs at Agency facilities as well as ongoing renovation costs associated with EPA's new headquarters.

The remaining $82,000,000 is for construction costs associated with EPA's new consolidated research facility at Research Triangle Park, North Carolina. Coupled with $50,000,000 appropriated in fiscal year 1996, this recommendation will provide $132,000,000 of the $232,000,000 maximum appropriation authorized for this necessary project. Bill language has been included which specifically authorizes construction of this facility as a consolidated research facility and in a fashion which will permit EPA to provide funds for construction on a multi-year basis.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1997 recommendation	$2,200,000,000
Fiscal year 1996 appropriation	1,313,400,000
Fiscal year 1997 budget request	1,394,245,000
Comparison with fiscal year 1996 appropriation	+886,600,000
Comparison with fiscal year 1997 budget request	+805,755,000

The Hazardous Substance Superfund (Superfund) program was established in 1980 by the Comprehensive Environmental Response, Compensation, and Liability Act to clean up emergency hazardous materials, spills, and dangerous, uncontrolled, and/or abandoned hazardous waste sites. The Superfund Amendments and Reauthorization Act (SARA) expanded the program substantially in

1986, authorizing approximately $8,500,000,000 in revenues over five years. In 1990, the Omnibus Budget Reconciliation Act extended the program's authorization through 1994 for $5,100,000,000 with taxing authority through calendar year 1995.

The Superfund program is operated by EPA subject to annual appropriations from a dedicated trust fund and from general revenues. Enforcement activities heretofore employed were used to identify and induce parties responsible for hazardous waste problems to undertake clean-up actions and pay for EPA oversight of those actions. In addition, responsible parties have been required to cover the cost of fund-financed removal and remedial actions undertaken at spills and waste sites by Federal and state agencies. The Office of Inspector General also receives funding from this account.

For fiscal year 1997, $2,200,000,000 has been recommended by the Committee, an increase of $886,600,000 from the fiscal year 1996 level, and an increase of $805,755,000 from the amount included in the budget request. The Committee expects EPA to prioritize resources to the actual cleanup of sites on the National Priority List and, to the greatest extent possible, limit resources directed to administration, oversight, support, studies, design, investigations, monitoring, assessment, and evaluation.

Noting its support for the efforts of the authorizing committees of the Congress to reform and reauthorize the Superfund program, the Committee has provided on a contingency basis additional funding for the program totaling $861,000,000. This provision is in accordance with provisions of the budget resolution and, once triggered by appropriate language contained in a future authorization bill, will permit the total program to remain at a funding level consistent with the Resolution and comparable to that provided the past few fiscal years.

The Committee's recommendation includes the following program level:

$903,335,000, the budget request, for Superfund response/cleanup actions. Included in this amount is the budget request of $36,754,000 for Brownfields program activities. Also included in this amount are funds, up to the 1996 level, for transfer to the Department of Justice. The Department's legal action associated with the Superfund program generates over $200,000,000 annually which is deposited in the Superfund Trust Fund, as well as annual cleanup responses by parties valued at over $500,000,000.

$162,694,000 for enforcement activities.

$124,874,000 for management and support, including a transfer of $11,000,000 to the Office of Inspector General. Bill language is included which provides for this transfer.

$35,000,000 for research and development activities, to be transferred to Science and Technology as proposed in the budget request.

$113,097,000 for interagency activities, including $59,000,000 for ATSDR; $48,500,000 for NIEHS—$27,000,000 for research activities and $21,500,000 for worker training; and $5,597,000 for necessary reimbursable expenses with OSHA, FEMA, NOAA, the Coast Guard, or with the Department of the Interior.

Within available funds, the Agency is directed to pay the costs of an ATSDR health effects study, up to $3,500,000, associated with a contaminated waste incineration site located in Caldwell County, North Carolina.

Through adoption of the full budget request, the Committee signals its strong support for an active and aggressive Superfund site response action/cleanup effort, including strong and bi-partisan support for an enhanced Brownfields program as an integral part of the overall program. The Committee commends EPA for actively pursuing Brownfields remediation at this level. Further, the Committee supports the national pilot worker training program which recruits and trains young persons who live near hazardous waste sites or in the communities at risk of exposure to contaminated properties for work in the environmental field. The Committee directs EPA to continue funding this effort in cooperation and collaboration with NIEHS. The research activities of NIEHS can compliment the training and operational activities of EPA in carrying out this program. Moreover, an expanded focus to Brownfield communities—identified as the growing number of contaminated or potentially contaminated vacant or abandoned industrial sites—is critical in order to actively engage and train the under-served populations that are the focus of this effort. While the number of National Priorities List sites is remaining fairly static, there is rapid growth of assessment, cleanup, and remediation activities occurring at Brownfield sites across the country.

The Committee again this year directs that $4,000,000 of the funds provided to the ATSDR be used for minority health professions, and up to $3,000,000 be used for continuation of a health effects study on the consumption of Great Lakes fish. And of the funds provided for transfer from Hazardous Substance Superfund to Science and Technology, the Committee directs that the Agency adequately fund the hazardous substance research centers, including $2,500,000 for the Gulf Coast center. Finally, the Committee is aware of the circumstances surrounding the Pepe Field, New Jersey Superfund site and urges that appropriate response actions begin as soon as is practicable.

In this regard, it was noted during the Committee's fiscal year 1997 budget hearings for the EPA that the Superfund program has adopted a new system for prioritizing sites for response/cleanup actions. The Committee strongly endorses this approach as a means of responding to those sites deserving of quicker response as well as from the standpoint of giving some assurance to local communities that "their" site will receive attention within a set timeframe. The Agency is to be commended for moving to this improved system.

Similarly, the Committee acknowledges the Agency's efforts to better utilize non-time critical responses as well as various innovative technologies which can serve to speed the cleanup of Superfund sites and save financial resources while maintaining high, environmentally acceptable standards. The Committee requests that EPA provide a report on how these approaches will be utilized during fiscal year 1997, how they can be used to a greater extent in coming years, and what statutory impediments may need to be removed before the Agency can better utilize these alternatives.

Over the last several years, much of the criticism which has been directed toward the Superfund program has focused on the costs associated with administrative expenses or "overhead." Many feel these costs have been excessive, and the Congress has responded in the past by imposing several limitations, including a statutory provision in the fiscal year 1995 appropriation that capped administrative expenditures. This provision eventually had the unintended result of shutting down the program for four days during fiscal year 1996.

While the EPA has taken significant steps to reduce such expenditures, there nevertheless are major differences of opinion as to what does or does not constitute proper or legitimate administrative costs or overhead. Although there are acknowledged differences between the government's Superfund program and programs operated by private business, there are also significant similarities which may assist the Committee in grappling with a fair and reasonable response to this question. The Committee is therefore requesting that the General Accounting Office perform a thorough analysis of the current Superfund accounting system from the perspective of both a for-profit and a non-profit business, and determine on this basis which expenses would be considered acceptable program costs and which would be considered unacceptable. In reporting its findings, GAO should note any special circumstances relative to the operation of the Superfund program which might justify necessary differences between the current program's accounting practices and what might be considered standard business practice.

The Committee is concerned about an imminent decision by the Administrator regarding the Boerke site in Oak Creek, Wisconsin. Since the site is adjacent to a developing recreational area and bordered by Lake Michigan, high levels of arsenic and other contaminants pose serious health and safety concerns. The Committee is concerned that capping the contaminants may be the preferred option being considered, and would expect the EPA to consult with the Committee regarding other possible options for cleanup before rendering a decision.

Finally, the Committee is aware that currently the EPA uses the Army Corps of Engineers approximately 35% of the time for preparing and overseeing construction contracts under the Superfund program. The Committee urges the Agency to consider increasing the use of the Corps in executing the Government's responsibilities for conducting remedial actions under the Superfund program. Such action is, however, not intended to reduce the utilization of the private sector.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1997 recommendation	$46,500,000
Fiscal year 1996 appropriation	45,827,000
Fiscal year 1997 budget request	67,119,000
Comparison with fiscal year 1996 appropriation	+673,000
Comparison with fiscal year 1997 budget request	−20,619,000

Subtitle I of the Solid Waste Disposal Act, as amended by the Superfund Amendments and Reauthorization Act, authorized the establishment of a response program for clean-up of releases from leaking underground storage tanks. Owners and operators of facilities with underground tanks must demonstrate financial responsibility and bear initial responsibility for clean-up. The Federal trust fund was funded through the now-expired imposition of a motor fuel tax of one-tenth of a cent per gallon, which generated approximately $150,000,000 per year. Most states also have their own leaking underground storage tank programs, including a separate trust fund or other funding mechanism, in place.

The Leaking Underground Storage Tank Trust Fund provides additional clean-up resources and may also be used to enforce necessary corrective actions and to recover costs expended from the Fund for clean-up activities. The underground storage tank response program is designed to operate primarily through cooperative agreements with states. However, funds are also used for grants to non-state entities including Indian tribes under Section 8001 of the Resource Conservation and Recovery Act. The Office of Inspector General also receives funding, by transfer from the trust fund, through this appropriation.

For fiscal year 1997, the Committee has provided $46,500,000, an increase of $673,000 from the 1996 appropriated level and a decrease of $20,619,000 from the fiscal year 1997 budget request. Bill language has been included which limits administrative expenses during the fiscal year to $7,000,000, and $577,000 has been provided from the fund, by transfer, to the Office of Inspector General. Bill language is included which provides for this transfer.

The Committee is aware of concerns expressed by several states that LUST funds not be used in a disproportionate manner for federal projects instead of state projects as anticipated by the authorizing statutes. The Committee concurs in this position of predominate use in the states and notes that its recommendation will allow for approximately 85% of the total appropriation to be used in the states.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1997 recommendation	$15,000,000
Fiscal year 1996 appropriation	15,000,000
Fiscal year 1997 budget request	15,305,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	−305,000

This appropriation authorized by the Federal Water Pollution Control Act and amended by the Oil Pollution Act of 1990, provides funds for preventing and responding to releases of oil and other petroleum products in navigable waterways. EPA is responsible for directing all clean-up and removal activities posing a threat to public health and the environment; conducting site inspections; providing for a means to achieve cleanup activities by private parties; reviewing containment plans at facilities; reviewing area contingency plans; and pursuing cost recovery of fund-financed clean-ups. Funds are provided through the Oil Spill Liability Trust Fund which is composed of fees and collections made through provisions of the Oil Pollution Act of 1990, the Comprehensive Oil Pollution Liability and Compensation Act, the Deepwater Port Act of 1974, the Outer Continental Shelf Lands Act Amendments of 1978, and the Federal Water Pollution Control Act. Pursuant to law, the fund is managed by the United States Coast Guard.

The Committee recommends $15,000,000 for fiscal year 1997, the same as that provided for fiscal year 1996, and a reduction of $305,000 from the budget request. Bill language is included which limits administrative expenses to $8,000,000.

STATE AND TRIBAL ASSISTANCE GRANTS

Fiscal year 1997 recommendation	$2,768,207,000
Fiscal year 1996 appropriation	2,813,000,000
Fiscal year 1997 budget request	2,852,207,000
Comparison with fiscal year 1996 appropriation	−44,793,000
Comparison with fiscal year 1997 budget request	−84,000,000

The State and Tribal Assistance Grant account was created in fiscal year 1996 in an effort to consolidate programs, and provide grant funds for those programs, which are operated primarily by the states. This new structure includes the Water Infrastructure/SRF account, which was intended to help eliminate municipal discharge of untreated or inadequately treated pollutants and thereby maintain or help restore this country's water to a swimmable and/or fishable quality, and miscellaneous state grant programs formerly included within the Abatement, Control and Compliance account.

The largest portion of the STAG account, over $1.3 billion, is State Revolving Funds (SRF) water infrastructure grants which for more than a decade have been made to municipal, intermunicipal, state, interstate agencies, and tribal governments to assist in financing the planning, design, and construction of wastewater facilities. This account funds state revolving funds for wastewater as well as various grant programs to improve water quality, including the non-point source program under Section 319 of the Federal Water Pollution Control Act, as amended, as well as Public Water System Supervision grants.

Funds appropriated in previous years for a Safe Drinking Water State Revolving Fund, pending such a funds' authorization, have also been made through this account.

For fiscal year 1997, the Committee recommends a total of $2,768,207,000, a decrease of $44,793,000 from the fiscal year 1996 level, and $84,000,000 from the level proposed in the budget request.

The Committee's recommendation includes the following program level:

$1,350,000,000, the budget request, for Clean Water State Revolving Funds.

$450,000,000 for Safe Drinking Water State Revolving Funds, subject to authorization by June 1, 1997. Bill language is included which transfers these funds to the Clean Water SRF if appropriate authorization is not provided before this date.

$674,207,000, the budget request, for state and tribal program/categorical grants.

$294,000,000 for special needs project grants, including—

$100,000,000, the budget request, for high priority U.S./Mexico border projects;

$50,000,000, the budget request, for Texas Colonias;

$15,000,000, the budget request, for Alaska rural and Native Villages;

$3,000,000, the budget request, for continued wastewater needs in Bristol County, Mass.;

$50,000,000 for continued wastewater needs in Boston, Mass.;

$10,000,000, the budget request, for continued wastewater needs in New Orleans, La.;

$20,000,000 for continued water development needs of the Mojave Water Agency, Calif.;

$10,000,000 for continuing development of the Des Plaines River system TARP activity in Chicago, Ill.;

$20,000,000 for continuation of the Rouge River National Wet Weather Project; and

$16,000,000 for continuing clean water improvements at Onandaga Lake.

For fiscal year 1997, the Committee expects the Agency to work closely with the governments or entities receiving such special needs grants and develop and agree upon an appropriate non-federal cost share for each of the projects.

As noted above, the Committee has provided the full budget request for state and tribal program assistance/categorical grants. This recommendation includes the following programs with the appropriated amount for each: (1) air—state and local assistance, $153,190,000; (2) air—tribal assistance, $5,882,200; (3) air—indoor environments/radon, $8,158,000; (4) water—section 106 control agency resource supplemental grants, $80,700,000; (5) water—non-point source management grants, $100,000,000; (6) water—wetlands program development grants, $15,000,000; (7) water—water quality cooperative agreements, $20,000,000; (8) drinking water—public water systems supervision program grants, $90,000,000; (9) water—underground injection control program grants, $10,500,000; (10) pesticides—pesticides program implementation grants, $12,814,600; (11) toxic substances—lead state grants, $12,500,000; (12) hazardous waste—hazardous waste financial assistance grants, $98,298,200; (13) hazardous waste—underground storage tanks state grants, $10,544,700; (14) multimedia—pollution prevention state grants, $5,999,500; (15) multimedia—pesticides enforcement grant, $16,133,600; (16) multimedia—toxic substances enforcement grants, $6,486,200; and (17) multimedia—tribal environmental general assistance program grants, $28,000,000. Just as was noted in the Report accompanying the fiscal year 1996 bill, it is the Committee's intention that activities previously conducted under the Clean Lakes program qualify for funding under the requirements of the section 319 non-point source pollution grants fully funded at $100,000,000. As was the case in fiscal year 1996, no reprogramming requests associated with States and Tribes applying for Partnership grants need to be submitted to the Committee for approval should such grants exceed the normal reprogramming limitations.

The U.S./Mexico Foundation for Science was founded in 1992 as a means to support joint research projects benefiting both nations. The Foundation has been supported by grants of both the United States and Mexican governments which is then leveraged with the use of donations from private sources. To date, the Foundation has focused its research on health, environmental and agricultural problems. The Committee believes that this type of cooperative effort is an important and effective way to enhance necessary research, and urges the Agency to allocate up to $1,500,000 of the Committee's recommended level for high priority border projects for this purpose.

The Committee continues to grapple with the funding requirements of the SRF. First, current need for new infrastructure capacity exceeds the amount of funding that can reasonably be provided each year by the Congress. Second, as existing wastewater treatment infrastructure nears or reaches the end of useful design life, the need for additional funding will increase. To meet this challenge, the Committee sees no better alternative than to encourage the use of innovative, free market approaches which do not add to the financial burden of federal, state, or local governments.

If given the opportunity, the private sector can provide the necessary capital investment for improvements, expansions, and upgrades which are desperately needed by many local governments to meet public health and environmental standards. However, this approach can only be encouraged by eliminating barriers to private ownership and long-term private operation. In this regard, the Committee is aware that provisions of the House-passed Clean Water Act reauthorization provided certain incentives for an enhanced role for the private sector. Unfortunately, it is unclear at this time whether there are sufficient legislative days remaining to secure passage of this legislation prior to adjournment of the 104th Congress.

Therefore, if qualified and experienced private sector entities can finance, build, own, operate and/or maintain wastewater treatment facilities in an equal or more cost effective manner and with the same or better environmental results, the Committee strongly urges the Agency to do everything it can administratively to remove impediments to such public/private partnerships and encourage the state and local governments to look to the private sector instead of the Federal government as the financial source of choice.

In the same vein, the Committee is aware that the policies, regulations, and enforcement practices of the Agency over the years with respect to water pollution control have essentially "locked in" a technology of centralized sewer collection pipes and treatment plants at the expense of what would be considered more decentralized systems. While doing much to benefit this nation's environment, we now know that the use of such centralized systems are sometimes not the best solution from the standpoint of both pollution control and cost.

Alternatives that are better suited for the environment and cost considerably less include targeted upgrades of treatment systems failing at individual homes; innovative, high performance technologies for pretreatment on lots characterized by shallow soils or other adverse conditions; small satellite treatment plants or leaching fields in high-density areas; detailed watershed planning to specify precise standards for sensitive versus non-sensitive zones; and maintenance, inspection, and water quality monitoring programs to detect failures in on-site systems.

While movement to such decentralized alternatives will obviously require appropriate and adequate education and training of state and local officials as well as contractors, installers, and maintenance personnel, the Committee believes the first step must be concurrence by EPA that the use of decentralized technologies can be appropriate alternatives.

To this end, the Committee requests that EPA review the entire subject area of private sector and centralized versus decentralized wastewater alternatives and report by January 1, 1997 on: (1) the Agency's analysis of the benefits of these alternatives compared to current systems; (2) the ability of the Agency to implement these alternatives within the current statutory and regulatory structure; (3) the potential savings and/or costs associated with the use of these alternative wastewater measures; and (4) the plans of the Agency, if any, to implement any such alternative measures using funds appropriated in fiscal year 1997.

The Committee understands there is significant interest on the part of nationwide rural electric cooperatives to expand their current role of delivering electricity to the delivery to rural communities of clean water and safe drinking water improvement technologies as well. While the Committee acknowledges the unique role that electric coops have played in electrifying the great expanses of this nation, it is uncertain whether expansion into this new field is an appropriate means of upgrading rural drinking and wastewater facilities to meet federal requirements. Accordingly, the Committee requests that the Agency fully review this matter and report on its findings prior to the Committee's fiscal year 1998 budget hearings for EPA.

Finally, the Committee is aware of and sympathetic to the critical infrastructure needs of the Village of Angel Fire, New Mexico, which is managing a deteriorating and overloaded water and wastewater system. However, funding for infrastructure upgrades to this system has been deferred this year without prejudice by the Committee due to severe budgetary constraints. The Committee encourages EPA to work with the Village of Angel Fire to solve this community's infrastructure deficiencies and prevent potential environmental hazards.

WORKING CAPITAL FUND

Bill language has been included at the request of the Agency to create a Working Capital Fund. Because of the inappropriate use of such Funds in past years by many federal departments and agencies, the Committee has heretofore been reluctant to permit the creation of such a Fund at the Environmental Protection Agency. However, the Committee has been assured that processes for monitoring and controlling the flow of funds have been vastly improved and that the use of such a Fund can generate significant savings. The Committee has thus agreed to create a Working Capital Fund for fiscal year 1997, and requests that the Agency provide a report on a quarterly basis outlining the use and disposition of the Fund.

ADMINISTRATIVE PROVISION

Bill language has been included under section 301 which permits the transfer of funds appropriated to any EPA account to the Science and Technology account for necessary research purposes. This provision will in effect allow any office funded under any account at EPA to "buy" science or research and development during the fiscal year on an as-needed basis from the Office of Research and Development. Currently, transfers from one account to another are not permitted unless otherwise provided for with specific statutory language. While this is a useful tool in maintaining necessary controls over the expenditures of funds, it also serves to prohibit the expenditure of funds when such expenditure was not anticipated either in creation of the budget request or through the legislative process. This provision is intended to provide the flexibility the Agency may need when a particular program must have the unanticipated but necessary assistance of ORD on a timely basis.

In the use of this provision, the Committee expects to be notified and will respond in the same manner and to the same extent as under the established reprogramming guidelines.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Fiscal year 1997 recommendation	$4,932,000
Fiscal year 1996 appropriation	4,981,000
Fiscal year 1997 budget request	4,932,000
Comparison with fiscal year 1996 appropriation	−49,000
Comparison with fiscal year 1997 request	0

The Office of Science and Technology Policy (OSTP) was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976. OSTP advises the President and other agencies within the Executive Office on science and technology policies and coordinates research and development programs for the Federal Government.

The Committee recommends an appropriation of $4,932,000 for fiscal year 1997, a reduction of $49,000 from the fiscal year 1996 enacted level and the same amount as the President's budget request.

The Committee also recommends a modification to the Bill language for this account as it relates to the reimbursement of expenses for detailees. The current Bill language requires at least 50% reimbursement for detailees from other agencies of the government who are assigned to the Office, regardless of the duration of the detail. The modification will eliminate this requirement and enable the Office to more easily tap into experts throughout the government for short-term projects by decreasing the administrative workload associated with short-term detailees.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Fiscal year 1997 recommendation	$2,250,000

Fiscal year 1996 appropriation	2,150,000
Fiscal year 1997 budget request	2,436,000
Comparison with fiscal year 1996 appropriation	+100,000
Comparison with fiscal year 1997 budget request	−186,000

The Council on Environmental Quality (CEQ) was established by Congress under the National Environmental Policy Act of 1969 (NEPA). The Office of Environmental Quality (OEQ), which provides professional and administrative staff for the Council, was established in the Environmental Quality Improvement Act of 1970. The Council on Environmental Policy has statutory responsibility under NEPA for environmental oversight of all Federal agencies and is to lead interagency decision-making of all environmental matters.

For fiscal year 1997, the Committee has recommended $2,250,000 for the CEQ and OEQ, an increase of $100,000 from the fiscal year 1996 level and a decrease of $186,000 from the budget request. The increase provided by the Committee is intended to first be used for the purchase of new word processing, computing, and other necessary equipment as outlined in the budget request.

Just as was stated last year, the Committee remains concerned that greater oversight, coordination, and consistency of environmental policy and actions of the many federal departments and agencies is necessary. Far too often, environmental policy as articulated by the White House bears no relationship to the actual implementation of that policy. At other times, agency or departmental personnel are assigned a decision-making role by the White House and then are told abruptly that they can make no decisions. Both situations create a working atmosphere of great mistrust and make a mockery of any stated desire to "work closely with the Congress." The Committee hopes the CEQ will be an advocate for better oversight, better coordination, better consistency and better relationships.

In addition, the Committee remains concerned with the apparent disregard of the clear statutory reading of Section 202 of NEPA, which states in part, "The Council shall be composed of three members who shall be appointed by the President to serve at his pleasure, by and with the consent of the Senate." While the Committee does not necessarily advocate that there be three members, it nevertheless notes again this year that there has been no effort to either adhere to the statute or request that the statute be amended to require just one Council member. The Committee is saddened that the Executive has once again chosen to ignore the law and would hope that this situation is remedied prior to next year's budget submission.

Federal Emergency Management Agency

Fiscal year 1997 recommendation	$791,316,000
Fiscal year 1996 appropriation	678,610,000
Fiscal year 1997 budget request	780,049,000
Comparison with fiscal year 1996 appropriation	+112,706,000
Comparison with fiscal year 1997 budget request	+11,267,000

The Federal Emergency Management Agency (FEMA) was created by reorganization plan number 3 of 1978. The Agency carries out a wide range of program responsibilities for emergency planning and preparedness, disaster response and recovery, and hazard mitigation under the following authorities:

Under the Defense Production Act of 1950, as amended, responsibility for maintaining the nation's emergency training and exercises, and preparedness, response and recovery, and information technology services.

Under the Earthquake Hazards Reduction Act of 1977, as amended, programs designed to identify and reduce earthquake vulnerability and consequences.

Under Executive Order 12148, responsibility for oversight of the national dam safety program.

Under the Atomic Energy Act of 1954, as amended, and in accordance with provisions set forth in the 1980 Act making appropriations for the Nuclear Regulatory Commission and other statutes, Executive Order 12657, and by Presidential Directive, responsibility for offsite emergency preparedness for fixed nuclear facilities.

Under the National Security Act of 1947, as amended, programs to provide for continuity of government as well as emergency resources assessment, management, and recovery.

Under the Federal Fire Prevention and Control Act of 1974, as amended, programs to reduce national fire loss, including training and prevention.

Under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, administration of a national program to provide flood insurance and to encourage better flood plain management.

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, programs to provide assistance to individuals and State and local governments in Presidentially-declared major disaster or emergency areas.

Under the Inspector General Act of 1978, as amended, agencywide audit and investigative functions to identify and correct management and deficiencies which create conditions for existing or potential instances of fraud, waste, and mismanagement.

Under the Agency Chief Financial Officers Act of 1990, systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources.

Under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and Executive Order 12580, responsibility for specific emergency response activities.

Under the Hazardous Materials Transportation Act, as amended, programs designed to provide training to prepare for and respond to hazardous materials incidents.

Under Title III of the Stewart B. McKinney Homeless Assistance Act of 1987, as amended, a program to provide food and shelter to the homeless through a National Board chaired by FEMA and composed of representatives of various charities.

Under Executive Orders 12472, 12656, 12699 and Reorganization Plan No. 3 of 1978, miscellaneous responsibility for response and recovery, preparedness, training and exercises, information technology services, executive direction, operations support, and mitigation.

For fiscal year 1997, the Committee recommends $791,316,000, which represents an increase of $112,706,000 from the fiscal year 1996 appropriation and $11,267,000 from the 1997 budget request.

Of the amounts approved in the following appropriations accounts, the Agency must limit transfers of funds between programs and activities to not more than $500,000 without prior approval of the Committee. Further, no changes may be made to any account or program element if it is construed to be a change in policy. Any program or activity mentioned in this report shall be construed as the position of the Committee and should not be subject to any reductions or reprogrammings without prior approval of the Committee. Finally, the Committee expects that the Agency will fully consult with the Committee prior to the implementation of any reorganization, moving of regional office locations, and adoption of any new programs or activities.

DISASTER RELIEF

Fiscal year 1997 recommendation	$1,320,000,000
Fiscal year 1996 appropriation	222,000,000
Fiscal year 1997 budget request	320,000,000
Comparison with fiscal year 1996 appropriation	+1,098,000,000
Comparison with fiscal year 1997 budget request	+1,000,000,000

The Federal Emergency Management Agency has responsibility for administering disaster assistance programs and coordinating the Federal response in Presidentially declared disasters. Major activities under the disaster assistance program are human services which provides aid to families and individuals; infrastructure which supports the efforts of State and local governments to take emergency protective measures, clear debris and repair infrastructure damage; hazard mitigation which sponsors projects to diminish effects of future disasters; and disaster management, such as disaster field office staff and automated data processing support.

For fiscal year 1997, the Committee has provided $1,320,000,000 for disaster relief, an increase of $1,098,000,000 above the fiscal year 1996 level and an increase of $1,000,000,000 above the budget request.

Because of the large number and severity of natural disasters which have occurred over the past decade, the Congress has responded regularly by appropriating relatively large supplemental requests for disaster relief. The nature of much of the destruction that occurs in a disaster event necessarily requires considerable time between the approval of such supplementals and the actual expenditure of funds needed to replace or repair facilities in a manner consistent with law. Nevertheless, the Committee remains concerned with both the time involved in resolving outstanding mitigation requirements as well as the amounts of unobligated disaster relief funds carried forward from one fiscal year to the next. During fiscal year 1997, the Agency is directed to provide by the last day of each month a report to the Committee which updates the disposition of all ongoing mitigation activities, the amounts necessary to carry-out such mitigation, and the remaining unobligated balance of disaster relief funds.

In addition to the annual appropriation of $320,000,000 as requested in the budget submission, the Committee has restored the

$1,000,000,000 of necessary disaster relief funds rescinded in fiscal year 1996. Just as was requested in the budget submission for the $320,000,000 annual appropriation, these additional funds will also not become available for obligation until September 30, 1997.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

STATE SHARE LOAN

Fiscal year 1997 recommendation	$1,385,000
Fiscal year 1996 appropriation	2,155,000
Fiscal year 1997 budget request	1,385,000
Comparison with fiscal year 1996 appropriation	−770,000
Comparison with fiscal year 1997 budget request	0

	Limitation on direct loans	Administrative expenses
Fiscal year 1997 recommendation	($25,000,000)	$548,000
Fiscal year 1996 appropriation	(25,000,000)	95,000
Fiscal year 1997 budget request	(25,000,000)	548,000
Comparison with fiscal year 1996 appropriation	(0)	+453,000
Comparison with fiscal year 1997 request	(0)	(0)

Beginning in 1992, loans made to States under the cost sharing provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act were funded in accordance with the Federal Credit Reform Act of 1990. The Disaster Assistance Direct Loan Program Account, which was established as a result of the Federal Credit Reform Act, records the subsidy costs associated with the direct loans obligated beginning in 1992 to the present, as well as administrative expenses of this program.

For fiscal year 1997, the Committee has provided $1,385,000 for the cost of State Share Loans, the same as the President's request and a decrease of $770,000 from the fiscal year 1996 level. In addition, the Committee has provided $25,000,000 for the limitation on direct loans pursuant to Section 319 of the Stafford Act, as well $548,000 for administrative expenses of the program.

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$168,000,000
Fiscal year 1996 appropriation	168,900,000
Fiscal year 1997 budget request	166,733,000
Comparison with fiscal year 1996 appropriation	−900,000
Comparison with fiscal year 1997 budget request	+1,267,000

This activity encompasses the salaries and expenses required to provided executive direction and administrative staff support for all agency programs in both the headquarters and field offices. The account funds both program support and executive direction activities.

The bill includes $168,000,000 for salaries and expenses, a decrease of $900,000 from the fiscal year 1996 level and an increase of $1,267,000 from the budget request.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation	$4,533,000
Fiscal year 1996 appropriation	4,673,000
Fiscal year 1997 budget request	4,533,000

Comparison with fiscal year 1996 appropriation	−140,000
Comparison with fiscal year 1997 budget request	0

The Office of Inspector General (OIG) was established administratively within FEMA at the time of the Agency's creation in 1979. Through a program of audits, investigations and inspections, the OIG seeks to prevent and detect fraud and abuse and promote economy, efficiency and effectiveness in the Agency's programs and operations. Although not originally established by law, FEMA's OIG was formed and designed to operate in accordance with the intent and purpose of the Inspector General Act of 1978. The Inspector General Act Amendments of 1988 created a statutory Inspector General within FEMA.

For fiscal year 1996, the Committee has recommended $4,533,000 for the Office of Inspector General, a decrease of $140,000 below the fiscal year 1996 appropriation and the same as the 1997 budget request.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Fiscal year 1997 recommendation	$209,101,000
Fiscal year 1996 appropriation	203,044,000
Fiscal year 1997 budget request	199,101,000
Comparison with fiscal year 1996 appropriation	+6,057,000
Comparison with fiscal year 1997 budget request	+10,000,000

This appropriation provides program resources for the majority of FEMA's "core" activities, including, response and recovery; preparedness, training and exercises; mitigation programs, fire prevention and training; information technology services; operations support; and executive direction. Costs for the floodplain management component are borne by policyholders and reimbursed from the National Flood Insurance Fund.

A fiscal year appropriation of $209,101,000 has been recommended, an increase of $6,057,000 over the 1996 level and $10,000,000 over the fiscal year 1997 budget request. From within this appropriated level, $500,000 is for a comprehensive analysis and plan of all evacuation alternatives for the New Orleans metropolitan area, and $500,000 is for the start-up costs associated with the development of at least one additional Urban Search and Rescue team. While the Committee suggests that FEMA strongly consider placing such a team within the State of Texas, the Committee also expects that placement of such an additional team at any location be completed only after full competition, if appropriate and necessary, and after consideration of all qualifications of the proposed new team or teams, including, but not limited to, the willingness to cost-share establishment of the team and the willingness and ability to provide continued maintenance of the team.

Finally, an additional $5,000,000 above the budget request is provided for FEMA to begin replacement and upgrade of equipment and vehicles used during emergency response actions, particularly the Mobile Emergency Response Support (MERS) and Mobile Air Transportable Telecommunications Support (MATTS) equipment. While FEMA has done an exemplary job maintaining and upgrading this equipment when possible, the Committee also realizes it is very heavily used in the most extreme of circumstances, and is oftentimes quickly outmoded due to the advance of technology.

In the replacement of necessary equipment and vehicles, the Committee urges FEMA to consider the need for placement of vehicles in additional strategic locations as well as the purchase of equipment such as the MIDAS system which offer additional emergency response alternatives which may be appropriate for many regions of the nation. The Committee requests that FEMA provide regular reports outlining the use of these additional funds during fiscal year 1997.

The Committee notes that the budget request for the Emergency Management Planning and Assistance account has been fully funded. This activity encompasses all of the mitigation, technology and training programs operated under FEMA's jurisdiction, including the Fire Prevention and Training programs—such as the National Fire Academy—which received the full budget request of $27,558,000.

With regard to the fire training programs, the Committee is aware of concerns that, even though there are several state-run programs, there currently is no national training program for chief officers. The Committee thus directs FEMA to conduct a study to determine whether a training program for chief officers—making sure they are fully prepared before being thrust into major decision-making roles—would be an appropriate means of raising the standards of effectiveness for fire departments. Such study should include an analysis of whether effective training of this nature is being conducted on the state or local level and whether or not this training can or should be adopted for national level training. The Agency is directed to submit this study to the Committee no later than January 31, 1997.

During and prior to fiscal year 1996, certain planning positions in state emergency management agencies had been funded with a 100% federal share. In the Statement of Managers accompanying the 1996 legislation, however, the conferees directed FEMA to begin notifying states, if necessary, that this share would be reduced to no more than 50%. The Committee stands by this agreement of the 1996 Conference, and reiterates its commitment to a 50–50 federal/state cost share for these positions.

The Committee shares the views expressed in testimony by FEMA's Director that pre-disaster mitigation is perhaps the most effective method of reducing disaster damages, saving disaster relief expenditures and, most important, preventing loss of life. To this end, the Committee urges FEMA's development of a program that would put into place a national pre-disaster mitigation plan. The initial phase of this project should outline for the Committee the extent of need for such a plan, the scope of work and time necessary to implement the plan, and the approximate costs associated with implementation of such a plan.

As part of the development of such a pre-disaster mitigation plan, the Committee strongly encourages the Agency to work closely with the International Multi-Hazard Mitigation Partnership, which is made up of industries, insurers, building code officials, government agencies, engineers, and researchers. One of the primary missions of this partnership is the full-scale testing of various structures under conditions representative of disaster circumstances. Such testing is a necessary component of an effective pre-disaster mitigation program, but is unfortunately something that is not now widely done. The Committee will look favorably on the Agency's use of available funds to develop this important relationship during fiscal year 1997.

The Committee notes that the mission of FEMA's Mt. Weather Emergency Assistance Center has expanded over the years to provide a broad range of training and conferences to address the spectrum of hazards emergency management. The number of participants in programs conducted at Mt. Weather has increased almost threefold since 1993 to the point that there is now insufficient available capacity to conduct all necessary activities as well as meet requests for additional programs. The Committee therefore directs the Agency to review this situation and develop suitable plans for the expansion of existing buildings in a manner which is consistent with the continuing and planned mission of the Center.

Finally, the Committee is aware of work performed for the Department of Defense by the Institute for Simulation and Training (IST) in Orlando, Florida. Using computer simulation technology, IST may offer a useful training tool available to FEMA as well. The Committee urges FEMA to look closely at IST and determine whether their training systems can enhance those activities currently offered through FEMA's preparedness, mitigation, and training programs.

EMERGENCY FOOD AND SHELTER PROGRAM

Fiscal year 1997 recommendation	$100,000,000
Fiscal year 1996 appropriation	100,000,000
Fiscal year 1997 budget request	100,000,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	0

The Emergency Food and Shelter Program within the Federal Emergency Management Agency originated in the 1983 Emergency Jobs legislation. Minor modifications were incorporated in the Stewart B. McKinney Homeless Assistance Act. The program is designed to help address the problems of the hungry and homeless. Appropriated funds are awarded to a National Board to carry out programs for sheltering and feeding the needy. This program is nationwide in scope and provides such assistance through local private voluntary organizations and units of government selected by local boards in areas designated by the National Board as being in highest need.

The Committee has recommended $100,000,000 for the Emergency Food and Shelter Program, the same as the budget request and the fiscal year 1996 funding level. The Committee continues to believe this is a well run and very worthwhile program and acknowledges and appreciates the support and commitment to the program by many religious and charity organizations.

Once again this year, bill language is included which limits administrative costs to 3.5% for fiscal year 1997.

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

The Flood Disaster Protection Act of 1973 requires the purchase of insurance in communities where it is available as a condition for receiving various forms of Federal financial assistance for acquisition and construction of buildings or projects within special flood hazard areas identified by the Federal Emergency Management Agency. All existing buildings and their contents in communities where flood insurance is available, through either the emergency or regular program, are eligible for a first layer of coverage of subsidized premium rates.

Full risk actuarial rates are charged for new construction or substantial improvements commenced in identified special flood hazard areas after December 31, 1974, or after the effective date of the flood insurance rate map issued to the community, whichever is later. For communities in the regular program, a second layer of flood insurance coverage is available at actuarial rates on all properties, and actuarial rates for both layers apply to all new construction or substantial improvements located in special flood hazard areas. The program operations are financed with premium income augmented by Treasury borrowings.

The Committee has included bill language proposed in the budget request for salaries and expenses to administer the fund, not to exceed $20,981,000, and for mitigation activities, not to exceed $78,464,000, including a limitation of $35,000,000 for the repayment of interest as required under Section 1366 of the National Flood Insurance Act of 1968, as amended. Bill language has also been included which prohibits the charging of flood insurance rates beyond the level established for such rates as of June 1, 1996.

ADMINISTRATIVE PROVISION

The Committee has once again this year included bill language proposed in the budget request which provides for the assessment and collection of fees in an amount that approximates the amount anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency program during the fiscal year. This amount is estimated to be $12,251,000 in fiscal year 1997.

In addition, the Committee has included bill language which permits the creation of a Working Capital Fund at FEMA. Although the Committee remains concerned with multiple problems surrounding the use of such Funds by other federal agencies and departments, it nevertheless has determined at this time to permit FEMA to move forward with the use of their Fund. FEMA is expected, however, to report quarterly to the Committee regarding the use and disposition of the Fund.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Fiscal year 1997 recommendation	$2,260,000
Fiscal year 1996 appropriation	2,061,000
Fiscal year 1997 budget request	2,060,000

Comparison with fiscal year 1996 appropriation	+199,000
Comparison with fiscal year 1997 request	+200,000

The Consumer Information Center (CIC) helps Federal departments and agencies promote and distribute consumer information and promotes public awareness of existing government publications through dissemination of a consumer information catalog and other media programs.

The Consumer Information Center Fund, a revolving fund established by Public Law 98–63, provides for the efficient operation of the Consumer Information Center. The revolving fund finances CIC activities through annual appropriations, reimbursement from agencies for distribution costs, fees collected from the public, and incidental income.

The Committee recommends an appropriation of $2,260,000 for fiscal year 1997. This is an increase of $199,000 from the fiscal year 1996 level and an increase of $200,000 to the fiscal year 1997 President's budget request. The bill also includes a limitation of $7,500,000 on the availability of the revolving fund. Any revenues accruing to this fund during fiscal year 1997 in excess of this amount shall remain in the fund and are not available for expenditure except as authorized in appropriations Acts.

In addition, the Committee has included language limiting administrative expenses to $2,602,000, which is the same as the fiscal year 1996 level and the fiscal year 1997 budget request.

The Committee notes that it has transferred to the Consumer Information Center certain functions currently performed by the Office of Consumer Affairs, which is to be terminated. These functions include production of the Consumer Resource Handbook and organizing the Consumer Resource Exposition. The Committee recommendation includes funding to perform these functions and inclusion of a provision in the Bill which will allow the CIC to solicit, accept, and deposit gifts to defray the costs of printing, publishing, and distributing consumer information. This provision was previously included as part of the Bill language for the Office of Consumer Affairs.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	$1,800,000
Fiscal year 1997 budget request	1,811,000
Comparison with fiscal year 1996 appropriation	−1,800,000
Comparison with fiscal year 1997 request	−1,811,000

The Office of Consumer Affairs (OCA) strives to assure that consumer viewpoints are represented within the Federal government and seeks to inform and educate individual citizens to deal more effectively in the marketplace.

The Committee recommends no funding for this activity for fiscal year 1997. The Committee has included language in the Bill allowing for the orderly closure of the Office and transfer of some of its functions to the Consumer Information Center.

During hearings on the fiscal year 1997 appropriations request the Committee had questions for the Office of Consumer Affairs regarding the distribution of the Consumer Resources Handbook which in the past had been distributed by the Consumer Information Center (CIC). In response to the question of why the CIC was used only on a limited basis in the past year, OCA responded that by distributing the handbook from their offices they could save a significant amount of money.

OCA cited a cost of $1.54 for distribution through the CIC, in fact the CIC billed the OCA a unit cost of $.48 in 1995. In addition, a copy of the handbook ordered via OCA's Helpline was mailed out of the OCA offices at a cost of $3.00 in postage. This is not a savings even from the erroneous cost benchmark of $1.54 per copy. It appears that this was a very expensive and misguided management mistake that cost the Office money and put service to the consumers on the back burner. The Committee can only speculate as to the real reason for reducing the participation of the CIC in the distribution of the Consumer Resources Handbook, obviously saving money was not the reason. The Committee expects that with transfer of this function to the Consumer Information Center the needs of the consumers will again be at the forefront of management decisions and other factors will not interfere.

National Aeronautics and Space Administration

Fiscal year 1997 recommendation	$13,604,200,000
Fiscal year 1996 appropriation.	13,903,700,000
Fiscal year 1997 budget request	[1] 14,704,200,000
Comparison with fiscal year 1996 appropriation	−299,500,000
Comparison with fiscal year 1997 request	−1,100,000,000

[1] Includes $900,000,000 in budget authority requested in government-wide general provision sec. 621, Department of Treasury.

The National Aeronautics and Space Administration was created by the National Space Act of 1958. NASA conducts space and aeronautics research, development, and flight activity that is designed to ensure and maintain U.S. preeminence in space and aeronautical endeavors.

The Committee has recommended a total program level of $13,604,200,000 in fiscal year 1997, which is a $1,100,000,000 below the budget request and $299,500,000 below the fiscal year 1996 enacted appropriation.

NASA COOPERATION WITH OTHER GOVERNMENT AGENCIES

The Committee urges NASA to continue cooperative programs with other government agencies which can result in budget savings and elimination of duplicative programs. Specifically, as NASA and the Department of Defense face reductions in personnel and budgets, programs which allow NASA and DOD to further increase their coordination within specific technology areas such as aeronautics technology programs will be supported by the Committee.

PROPERTY DISPOSITION

The Committee recognizes the successful working relationship between the City of Downey, California and NASA to arrange for the disposition of the excess property in Downey once necessary environmental studies are completed, and anticipates hearing from NASA at that time.

HUMAN SPACE FLIGHT

Fiscal year 1997 recommendation	$5,362,900,000
Fiscal year 1996 appropriation	5,456,600,000
Fiscal year 1997 budget request	5,362,900,000
Comparison with fiscal year 1996 appropriation	−93,700,000
Comparison with fiscal year 1997 request	0

This appropriation provides for human space flight activities, including development of the space station, and operation of the space shuttle. This account also includes support of planned cooperative activities with Russia, upgrades to the performance and safety of the space shuttle, and required construction projects in direct support of the space station and space shuttle programs.

The Committee recommends a total of $5,362,900,000 for the human space flight account. The recommendation is the same as the budget request and $93,700,000 below the fiscal year 1996 enacted appropriation.

PROCUREMENT OF COMMERCIAL SPACE SERVICES

The Committee commends NASA's use of commercial space services in supporting human space flight missions under firm, fixed price contracts. However, the Committee notes that negotiating firm, fixed price contracts on the contractor cost basis defeats the incentive for innovation and profit fundamental to commercial ventures being promoted by NASA. Accordingly, the Committee urges NASA to develop and utilize alternate methods for determining the appropriate value and price of commercial services offered under firm, fixed price contracts.

CENTERS FOR THE COMMERCIAL DEVELOPMENT OF SPACE

The Committee recognizes the positive contributions of Centers for the Commercial Development of Space including the Center for Space Power, the University of Alabama in Huntsville, the University of Alabama in Birmingham, and Auburn University and NASA is urged to continue to support this activity.

The Committee continues to support adequate funding for the Space Vacuum Epitaxy Center at the same level as the previous fiscal year to fully accomplish its objectives for the Wake Shield Facility.

SPACE SHUTTLE CONTRACTS

Consistent with its direction last year, the Committee welcomes NASA's initiative to transition operation of the Space Shuttle system to the private sector joint venture of United Space Alliance (USA). The Committee believes that this transition can be accomplished while achieving the twin objectives of reduced program costs and continued safety of flight. The Committee views favorably recent novation of existing Shuttle contracts in order to facilitate the transition to USA under a negotiated Space Flight Operations contract. The Committee recommends full funding for NASA's fiscal year 1997 shuttle budget request to ensure a stable restructuring of the Shuttle workforce under USA management.

SHUTTLE SAFETY AND UPGRADES

The Committee strongly supports NASA's on-going assessment of upgrades and modifications designed to address safety, performance, and obsolescence issues relative to the Space Shuttle system. In that spirit, the Committee recommends full funding in fiscal year 1997 for NASA activities in this area and believes that it is prudent to sustain a program of system upgrades for the shuttle to enhance safe and efficient operation of this unique national asset. The Committee believes that the nation's investment in technology development related to a future, operational Reusable Launch Vehicle should be leveraged for maximum effect by applying it to existing space launch vehicles. The Committee, therefore, directs NASA to report on its plans to exploit RLV technologies for the purpose of reducing cost and increasing the safety of current space launch vehicles.

COMMERCIAL USE OF SHUTTLE

The Committee is concerned that NASA is seeking on the one hand to encourage commercialization of shuttle operation while on the other hand policies are in place which may have the opposite effect. Following the Challenger accident in 1986, a policy directive was issued which prohibits the use of the space shuttle for commercial payloads. That directive is still a major component of the space policies of the United States. NASA has initiated a number of measures to increase the commercial aspects of space transportation but to date there does not appear to have been a comprehensive review of the original rationale for the prohibition on commercial payloads to determine if it should be retained. Accordingly, the Committee urges NASA to work with the Office of Science and Technology Policy to determine if the policy should be changed in light of the systemic changes being instituted for the shuttle.

SCIENCE, AERONAUTICS AND TECHNOLOGY

Fiscal year 1997 recommendation	$5,662,100,000
Fiscal year 1996 appropriation	5,928,900,000
Fiscal year 1997 budget request	5,862,100,000
Comparison with fiscal year 1996 appropriation	−266,800,000
Comparison with fiscal year 1997 request	−200,000,000

This appropriation provides for the research and development activities of the National Aeronautics and Space Administration. These activities include: space science, life and microgravity science, mission to planet earth, aeronautical research and technology, advanced concepts and technology, launch services, and academic programs. Funds are also included for the construction, maintenance, and operation of programmatic facilities.

The Committee recommends $5,662,100,000 for Science, Aeronautics and Technology in fiscal year 1997. The amount recommended is $200,000,000 below the budget request and $266,800,000 below the fiscal year 1996 appropriation. The recommended changes from the budget request include a decrease of $220,000,000 for Mission to Planet Earth, an increase of $4,000,000 for the application of electronic imaging technologies in the exploration and development of cardiac imaging at the Cleveland Clinic,

$4,000,000 for continuation of NASA's Space Radiation Health program, $2,000,000 for High Speed Civil Transport research into shock-free supersonic technology, and $10,000,000 for education programs.

MISSION TO PLANET EARTH

The reduction of $220,000,000 includes a reduction of $5,000,000 from the GLOBE program. Within the funds provided for the Office of Mission to Planet Earth, $13 million is to be made available to the American Museum of Natural History/national center for science literacy, education and technology, to support federal participation in the further development of the American Museum of Natural History/national center for science literacy, education and technology, including the Hall of the Universe and the Hall of Life's Diversity. Funds are to be utilized to defray the costs of design and development, related research and science education activities, and the development of their science technology initiative.

LOCAL GOVERNMENT APPLICATIONS OF SATELLITE IMAGERY

From within the funds provided for Mission to Planet Earth, NASA is directed to undertake a pilot program that develops local government applications of satellite imagery in Cayuga County, New York. Cayuga County is uniquely located geographically and experienced with Geographic Information Systems (GIS) applications which would facilitate the use of satellite imagery and data. It is expected that the pilot program will coordinate GIS work over a broad array of urban planning and agricultural applications and the resulting knowledge would help local and state decision makers.

NASA/SDB/OSDBU TECHNOLOGY TRANSFER

The Committee commends NASA's innovative initiatives in the area of technology transfer. This important work has significant potential for the expansion and creation of business opportunities. The Committee is interested in the application of technology transfer to small and disadvantaged business development and urges NASA to implement a more coordinated effort with these companies.

SOFTWARE OPTIMIZATION AND REUSE TECHNOLOGY

The Committee notes that for the past three years NASA has supported the Software Optimization and Reuse Technology (SORT) program. The Committee urges NASA to continue on-going efforts to develop new system development and acquisition processes based upon the software reuse product line technologies.

COMMERCIAL AND GENERAL AVIATION

The Committee has provided the budget request for aeronautics research and technology and shares NASA's commitment to this vital segment of the budget. The Committee recognizes the critical role aeronautics research and technology plays in NASA's mission and urges NASA to maintain its support in regaining the world's marketplace of commercial aviation. Likewise, the Committee strongly endorses NASA's leadership and support of the general aviation community and encourages further development and expansion in this area.

MICROGRAVITY INSTITUTES

The Committee is pleased with the direction NASA is taking in establishing science institutes. These centers provide an opportunity for private-public partnerships that facilitate the transfer of technology to the private sector. The Committee, however, urges NASA to ensure continuous cooperation and integration of NASA centers in all of the institutes' research.

SPACE COMMERCIAL COMMUNICATIONS

The Committee is concerned with the further reductions in the research portion of space commercial communications. NASA has been the catalyst for development of space commercial communication and the Committee recommends NASA continue to be instrumental in the development of these critical technologies.

SPACE ACCESS AND TECHNOLOGY

REUSABLE LAUNCH VEHICLES

The Committee recommends full funding of the budget request for the Advanced Space Transportation program which includes funding for the X–33 and X–34 reusable launch vehicle programs. As in the past, the Committee endorses these programs because of the significant investment being made by the private sector partners and the Committee's belief that these programs have a fundamental commercial objective which needs to be fostered. However, the Committee is disappointed that the NASA associate administrator for space access and technology believes the government will likely have to shoulder the research and development costs of the reusable launch vehicle, according to recent press accounts. If in fact these press accounts are accurate and NASA is changing its strategy regarding industry financial participation in the programs, the Committee may be forced to reevaluate its support of the programs in light of the change in strategy.

ACADEMIC PROGRAMS

The Committee recommends $110,800,000 for Academic Programs in fiscal year 1997, an increase of $3,900,000 from the fiscal year 1996 appropriation level and $10,000,000 more than the President's budget request.

The Committee strongly supports NASA educational programs, which expand opportunities and enhance diversity in the NASA sponsored research and education community. The increased funding provided by the Committee for academic programs in fiscal year 1997 is to be used to achieve a balance between the proportion of NASA funding received by minority institutions of higher education and other institutions of higher education.

Of the additional funding provided, $300,000 is for upgrades to the Mobile Aeronautics Education Laboratory, $250,000 is provided for a feasibility study to create a national residential high school at Lewis Research Center, and $250,000 is provided to begin replication of the Science, Engineering, Mathematics, and Aeronautics Academy program.

The appropriated funds for the minority university research and education programs should continue to be centrally administered by the Headquarters Office of Equal Opportunity Programs. The nurturing of these institutions and programs by the Equal Opportunity office is essential to assure their continued maturation and viability.

MISSION SUPPORT

Fiscal year 1997 recommendation	$2,562,200,000
Fiscal year 1996 appropriation	2,502,200,000
Fiscal year 1997 budget request	2,562,200,000
Comparison with fiscal year 1996 appropriation	+60,000,000
Comparison with fiscal year 1997 request	0

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

The Committee recommends a total of $2,562,200,000 for the mission support account. The recommended amount is the same as the budget request and $60,000,000 above the fiscal year 1996 appropriation.

While the amount provided in this account is above the fiscal year 1996 level, for the most part the increase is in the non-salaries and expenses portion of this account. For example, the contract for acquisition of the Tracking and Data Relay Satellite spacecraft and related launch services has a requirement of $185,100,000 in fiscal year 1997 compared to $156,700,000 in fiscal year 1996, an increase of $28,400,000. The Committee further notes that the fiscal year 1997 budget full-time equivalent personnel level is at 21,030, a reduction of 525 from the fiscal year 1996 full-time equivalent level.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation	$17,000,000
Fiscal year 1996 appropriation	16,000,000
Fiscal year 1997 budget request	17,000,000
Comparison with fiscal year 1996 appropriation	+1,000,000
Comparison with fiscal year 1997 request	0

The Office of the Inspector General was established by the Inspector General Act of 1978 and is responsible for audit and investigation of all agency programs.

The Committee recommends $17,000,000 for the Office of the Inspector General in fiscal year 1997, the same amount as requested in the President's budget. The funding provided is $1,000,000 above the amount provided in fiscal year 1996.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Limitation of direct loans	Administrative Expenses
Fiscal year 1997 recommendation	$600,000,000	$560,000
Fiscal year 1996 appropriation	600,000,000	560,000
Fiscal year 1997 budget request	600,000,000	560,000
Comparison with 1996 appropriation	0	0
Comparison with 1997 request	0	0

The National Credit Union Central Liquidity Facility Act established the National Credit Union Administration Central Liquidity Facility (CLF) on October 1, 1979 as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration and is owned by its member credit unions. Loans may not be used to expand a loan portfolio, but are authorized to meet short-term requirements such as emergency outflows from managerial difficulties, seasonal credit, and protracted adjustment credit for long-term needs caused by disintermediation or regional economic decline.

The Committee recommends the requested limitations of $600,000,000 on new loans and $560,000 on administrative expenses. In addition the Committee recommends an appropriation of $1,000,000 for the Community Development Revolving Loan Program for Credit Unions as authorized by public law 103–325. The Committee notes that in the past this revolving loan program has granted 96 loans with only one loss and as such represents a very successful program with a goal of improving the capability of low-income credit unions. The Committee encourages the National Credit Union Administration to ensure that the high standards used in the past for evaluation of loan applications continue so that loan losses are kept to a minimum.

NATIONAL SCIENCE FOUNDATION

Fiscal year 1997 recommendation	$3,253,000,000
Fiscal year 1996 appropriation	3,220,000,000
Fiscal year 1997 budget request	3,325,000,000
Comparison with fiscal year 1996 appropriation	+33,000,000
Comparison with fiscal year 1997 request	−72,000,000

The National Science Foundation was established in 1950 and received its first appropriation of $225,000 in 1951. The primary purpose behind its creation was to develop a national policy on science, and support and promote basic research and education in the sciences filling the void left after World War II.

The Committee recommends a total of $3,253,000,000 for fiscal year 1997. The amount recommended is $33,000,000 above the fiscal year 1996 appropriation and $72,000,000 below the President's budget request.

Of the amounts approved in the following appropriations accounts, the Foundation must limit transfers of funds between programs and activities to not more than $500,000 without prior approval of the Committee. Further, no changes may be made to any account or program element if it is construed to be policy or a change in policy. Any activity or program cited in this report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. Finally, it is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above.

RESEARCH AND RELATED ACTIVITIES

Fiscal year 1997 recommendation	$2,422,000,000
Fiscal year 1996 appropriation	2,314,000,000
Fiscal year 1997 budget request	2,472,000,000
Comparison with fiscal year 1996 appropriation	+108,000,000
Comparison with fiscal year 1997 request	−50,000,000

The appropriation for Research and Related Activities covers all programs in the Foundation except Education and Human Resources, Salaries and Expenses, NSF Headquarters Relocation, Major Research Equipment, and the Office of Inspector General. These are funded in other accounts in the bill. The Research and Related Activities appropriation includes United States Polar Research Programs and Antarctic Logistical Support Activities and the Critical Technologies Institute, which were previously funded through separate appropriations. Beginning with fiscal year 1997, the President's budget provided funding for the instrumentation portion of Academic Research Infrastructure in this account.

The Committee recommends a total of $2,422,000,000 for Research and Related Activities in fiscal year 1997, a reduction of $50,000,000 from the budget request. The Committee recommendation includes approval of the National Science Foundation proposal to include within the Research and Related Activities account, $50,000,000 for acquisition of instrumentation which was previously funded in the Academic Research Infrastructure account. Taking into consideration the increase to this account caused by the transfer of instrumentation funds, the remaining increase of $108,000,000 would have represented a growth of approximately 5% over the fiscal year 1996 level. While this is not an excessive amount of growth, and while the Committee remains a strong supporter of scientific research, the Committee can not fund the budget request within its current allocation of budget authority and outlays. The reduction recommended by the Committee is taken without prejudice and is to be allocated by the Foundation in accordance with internal procedures, subject to approval by the Committee.

ACADEMIC RESEARCH FLEET

The Committee is concerned with the possibility of new Navy-owned, university-operated, Class I Oceanographic Research vessel being added to the academic fleet. There is no existing academic fleet planning to incorporate a new vessel at this time. The addition of new ships without corresponding increases in ship operations funding and in the funding for research programs that require ship time threatens the health of oceanography. NSF is directed to report to the Committee by August 30, 1996, the ramifications, fiscal and otherwise, of such an addition, with particular attention to the overall balance between research funding and ship operations funding. The Committee is concerned about a funding shortfall for the operations of the academic fleet and supports NSF's efforts to work with other agencies to broaden usage of the fleet.

MAJOR RESEARCH EQUIPMENT

Fiscal year 1997 recommendation	$80,000,000
Fiscal year 1996 appropriation	70,000,000
Fiscal year 1997 budget request	95,000,000
Comparison with fiscal year 1996 appropriation	+10,000,000
Comparison with fiscal year 1997 request	−15,000,000

This account provides funding for the construction of major research facilities that provide unique capabilities at the cutting edge of science and engineering.

The Committee recommends a total of $80,000,000 for the major research equipment account for fiscal year 1997. This level reflects $55,000,000 for construction of the Laser Interferometer Gravitational Wave Observatory (LIGO) and $25,000,000 for maintenance of facilities in Antarctica.

The Committee recommendation for LIGO funding is the same amount that was projected as a fiscal year 1997 requirement when the fiscal year 1996 budget was presented to the Congress. The amount recommended is $15,000,000 below the request in the fiscal year 1997 budget, but based upon information provided with the fiscal year 1996 budget and briefings provided by the program managers the reduction should have no effect on the program schedule.

The Conference Report accompanying H.R. 2099 directed that there be a government-wide review of activities in the Antarctic region and the results of the review reported to the Committees on Appropriations of the House and Senate. That report was submitted in April and concluded that ". . . from a policy perspective the NSTC [National Science and Technology Council] finds that maintaining an active and influential presence in Antarctica, including year-round operation of South Pole Station, is essential to U.S. interests." The report also concluded that the National Science Foundation planning for replacement of the South Pole Station will greatly benefit from further cost-benefit analyses. The Committee acknowledges the conclusions contained within the report and provides $25,000,000 for correcting critical health, safety, and environmental issues at the current South Pole station while awaiting further information from the NSF on how it will structure a long-term solution to the problems of the current station. The Committee recommends that the funds provided be used for the heavy maintenance facility, power plant upgrade, and fuel storage facilities.

ACADEMIC RESEARCH INFRASTRUCTURE

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	$100,000,000
Fiscal year 1997 budget request	0
Comparison with fiscal year 1996 appropriation	−100,000,000
Comparison with fiscal year 1997 request	0

This program is a consolidation of academic research facility modernization and support of academic research instrumentation.

The Committee agrees with the President's budget proposal to transfer the instrumentation portion of this program to the Research and Related Activities account and provide no funding for buildings and facilities.

EDUCATION AND HUMAN RESOURCES

Fiscal year 1997 recommendation	$612,000,000
Fiscal year 1996 appropriation	599,000,000
Fiscal year 1997 budget request	619,000,000
Comparison with fiscal year 1996 appropriation	+13,000,000
Comparison with fiscal year 1997 request	−7,000,000

The Foundation's Education and Human Resources activities are designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate science and engineering education environment, to assist in providing all precollege students with a level of education in mathematics, science, and technology that reflects the needs of the nation and is the highest quality attained anywhere in the world, and extend greater research opportunities to underrepresented segment of the scientific and engineering communities.

For fiscal year 1997, the Committee recommends $612,000,000, a reduction of $7,000,000 from the President's budget request and $13,000,000 above the fiscal year 1996 appropriation.

The Committee recommendation includes a reduction of $2,000,000 in the grants for graduate fellowships and $5,000,000 from undergraduate curriculum development.

SYSTEMIC INITIATIVE

The National Science Foundation has made considerable progress with its state, urban, and rural systemic initiatives designed to promote reform of K–12 math and science education. Early results show significant math and science student achievements in NSF funded sites. The Committee believes each program should be sustained as appropriate and in particular, the Urban Systemic Initiative should be fully funded in fiscal year 1997.

ADVANCED TECHNOLOGICAL EDUCATION PROGRAM

Although only established within the past few years, the Advanced Technological Education program is viewed as crucial to ensuring a highly competent technical workforce. The Committee is pleased that the Foundation has forged effective partnerships with the relevant, local scientific and technical business sector to further expand the scope and significance of the program. The Committee encourages continued growth of this important activity.

TEACHER PREPARATION

Efforts to achieve high quality math and science performance in the K–12 sector is highly dependent upon the quality of the teacher workforce and, especially in urban and rural school systems, there is a growing inadequacy of highly qualified math and science teachers. Accordingly, the Committee strongly urges the National Science Foundation to strengthen and significantly expand its math and science teacher preparation programs.

TECHNOLOGY EDUCATION

Increasingly the purposeful applications of technology is regarded as an integral and value-added component of high quality math, science, engineering and technology education. The National Science Foundation is urged to increase its investments in research and development that undergird learning technologies and their application in math, science, engineering, and technology education sites at the K–12, two year and community colleges, and undergraduate levels.

EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH

The Committee is pleased with the efforts which the Foundation has made to ensure that the Experimental Program to Stimulate Competitive Research (EPSCoR) is part of the broader systemic reform initiatives pursued in recent years. These efforts have formed a solid base for education and human resource development activities in many of the EPSCoR states.

The Committee has recommended the budget request for the Experimental Program to Stimulate Competitive Research (EPSCoR). As the National Science Foundation research funding increases, new efforts should be undertaken to ensure that the participating jurisdictions, which are working diligently to enhance their infrastructure and become truly competitive, participate fully in NSF's programs. Of the funding the Committee has recommended, $5,000,000 is available to assist EPSCoR institutions to participate in the new advanced computing infrastructure with high bandwidth connections that support advanced applications, distributed computing, remote visualization and imaging, and telecollaboration. The Committee also recommends that funds be made available to assist EPSCoR institutions to facilitate their competitiveness by engaging in joint projects between EPSCoR institutions, or between EPSCoR and non-EPSCoR institutions. Both efforts are important to ensuring that EPSCoR states are in the mainstream of science and technology efforts. The participation of representatives from EPSCoR states on peer review panels and on advisory committees. In addition, the Committee expects NSF to initiate a planning process for full participation of states which generally meet EPSCoR criteria but that are not currently participating in the EPSCoR program.

INFORMAL SCIENCE EDUCATION

The Committee is concerned with the nearly 28% reduction in funding for Informal Science Education. In many instances, science education received through exposure to museums, parks, libraries, television, and community groups is the most important spark to stimulate greater interest in science. The Committee has not been able to add money to this account, but encourages the National Science Foundation to reevaluate the priorities which caused the current sub-allocation of Education and Human resources funding to determine if the cut of 28% in this program is justified.

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$134,310,000

Fiscal year 1996 appropriation	127,310,000
Fiscal year 1997 budget request	134,310,000
Comparison with fiscal year 1996 appropriation	+7,000,000
Comparison with fiscal year 1997 request	0

The Salaries and Expenses activity provides for the operation, support and management, and direction of all Foundation programs and activities and includes necessary funds that develop, manage, and coordinate Foundation programs. Also included in this account beginning in fiscal year 1997 is funding for NSF headquarters relocation.

The Committee recommends an appropriation of $134,310,000 for salaries and expenses and headquarters relocation in fiscal year 1997, the same as the President's budget request. The amount provided is $1,800,000 above the fiscal year 1996 appropriation when adjusted for the change to incorporate funding for the NSF headquarters relocation.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1997 recommendation	$4,690,000
Fiscal year 1996 appropriation	4,490,000
Fiscal year 1997 budget request	4,690,000
Comparison with fiscal year 1996 appropriation	+200,000
Comparison with fiscal year 1997 request	0

This account provides National Science Foundation audit and investigation functions to identify and correct management and administrative deficiencies which could lead to fraud, waste, or abuse.

For fiscal year 1997, the Committee has recommended $4,690,000 for the Office of Inspector General. This amount is $200,000 above the fiscal year 1996 level and is the same as the President's budget request.

NATIONAL SCIENCE FOUNDATION HEADQUARTERS RELOCATION

Fiscal year 1997 recommendation	0
Fiscal year 1996 appropriation	$5,200,000
Fiscal year 1997 budget request	0
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 request.	0

This account provides reimbursement to the General Services Administration (GSA) for expenses incurred by GSA pursuant to the relocation of the National Science Foundation.

The National Science Foundation proposed including this funding within the Salaries and Expenses Account beginning in fiscal year 1997. The Committee recommendation endorses the account change.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Fiscal year 1997 recommendation	$50,000,000
Fiscal year 1996 appropriation	38,667,000
Fiscal year 1997 budget request	55,000,000
Comparison with fiscal year 1996 appropriation	+11,333,000
Comparison with fiscal year 1997 budget request	−5,000,000

The Neighborhood Reinvestment Corporation, established by title VI of Public Law 95–557 in October 1978, is committed to promoting reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government. This is primarily accomplished by assisting community-based partnerships (NeighborWorks organizations) in a range of local revitalization efforts. Increases in home ownership among lower-income families is a key revitalization tool. Neighborhood Housing Services of America (NHSA) supports lending activities of the NeighborWorks organizations through a national secondary market that leveraged over $125,000,000 last year in private sector investment.

The Committee recommends an appropriation of $50,000,000 for fiscal year 1997, an increase of $11,333,000 above the fiscal year 1996 level, and a decrease of $5,000,000 below the budget request.

Selective Service System

SALARIES AND EXPENSES

Fiscal year 1997 recommendation	$22,930,000
Fiscal year 1996 appropriation	22,930,000
Fiscal year 1997 budget request	22,930,000
Comparison with fiscal year 1996 appropriation	0
Comparison with fiscal year 1997 budget request	0

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

The Committee notes that in November 1994, the Department of Defense provided the National Security Council and the Director of the Selective Service updated and revalidated scenarios, mobilization requirements, and timeframes of personnel needs. Reflecting realistic, post-Cold War thinking, these new requirements of the Department of Defense would require the Selective Service to deliver untrained registrants within 199 days of a declared event—up from 13 days—and would require the delivery of health care personnel in 222 days, up from just 42 days. Under this scenario, such a declared event would be a major military event with a major world power, not a military event such as the Gulf War conflict.

Moreover, testimony indicates that in the event of such a major conflict, the Department of Defense would rely first on Reserve and National Guard units, then volunteers recruited by the Armed Forces and then, finally, registrants through the Selective Service System. Questions remain whether current training facilities of the Armed Forces are sufficient to properly train the number of personnel first called to duty in a time frame that would realistically make it necessary to call Selective Service registrants before several months beyond the updated minimum time scenario suggested by DOD. Many feel that by the time a registration system was truly needed, a Selective Service System could easily be reinstated and become fully operational.

Despite these concerns, the Committee acknowledges the excellent work performed by the many employees and volunteers of the Selective Service System and has provided $22,930,000 for fiscal year 1997, the same as for fiscal year 1996 and as the budget request.

TITLE IV

GENERAL PROVISIONS

The Committee recommends that eighteen general provisions carried in the fiscal year 1996 Appropriations Act (Public Law 104–134) be continued in fiscal year 1997. The Committee recommends three new general provisions for fiscal year 1997. Section 419 provides for the orderly termination of the Office of Consumer Affairs. Section 420 incorporates as a general provision the Bill language associated with "Corporations" carried in title IV of Public Law 104–134. Section 421 prohibits the payment of salaries of personnel who approve acquisition of supercomputing equipment when the Department of Commerce has determined that the equipment is being offered at other than fair value.

HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

The following items are included in accordance with various requirements of the Rules of the House of Representatives:

INFLATIONARY IMPACT STATEMENT

Clause 2(l)(4) of rule XI of the House of Representatives requires that each Committee report on a bill or resolution shall contain a statement as to whether enactment of such bill or resolution may have an inflationary impact on prices and costs in the operation of the national economy.

Some individuals would suggest that practically any spending by Government is inflationary. If that were true, then the funds proposed in this bill would be inflationary. However, all Federal spending is not inherently inflationary. It should be analyzed in the context of the economic situation in which it occurs, the financial condition of Government at the time, and the sectors of the economy which the spending may affect.

The amount proposed for appropriation totals $84,286,060,000. This is $3,235,906,000 below the President's budget request. Included in the total recommended are funds for veterans benefits, assisted housing, community development grants, and environmental programs. Other funds will support advanced technology and science that directly and indirectly increase productivity and national competitiveness.

It is the considered opinion of the Committee that enactment of this bill will not have an inflationary impact on prices and costs in the operation of the national economy. Further information on the purpose of the spending proposed in this bill can be obtained in other parts of this report. Also, a large amount of detailed statistical and financial information can be obtained in the hearings conducted in developing this bill.

RESCISSION OF FUNDS

Pursuant to clause 1(b), rule X of the Rules of the House of Representatives, the following statements are made describing the rescission of funds provided in the accompanying bill.

The Committee recommends a rescission of up to $2,000,000 under the rental housing assistance program in the Department of Housing and Urban Development.

The Committee provides for the rescission of 50% of the budget authority recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 under the annual contributions for assisted housing account in the Department of Housing and Urban Development.

TRANSFER OF FUNDS

Pursuant to clause 1(b), rule X of the Rules of the House of Representatives, the following statements are made describing the transfers of funds provided in the accompanying bill.

The Committee has included language transferring not to exceed $26,417,000 from compensation and pensions to general operating expenses and medical care. These funds are for the administrative costs of implementing cost-saving proposals required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Language is also included permitting necessary sums to be transferred to the medical facilities revolving fund to augment funding of medical centers for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

The Committee recommends transferring the following amounts to the VA's general operating expenses appropriation pursuant to the Federal Credit Reform Act of 1990: the guaranty and indemnity program account ($105,226,000), the loan guaranty program account ($33,810,000), the direct loan program account ($80,000), the education loan fund program account ($195,000), the vocational rehabilitation loans program account ($377,000), and the Native American veteran housing loan program account ($205,000). In addition, the bill provides for transfers of $7,000 for program costs and $54,000 for the administrative expenses of the transitional housing loan program from the general post fund.

The Committee has included language under the Department of Veterans Affairs, franchise fund, permitting certain excess funds to be transferred to the Treasury.

The Committee recommends providing authority under administrative provisions for the Department of Veterans Affairs for any funds appropriated in 1997 for compensation and pensions, readjustment benefits, and veterans insurance and indemnities to be transferred between those three accounts. This will provide the Department of Veterans Affairs flexibility in administering its entitlement programs. Language is also included permitting the funds from three life insurance funds to be transferred to general operating expenses for the costs of administering such programs.

The Committee has included language under the Department of Housing and Urban Development transferring all uncommitted prior balances of excess rental charges and all collections made during fiscal year 1997 to the flexible subsidy fund.

The Committee recommends a provision under the Public Housing Capital Fund which transfers all obligated and unobligated balances as of the end of fiscal year 1996 from various accounts into the Public and Housing Capital Fund Account.

The Committee recommends a transfer of $5,000,000 from the Drug Elimination Grants for Low-Income Housing to the Office of Inspector General for Operation Safe Home.

The Committee has included language transferring $673,000 of funds appropriated for administrative expenses to carry out the section 108 loan guarantee program to the departmental salaries and expenses account.

The Committee recommends transferring prior year appropriations for the Housing Opportunities for Persons With AIDS program from the "Annual Contributions for Assisted Housing" account to the "Housing Opportunities for Persons With AIDS" account newly established in fiscal year 1997.

The Committee recommends transferring a total of $532,782,000 from the various funds of the Federal Housing Administration (not to exceed $334,483,000 from the FHA-mutual mortgage insurance program account and $198,299,000 from the FHA-general and special risk program account) for salaries and expenses of the Department of Housing and Urban Development.

The Committee has included language transferring a total of $11,283,000 from the various funds of the Federal Housing Administration (not to exceed $7,112,000 from the FHA-mutual mortgage insurance program account and $4,171,000 from the FHA-general and special risk program account) to the Office of Inspector General.

The Committee has included language transferring $9,101,000 from the Government National Mortgage Association's guarantees of mortgage-backed securities loan guarantee program account to HUD's salaries and expenses account.

The Committee recommends language allowing a transfer of $14,895,000 from the federal housing enterprise oversight fund to the office of federal housing enterprise oversight account.

The Committee has included language under the Corporation for National and Community Service account which transfers not more than $40,000,000 to the National Service Trust account.

The Committee has included language under the Environmental Protection Agency transferring funds from the hazardous substance superfund trust fund ($11,000,000) and the leaking underground storage tank trust fund ($577,000) to the Office of Inspector General. In addition, $35,000,000 is transferred from the hazardous substance superfund trust fund to the science and technology account.

The Committee recommends transferring $15,000,000 from the oil spill liability trust fund to the oil spill response account.

The Committee has included language under the Environmental Protection Agency, working capital fund, permitting certain excess funds to be transferred to the Treasury.

COMPLIANCE WITH RULE XIII, CLAUSE 3

(RAMSEYER)

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

Section 8(c)(2)(A) of the United States Housing Act of 1937 is to be amended as follows:

(2)(A) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established in the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula. However, where the maximum monthly rent, for a unit in a new construction, substantial rehabilitation, or moderate rehabilitation project, to be adjusted using an annual adjustment factor exceeds the fair market rental for an existing dwelling unit in the market area, the Secretary shall adjust the rent only to the extent that the owner demonstrates that the adjusted rent would not exceed the rent for an unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary. The immediately foregoing sentence shall be effective only during fiscal year 1995 *and fiscal year 1997*. For any unit occupied by the same family at the time of the last annual rental adjustment, where the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor and where the rent for a unit is otherwise eligible for an adjustment based on the full amount of the factor, 0.01 shall be subtracted from the amount of the factor, except that the factor shall not be reduced to less than 1.0. The immediately foregoing sentence shall be effective only during fiscal year 1995 *and fiscal year 1997*.

Section 916 of the Cranston-Gonzalez National Affordable Housing Act is to be amended as follows:

SEC. 916. CDBG ASSISTANCE FOR UNITED STATES-MEXICO BORDER REGION.

* * * * * * *

【(f) APPLICABILITY.—This Act shall apply only with respect to fiscal years 1991, 1992, 1993, and 1994.】

Title IV of Public Law 104–99, as amended, is to be amended as follows:

FHA SINGLE-FAMILY ASSIGNMENT PROGRAM REFORM

SEC. 407.

* * * * * * *

(c) APPLICABILITY OF AMENDMENTS.—Except as provided in subsection (e), the amendments made by subsections (a) and (b) shall apply only with respect to mortgages insured under the National

Housing Act that are executed before [October 1, 1996] *October 1, 1997*.

*   *   *   *   *   *   *

Section 8 of the United States Housing Act of 1937 is to be amended as follows:

(u) * * *

*   *   *   *   *   *   *

(3) the Secretary shall allocate assistance for certificates or vouchers under this section to ensure that sufficient resources are available to address the physical or economic displacement, or potential economic displacement, of existing tenants pursuant to paragraphs (1) and (2).

[The Secretary may extend expiring contracts entered into under this section for project-based loan management assistance to the extent necessary to prevent displacement of low-income families receiving such assistance as of September 30, 1996.]

(w) * * *

*   *   *   *   *   *   *

Chapter VII of Public Law 104–6 is to be amended as follows:

*   *   *   *   *   *   *

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

NATIONAL AERONAUTICAL FACILITIES

Public Law 103–327 is amended in the paragraph under this heading by striking "March 31, 1997" and all that follows, and inserting in lieu thereof: "[September 30, 1997] *September 30, 1998*: Provided, That not to exceed $35,000,000 shall be available for obligation prior to October 1, [1996] *1997*.".

CHANGES IN THE APPLICATION OF EXISTING LAW

The Committee submits the following statements in compliance with clause 3, rule XXI of the House of Representatives, describing the effects of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly.

Language is included in various parts of the bill to continue ongoing activities and programs where authorizations have not been enacted to date.

In some cases, the Committee has recommended appropriations which are less than the maximum amounts authorized for the various programs funded in the bill. Whether these actions constitute a change in the application of existing law is subject to interpretation, but the Committee felt that this should be mentioned.

The Committee has included limitations for official reception and representation expenses for selected agencies in the bill.

Sections 401 through 418 of title IV of the bill, all of which are carried in the fiscal year 1996 Appropriations Act, are general provisions which place limitations or restrictions on the use of funds in the bill and which might, under certain circumstances, be construed as changing the application of existing law. The bill also includes new general provisions which provide that termination costs for the Office of Consumer Affairs be made available from funds appropriated to the Department of Health and Human Services (Sec. 419); language, contained in title IV of the 1996 bill, to require the release in appropriations Acts of loans and mortgage purchase authority not otherwise required by law (Sec. 420); and a limitation on the use of funds for the approval of contracts without a specific determination of the Department of Commerce (Sec. 421).

The bill includes, in certain instances, limitations on the obligation of funds for particular functions or programs. These limitations include restrictions on the obligation of funds for administrative expenses, the use of consultants, and programmatic areas within the overall jurisdiction of a particular agency.

Language is included under the Department of Veterans Affairs, Environmental Protection Agency, and Federal Emergency Management Agency which creates a working capital fund subject to certain conditions and in accordance with law.

Language is included under the Department of Veterans Affairs, readjustment benefits, allowing the use of funds for payments arising from litigation involving the vocational training program.

Language is included under the Department of Veterans Affairs, medical care, earmarking and delaying the availability of certain equipment and land and structures funds.

Language is included under the Department of Veterans Affairs, general operating expenses, providing for the reimbursement to the Department of Defense for the costs of overseas employee mail. This language has been carried previously and permits free mailing privileges for VA personnel stationed in the Philippines. Language is included which permits this appropriation to be used for administration of the Service Members Occupational Conversion and Training Act in 1997, limits salary and travel funds for the office of the Secretary, and limits the number of non-career employees.

Language is included under the Department of Veterans Affairs, construction, major projects, establishing time limitations and reporting requirements concerning the obligation of major construction funds, limiting the use of funds, and allowing the use of funds for program costs.

Language is included under the Department of Veterans Affairs, construction, minor projects, providing that unobligated balances of previous appropriations may be used for any project with an estimated cost of less than $3,000,000, allowing the use of funds for program costs, and making funds available for damage caused by natural disasters.

Language is included under the Department of Veterans Affairs, parking revolving fund, providing for parking operations and maintenance costs out of medical care funds.

Language is included under the Department of Veterans Affairs, administrative provisions, permitting transfers between mandatory accounts, limiting and providing for the use of certain funds, and funding administrative expenses associated with VA life insurance programs from excess program revenues. These seven provisions have been carried in previous appropriations Acts.

Language is included under the Department of Housing and Urban Development, annual contributions for assisted housing, which provides the Secretary authority to waive law with respect to housing vouchers, provides for the rescission of certain recaptured funds, and permits the sharing of savings from bond refunding.

Language is included under the Department of Housing and Urban Development, housing for special populations: elderly and disabled, which earmarks funds for tenant-based rental assistance for the disabled, and which permits waivers of certain program provisions under the disabled and elderly programs.

Language is included under Department of Housing and Urban Development, flexible subsidy fund, which permits the use of excess rental charges.

Language is included under Department of Housing and Urban Development, rental housing assistance, which reduces the uncommitted balances of previous provided authority by not more than $2,000,000.

Language is included under Department of Housing and Urban Development, housing certificate fund, which limits the use of funds for specific housing activities, delays the issuance and reissuance of vouchers and certificates, and maintains and reduces annual adjustment factors.

Language is included under the Department of Housing and Urban Development, public housing capital fund, which earmarks funds for specific housing programs and transfers prior year balances for use in a new account.

Language is included under Department of Housing and Urban Development, revitalization of severely distressed public housing (HOPE VII), which places restrictions on the use of funds for a housing authority.

Language is included under Department of Housing and Urban Development, drug elimination grants for low-income housing, which specifies the use of certain funds and gives authority to redefine the term “drug related crime.”

Language is included under the Department of Housing and Urban Development, community development block grants fund, which earmarks funds for specific housing organizations and programs, limits the expenses for planning and management development and administrative activities, and modifies and repeals certain provisions of the CDBG program.

Language is included under Department of Housing and Urban Development, home investment partnerships program, which earmarks funds for a counseling program.

Language is included under Department of Housing and Urban Development, FHA-mutual mortgage insurance program account, regarding the sale of assigned mortgage notes.

Language is included under Department of Housing and Urban Development, FHA-general and special risk program account, regarding the sale of assigned mortgage notes, and which provides for the use of prior year funds and the earmarking of funds for various purposes.

Language is included under Department of Housing and Urban Development, administrative provisions, which establishes minimum rents, limits administrative fees, extends the FHA single family assignment program for one year, establishes a reengineered portfolio for insured housing projects receiving section 8 assistance at reduced levels, and provides flexibility to dispose of insured properties.

Language is included under the Court of Veterans Appeals, salaries and expenses, permitting the use of funds for a pro bono program.

Language is included under the Environmental Protection Agency, buildings and facilities, which authorizes the construction of a new building, limits the maximum cost of the new building, and provides for the use of multi-year contracts in its construction.

Language is included under the Environmental Protection Agency, hazardous substance superfund, limiting the availability of funds for toxicological profiles performed by the Agency for Toxic Substances and Disease Registry.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which provides grants to states and tribal governments and which provides funds upon authorization of a safe drinking water state revolving fund, but transfers such funds to the clean water state revolving fund if authorization does not occur prior to June 1, 1997.

Language is included under the Environmental Protection Agency, administrative provision, which permits the transfer of funds between appropriated accounts for specific purposes and under established criteria and procedures.

Language is included under the Federal Emergency Management Agency, disaster relief, which delays the expenditure of funds until September 30, 1997 and exempts the provision from the requirements of 42 U.S.C. 5203 so as to be scored as a non-emergency.

Language is included under the Federal Emergency Management Agency, emergency food and shelter program, limiting administrative expenses.

Language is included under the Federal Emergency Management Agency, national flood insurance fund, which limits administrative expenses, program costs, and the amount available for repayment of debt, and which sets the rate for flood insurance for fiscal year 1997 at the level that was in effect on June 1, 1996.

Language is included under the Federal Emergency Management Agency, administrative provision, promulgating a schedule of fees concerning the radiological emergency preparedness program.

Language is included under the General Services Administration, Consumer Information Center, limiting certain fund and administrative expenses, and permitting the acceptance of gifts for the purpose of defraying the costs of printing, publishing and distributing consumer information.

Language is included under the National Aeronautics and Space Administration, administrative provisions, extending the availability of construction of facilities funds, permitting funds for contracts for various services in the next fiscal year, and transferring of prior year appropriations to the appropriate new appropriation accounts.

Language is included under the National Credit Union Administration, central liquidity facility, limiting new loans and administrative expenses.

Language is included under the National Science Foundation, research and related activities, providing for the use of receipts from other research facilities, and requiring under certain circumstances proportional reductions in legislative earmarkings.

Language is included under the National Science Foundation, education and human resources activities, requiring under certain circumstances proportional reductions in legislative earmarkings.

Language is included under the National Science Foundation, salaries and expenses, permitting funds for contracts for various services in the next fiscal year and permitting reimbursement of funds to the General Services Administration for relocation activities.

Language is included under the Selective Service System, salaries and expenses, permitting the President to exempt the agency from apportionment restrictions of the Budget and Accounting Act of 1921 and prohibiting the use of funds for activities related to the induction of individuals into the Armed Forces of the United States.

Appropriations Not Authorized by Law

Pursuant to clause 3 of rule XXI of the House of Representatives, the following lists the appropriations in the accompanying bill which are not authorized by law:

Department of Veterans Affairs:
- Construction, Major projects.

Department of Housing and Urban Development: All programs.
Consumer Product Safety Commission.
Corporation for National and Community Service.
Environmental Protection Agency:
- Science and Technology (except the Clean Air Act).
- Environmental Programs and Management (except the Clean Air Act).
- Hazardous Substance Superfund.
- State and Tribal Assistance Grants.

Office of Science and Technology Policy.
Federal Emergency Management Agency:
- Emergency Food and Shelter Program.
- Emergency Management Planning and Assistance (with respect to the Federal Fire Prevention and Control Act of 1974, Defense Production Act of 1950 and the Urban Property Protection and Reinsurance Act).

General Services Administration—Consumer Information Center.
National Aeronautics and Space Administration: All programs.
National Science Foundation: All programs.
Neighborhood Reinvestment Corporation.

Balanced Budget and Emergency Deficit Control Act

During fiscal year 1997 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), the following information provides the definition of the term "program, project, and activity" for departments and agencies carried in the accompanying bill. The term "program, project, and activity" shall include the most specific level of budget items identified in the

1997 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, the accompanying House and Senate reports, the conference report of the joint explanatory statement of the managers of the committee of conference.

In applying any sequestration reductions, departments and agencies shall apply the percentage of reduction required for fiscal year 1997 pursuant to the provisions of Public Law 99–177 to each program, project, activity, and subactivity contained in the budget justification documents submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1997 budget estimates, as amended, for such departments and agencies, as subsequently altered, modified, or changed by Congressional action identified by the aforementioned Act, resolutions and reports. Further, it is intended that in implementing any Presidential sequestration order, (1) no program, project, or activity should be eliminated, (2) no reordering of funds or priorities occur, and (3) no unfunded program project, or activity be initiated. However, for the purposes of program execution, it is not intended that normal reprogramming between programs, projects, and activities be precluded after reductions required under the Balanced and Emergency Deficit Control Act are implemented.

Comparison With Budget Resolution

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344) requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 602(b) of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended.

[In millions of dollars]

	602(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with budget resolution:				
Discretionary	64,354	78,803	64,349	78,798
Mandatory	19,816	19,511	19,937	19,024
Total	84,170	98,314	84,286	97,822

Five-Year Outlay Projections

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the following information was provided to the Committee by the Congressional Budget Office:

	(Millions)
Budget authority	84,286
Outlays:	
1997	49,184
1998	18,911

	(Millions)
1999	8,658
2000	4,016
2001 and beyond	2,816

Financial Assistance to State and Local Governments

In accordance with section 308(a)(1)(D) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the Congressional Budget Office has provided the following estimates of new budget authority and outlays provided by the accompanying bill for financial assistance to state and local governments:

	(Millions)
Budget authority	18,920
Fiscal year 1997 outlays resulting therefrom	3,126

Full Committee Votes

Pursuant to the provisions of clause 2(l)(2)(b) of rule XI of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 1

Date: June 13, 1996.

Measure: Fiscal Year 1997 VA–HUD, Independent Agencies Appropriations Bill.

Motion by: Mr. Durbin.

Description of motion: En bloc amendment to increase Community Development Block Grants by $300,000,000 and to reduce FEMA Disaster Relief by $300,000,000.

Results: Rejected 16 to 33.

Members Voting Yea

Mr. Bunn
Mr. Coleman
Mr. Dicks
Mr. Durbin
Mr. Fazio
Mr. Foglietta
Mr. Hefner
Mr. Hoyer
Mr. Obey
Ms. Pelosi
Mr. Sabo
Mr. Serrano
Mr. Skaggs
Mr. Stokes
Mr. Torres
Mr. Visclosky

Members Voting Nay

Mr. Bevill
Mr. Bonilla
Mr. Callahan
Mr. Chapman
Mr. Dickey
Mr. Forbes
Mr. Frelinghuysen
Mr. Hobson
Mr. Istook
Ms. Kaptur
Mr. Kingston
Mr. Knollenberg
Mr. Kolbe
Mr. Lewis
Mr. Lightfoot
Mr. Livingston
Mr. Miller
Mr. Mollohan
Mr. Murtha
Mr. Myers
Mr. Nethercutt
Mr. Neumann

Mr. Packard
Mr. Parker
Mr. Porter
Mr. Rogers
Mr. Skeen
Mr. Thornton
Mrs. Vucanovich
Mr. Walsh
Mr. Wicker
Mr. Wolf
Mr. Young

ROLL CALL NO. 2

Date: June 13, 1996.

Measure: Fiscal Year 1997 VA–HUD, Independent Agencies Appropriations Bill.

Motion by: Mr. Durbin.

Description of motion: Amend the report to delete language reducing $1,500,000 from the budget request to expand the toxic release inventory to an unauthorized toxic use inventory and increase the general reduction by $1,500,000.

Results: Rejected 14 to 32.

Members Voting Yea	*Members Voting Nay*
Mr. Bevill	Mr. Bonilla
Mr. Coleman	Mr. Bunn
Mr. Dicks	Mr. Callahan
Mr. Durbin	Mr. Chapman
Mr. Foglietta	Mr. Dickey
Mr. Hoyer	Mr. Forbes
Mr. Obey	Mr. Frelinghuysen
Ms. Pelosi	Mr. Hobson
Mr. Sabo	Mr. Istook
Mr. Skaggs	Ms. Kaptur
Mr. Stokes	Mr. Kingston
Mr. Thornton	Mr. Knollenberg
Mr. Torres	Mr. Kolbe
Mr. Visclosky	Mr. Lewis

Mr. Lightfoot
Mr. Livingston
Mr. Miller
Mr. Mollohan
Mr. Murtha
Mr. Myers
Mr. Nethercutt
Mr. Neumann
Mr. Packard
Mr. Parker
Mr. Porter
Mr. Rogers
Mr. Skeen
Mrs. Vucanovich
Mr. Walsh
Mr. Wicker
Mr. Wolf
Mr. Young

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND THE BUDGET ESTIMATES FOR 1997 — PERMANENT AUTHORITY

[These funds become available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1996 (2)	Budget estimates of new (obligational) authority, fiscal year 1997 (3)	Fiscal year 1997 estimate compared with, fiscal year 1996 (4)
FEDERAL FUNDS			
DEPARTMENT OF VETERANS AFFAIRS			
Veterans Health Administration: Medical care cost recovery fund	132,000,000	119,000,000	-13,000,000
Veterans Benefits Administration:			
Guaranty and indemnity direct loan financing account (authority to borrow)	1,277,000,000	1,404,000,000	+127,000,000
Loan guaranty direct loan financing account (authority to borrow)	869,000,000	880,000,000	+11,000,000
Direct loan financing account (authority to borrow)	19,000,000	29,000,000	+10,000,000
Vocational rehabilitation direct loan financing account	2,000,000	2,000,000	
Total, Department of Veterans Affairs	2,299,000,000	2,434,000,000	+135,000,000
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Low-rent public housing - loans and other expenses (authority to borrow)	50,000,000	50,000,000	
Annual contribution for assisted housing	10,013,000,000	16,000,000,000	+5,987,000,000
Manufactured home inspection and monitoring	11,000,000	11,000,000	
Interstate land sales	1,000,000	1,000,000	
FHA - Mutual mortgage insurance direct loan financing account (authority to borrow)	197,000,000	193,000,000	-4,000,000
FHA - Mutual mortgage insurance guaranteed loan financing account	350,000,000		-350,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND THE BUDGET ESTIMATES FOR 1997 — PERMANENT AUTHORITY—Continued

Agency and item (1)	New budget (obligational) authority, fiscal year 1996 (2)	Budget estimates of new (obligational) authority, fiscal year 1997 (3)	Fiscal year 1997 estimate compared with, fiscal year 1996 (4)
General and special risk guaranteed loan financing account (authority to borrow)	1,032,000,000		-1,032,000,000
General and special risk direct loan financing account (authority to borrow)	120,000,000	120,000,000	
General and special risk insurance funds liquidating account		500,000,000	+500,000,000
(Authority to borrow)	41,000,000	41,000,000	
Total, Department of Housing and Urban Development	11,815,000,000	16,916,000,000	+5,101,000,000
INDEPENDENT AGENCIES			
Federal Emergency Management Agency:			
National insurance development fund (authority to borrow)	4,000,000	2,000,000	-2,000,000
National Flood Insurance Fund (authority to borrow)	292,000,000		-292,000,000
Disaster assistance direct loan financing account (authority to borrow)	23,000,000	23,000,000	
Total, FEMA	319,000,000	25,000,000	-294,000,000
Total, Federal Funds	14,433,000,000	19,375,000,000	+4,942,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND THE BUDGET ESTIMATES FOR 1997 — PERMANENT AUTHORITY—Continued

Agency and item (1)	New budget (obligational) authority, fiscal year 1996 (2)	Budget estimates of new (obligational) authority, fiscal year 1997 (3)	Fiscal year 1997 estimate compared with, fiscal year 1996 (4)
TRUST FUNDS			
DEPARTMENT OF VETERANS AFFAIRS			
Veterans Health Administration: General post fund, national homes	27,000,000	28,000,000	+1,000,000
Veterans Benefits Administration:			
Post-Vietnam era veterans education account	16,000,000	19,000,000	+3,000,000
National service life insurance fund	1,324,000,000	1,250,000,000	-74,000,000
United States government life insurance fund	7,000,000	7,000,000	
Total, Department of Veterans Affairs	1,374,000,000	1,304,000,000	-70,000,000
INDEPENDENT AGENCIES			
American Battle Monuments Commission: Contributions	11,000,000	18,000,000	+7,000,000
National Aeronautics and Space Administration: Science, space, and technology education trust fund	1,000,000	1,000,000	
National Science Foundation: Donations	29,000,000	37,000,000	+8,000,000
Total, Trust Funds	1,415,000,000	1,360,000,000	-55,000,000
Total Permanent Funds	15,848,000,000	20,735,000,000	+4,887,000,000

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
TITLE I					
DEPARTMENT OF VETERANS AFFAIRS					
Veterans Benefits Administration					
Compensation and pensions	18,331,561,000	18,497,854,000	18,497,854,000	+166,293,000	
Readjustment benefits	1,345,300,000	1,227,000,000	1,227,000,000	-118,300,000	
Veterans insurance and indemnities	24,890,000	38,970,000	38,970,000	+14,080,000	
Guaranty and indemnity program account (indefinite)	504,122,000	158,643,000	158,643,000	-345,479,000	
Negative subsidy for guaranteed loans	-185,500,000			+185,500,000	
Administrative expenses	65,226,000	107,703,000	105,226,000	+40,000,000	-2,477,000
Loan guaranty program account (indefinite)	22,950,000	14,091,000	14,091,000	-8,859,000	
Administrative expenses	52,138,000	33,810,000	33,810,000	-18,328,000	
(By transfer)	(6,000,000)			(-6,000,000)	
Direct loan program account (indefinite)	28,000	30,000	30,000	+2,000	
(Limitation on direct loans)	(300,000)	(300,000)	(300,000)		
Administrative expenses	459,000	80,000	80,000	-379,000	
(Loan level)	(99,000)	(64,000)	(64,000)	(-35,000)	
Education loan fund program account	1,000	1,000	1,000		
(Limitation on direct loans)	(4,000)	(3,000)	(3,000)	(-1,000)	
Administrative expenses	195,000	204,000	195,000		-9,000
Vocational rehabilitation loans program account	54,000	49,000	49,000	-5,000	
(Limitation on direct loans)	(1,964,000)	(2,822,000)	(1,964,000)		(-858,000)
Administrative expenses	377,000	507,000	377,000		-130,000

Native American Veteran Housing Loan Program Account.	205,000	434,000	205,000	....	-229,000
Total, Veterans Benefits Administration	20,162,006,000	20,079,376,000	20,076,531,000	-85,475,000	-2,845,000
Veterans Health Administration					
Medical care	15,775,000,000	16,438,447,000	16,438,447,000	+663,447,000	....
(Transfer out)	(-4,500,000)	....	....	(+4,500,000)	....
Delayed equipment obligation	789,000,000	570,000,000	570,000,000	-219,000,000	....
Total	16,564,000,000	17,008,447,000	17,008,447,000	+444,447,000	....
Medical and prosthetic research	257,000,000	257,000,000	257,000,000	....	....
Medical administration and miscellaneous operating expenses	63,602,000	62,207,000	59,207,000	-4,395,000	-3,000,000
(By transfer)	(4,500,000)	....	....	(-4,500,000)	....
Transitional housing loan program:					
Loan program account (by transfer)	(7,000)	(7,000)	(7,000)	....	....
Administrative expenses (by transfer)	(54,000)	(54,000)	(54,000)	....	....
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)	....	....
General post fund (transfer out)	(-61,000)	(-61,000)	(-61,000)	....	....
Total, Veterans Health Administration	16,884,602,000	17,327,654,000	17,324,654,000	+440,052,000	-3,000,000
Departmental Administration					
General operating expenses	848,143,000	843,730,000	823,584,000	-24,559,000	-20,146,000
Offsetting receipts	(32,000,000)	(32,000,000)	(32,000,000)	....	....
(Transfer out)	(-6,000,000)	....	....	(+6,000,000)	....
Total, Program Level	(874,143,000)	(875,730,000)	(855,584,000)	(-18,559,000)	(-20,146,000)

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
National Cemetery System	72,604,000	76,864,000	76,864,000	+4,260,000	
Office of Inspector General	30,900,000	31,175,000	30,900,000		-275,000
Construction, major projects	136,155,000	249,900,000	245,358,000	+109,203,000	-4,542,000
(Transfer out)	(-7,000,000)			(+7,000,000)	
Construction, minor projects	190,000,000	189,241,000	160,000,000	-30,000,000	-29,241,000
Parking revolving fund			12,300,000	+12,300,000	+12,300,000
(By transfer)	(7,000,000)			(-7,000,000)	
Grants for construction of state extended care facilities	47,397,000	39,909,000	47,397,000		+7,488,000
Grants for the construction of state veterans cemeteries	1,000,000	1,000,000	1,000,000		
Total, Departmental Administration	1,326,199,000	1,431,819,000	1,397,403,000	+71,204,000	-34,416,000
Total, title I, Department of Veterans Affairs	38,372,807,000	38,838,849,000	38,798,588,000	+425,781,000	-40,261,000
(By transfer)	(17,561,000)	(61,000)	(61,000)	(-17,500,000)	
(Limitation on direct loans)	(2,437,000)	(3,259,000)	(2,401,000)	(-36,000)	(-858,000)
Consisting of:					
Mandatory	(20,043,351,000)	(19,936,588,000)	(19,936,588,000)	(-106,763,000)	
Discretionary	(18,329,456,000)	(18,902,261,000)	(18,862,000,000)	(+532,544,000)	(-40,261,000)

TITLE II					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Selected Housing Programs					
Annual contributions for assisted housing	9,818,795,000	5,597,000,000	5,372,000,000	-4,446,795,000	-225,000,000
Prepayment authority	4,000,000			-4,000,000	
Rescission		-123,000,000			+123,000,000
Transfer to housing certificates funds		(-100,000,000)			(+100,000,000)
Housing for special populations: Elderly and disabled		769,000,000	769,000,000	+769,000,000	
Rental housing assistance:					
Rescission of budget authority, indefinite	-35,119,000			+35,119,000	
(Limitation on annual contract authority, indefinite)	(-2,000,000)	(-2,000,000)	(-2,000,000)		
Rescission of prepayment recaptures	-163,000,000			+163,000,000	
Housing certificates funds		290,000,000	166,000,000	+166,000,000	-124,000,000
Transfer from annual contributions		(100,000,000)			(-100,000,000)
Public housing operating fund	2,800,000,000	2,900,000,000	2,850,000,000	+50,000,000	-50,000,000
Public and Indian housing capital funds		2,700,000,000	2,700,000,000	+2,700,000,000	
Public and Indian housing bonus program		500,000,000			-500,000,000
Revitalization of severely distressed public housing (HOPE VII)	480,000,000	650,000,000	550,000,000	+70,000,000	-100,000,000
Drug elimination grants for low-income housing	290,000,000	290,000,000	290,000,000		
Violent crime reduction program		3,000,000			-3,000,000
Indian housing loan guarantee fund program account	3,000,000	3,000,000	3,000,000		
(Limitation on guarantee loans)	(36,900,000)	(36,900,000)	(36,900,000)		

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
Community Planning and Development					
Community development grants	4,600,000,000	4,600,000,000	4,300,000,000	-300,000,000	-300,000,000
Emergency appropriations	(50,000,000)			(-50,000,000)	
CDBG/economic development bonus program		300,000,000			-300,000,000
Section 108 loan guarantees:					
(Limitation on guaranteed loans)	(1,500,000,000)	(2,000,000,000)	(1,500,000,000)		(-500,000,000)
Credit subsidy	31,750,000	46,000,000	31,750,000		-14,250,000
Administrative expenses	675,000	675,000	675,000		
Total	4,632,425,000	4,946,675,000	4,332,425,000	-300,000,000	-614,250,000
HOME investment partnerships program	1,400,000,000	1,400,000,000	1,400,000,000		
HOME fund challenge grant bonus program		150,000,000			-150,000,000
Total, Selected housing programs (net)	19,230,101,000	20,075,675,000	18,432,425,000	-797,676,000	-1,643,250,000
Homeless Assistance					
Homeless assistance grants	823,000,000	1,010,000,000	823,000,000		-187,000,000
Homeless grant bonus program		110,000,000			-110,000,000
Total	823,000,000	1,120,000,000	823,000,000		-297,000,000
Housing opportunities for persons with AIDS		171,000,000	171,000,000	+171,000,000	

Federal Housing Administration					
FHA - Mutual mortgage insurance program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	....	....
(Limitation on direct loans)	(200,000,000)	(200,000,000)	(200,000,000)	....	....
Administrative expenses	341,595,000	350,595,000	341,595,000	....	-9,000,000
Offsetting receipts	-341,595,000	-350,595,000	-341,595,000	....	+9,000,000
FHA - General and special risk program account:					
(Limitation on guaranteed loans)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)	....	....
(Limitation on direct loans)	(120,000,000)	(120,000,000)	(120,000,000)	....	....
Administrative expenses	202,470,000	207,470,000	202,470,000	....	-5,000,000
Program costs	85,000,000	160,000,000	85,000,000	....	-75,000,000
Subsidy - multifamily	-37,996,000	-18,000,000	-18,000,000	+19,996,000	....
Subsidy - single family	-27,044,000	-64,000,000	-64,000,000	-36,956,000	....
Subsidy - Title I	-23,777,000	-25,000,000	-25,000,000	-1,223,000	....
Total, Federal Housing Administration	198,653,000	260,470,000	180,470,000	-18,183,000	-80,000,000
Government National Mortgage Association					
Guarantees of mortgage-backed securities loan guarantee program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	....	....
Administrative expenses	9,101,000	9,383,000	9,101,000	....	-282,000
Offsetting receipts	-508,300,000	-218,000,000	-218,000,000	+290,300,000	....
Policy Development and Research					
Research and technology	34,000,000	45,000,000	34,000,000	....	-11,000,000

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

Agency and item	Appropriated, 1996 (enacted to date)	Budget estimates, 1997	Recommended in bill	Bill compared with appropriated, 1996	Bill compared with budget estimates, 1997
(1)	(2)	(3)	(4)	(5)	(6)
Fair Housing and Equal Opportunity					
Fair housing activities	30,000,000	33,000,000	30,000,000		-3,000,000
Management and Administration					
Salaries and expenses	420,000,000	430,718,000	420,000,000		-10,718,000
(By transfer, limitation on FHA corporate funds)	(532,782,000)	(546,782,000)	(532,782,000)		(-14,000,000)
(By transfer, GNMA)	(9,101,000)	(9,383,000)	(9,101,000)		(-282,000)
(By transfer, Community Planning and Development)	(675,000)	(675,000)	(675,000)		
Total, Salaries and expenses	(962,558,000)	(987,558,000)	(962,558,000)		(-25,000,000)
Office of Inspector General	36,567,000	36,567,000	36,567,000		
(By transfer, limitation on FHA corporate funds)	(11,283,000)	(11,283,000)	(11,283,000)		
(By transfer from Drug Elimination Grants)		(5,000,000)	(5,000,000)	(+5,000,000)	
Total, Office of Inspector General	(47,850,000)	(52,850,000)	(52,850,000)	(+5,000,000)	
Office of federal housing enterprise oversight	14,895,000	15,751,000	14,895,000		-856,000
Offsetting receipts	-14,895,000	-15,751,000	-14,895,000		+856,000

Administrative Provisions					
1-year extension of HECM's demonstration	-7,000,000	....	....	+7,000,000	....
FHA Assignment Reform	-1,066,000,000	....	....	+1,066,000,000	....
FHA Assignment Reform, 1997	-96,000,000	....	-128,000,000	-32,000,000	-128,000,000
Multifamily property disposition - FHA fund	-40,000,000	....	-80,000,000	-40,000,000	-80,000,000
Sec. 213 - demonstration	30,000,000	....	....	-30,000,000	....
Sec. 224 - FHA fund	33,000,000	....	....	-33,000,000	....
Total, administrative provisions	-1,146,000,000	....	-208,000,000	+938,000,000	-208,000,000
Total, title II, Department of Housing and Urban Development (net)	19,127,122,000	21,963,813,000	19,710,563,000	+583,441,000	-2,253,250,000
Appropriations	(19,325,241,000)	(21,963,813,000)	(19,710,563,000)	(+385,322,000)	(-2,253,250,000)
Rescissions	(-198,119,000)	....	....	(+198,119,000)	....
(Limitation on annual contract authority, indefinite).	(-2,000,000)	(-2,000,000)	(-2,000,000)	....	....
(Limitation on guaranteed loans)	(238,900,000,000)	(239,400,000,000)	(238,900,000,000)	....	(-500,000,000)
(Limitation on corporate funds)	(553,841,000)	(573,123,000)	(558,841,000)	(+5,000,000)	(-14,282,000)

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
TITLE III					
INDEPENDENT AGENCIES					
American Battle Monuments Commission					
Salaries and expenses	20,265,000	20,400,000	22,265,000	+2,000,000	+1,865,000
Community Development Financial Institutions					
Community development financial institutions fund program account	45,000,000	125,000,000	45,000,000		-80,000,000
Consumer Product Safety Commission					
Salaries and expenses	40,000,000	42,500,000	42,500,000	+2,500,000	
Corporation for National and Community Service					
National and community service programs operating expenses	400,500,000	543,549,000	365,000,000	-35,500,000	-178,549,000
Office of Inspector General	2,000,000	2,125,000	2,000,000		-125,000
Total	402,500,000	545,674,000	367,000,000	-35,500,000	-178,674,000
Court of Veterans Appeals					
Salaries and expenses	9,000,000	8,795,000	9,229,000	+229,000	+434,000

Department of Defense - Civil					
Cemeterial Expenses, Army					
Salaries and expenses	11,946,000	11,600,000	11,600,000	-346,000	....
Environmental Protection Agency					
Science and Technology	525,000,000	578,748,000	540,000,000	+15,000,000	-38,748,000
Transfer from hazardous substance superfund	....	43,000,000	35,000,000	+35,000,000	-8,000,000
Subtotal, Science and Technology	525,000,000	621,748,000	575,000,000	+50,000,000	-46,748,000
Environmental Programs and Management	1,677,300,000	1,894,329,000	1,703,000,000	+25,700,000	-191,329,000
Office of Inspector General	28,500,000	30,744,000	28,500,000	....	-2,244,000
Transfer from Hazardous Substance Superfund	11,000,000	11,000,000	11,000,000	....	....
Transfer from Leaking Underground Storage Tanks	500,000	1,000,000	577,000	+77,000	-423,000
Subtotal, OIG	40,000,000	42,744,000	40,077,000	+77,000	-2,667,000
Buildings and facilities	110,000,000	209,220,000	107,220,000	-2,780,000	-102,000,000
Hazardous substance superfund	1,213,400,000	1,394,245,000	2,200,000,000	+986,600,000	+805,755,000
Reauthorization legislation contingency	....	....	-861,000,000	-861,000,000	-861,000,000
Delay of obligation	100,000,000	....	....	-100,000,000	....
Transfer to OIG	-11,000,000	-11,000,000	-11,000,000	....	....
Transfer to science and technology	....	-43,000,000	-35,000,000	-35,000,000	+8,000,000
Subtotal, Hazardous substance superfund	1,302,400,000	1,340,245,000	1,293,000,000	-9,400,000	-47,245,000

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
Leaking underground storage tank trust fund	45,827,000	67,119,000	46,500,000	+673,000	-20,619,000
Transfer to OIG	-500,000	-1,000,000	-577,000	-77,000	+423,000
(Limitation on administrative expenses)	(7,000,000)		(7,000,000)		(+7,000,000)
Subtotal, LUST	45,327,000	66,119,000	45,923,000	+596,000	-20,196,000
Oil spill response	15,000,000	15,305,000	15,000,000		-305,000
(Limitation on administrative expenses)	(8,000,000)		(8,000,000)		(+8,000,000)
State and Tribal Assistance Grants	2,813,000,000	2,852,207,000	2,768,207,000	-44,793,000	-84,000,000
Working capital fund		(101,526,000)	(101,526,000)	(+101,526,000)	
Total, EPA	6,528,027,000	7,041,917,000	6,547,427,000	+19,400,000	-494,490,000
Executive Office of the President					
Office of Science and Technology Policy	4,981,000	4,932,000	4,932,000	-49,000	
Council on Environmental Quality and Office of Environmental Quality	2,150,000	2,436,000	2,250,000	+100,000	-186,000
Total	7,131,000	7,368,000	7,182,000	+51,000	-186,000

Federal Emergency Management Agency					
Disaster relief	222,000,000	320,000,000	1,320,000,000	+1,098,000,000	+1,000,000,000
Rescission of emergency appropriations	(-1,000,000,000)	....	....	(+1,000,000,000)	....
Disaster assistance direct loan program account:					
State share loan	2,155,000	1,385,000	1,385,000	-770,000	....
(Transfer from Disaster relief - emergency)	(104,000,000)	....	....	(-104,000,000)	....
(Limitation on direct loans)	(25,000,000)	(25,000,000)	(25,000,000)	....	....
Administrative expenses	95,000	548,000	548,000	+453,000	....
Salaries and expenses	168,900,000	166,733,000	168,000,000	-900,000	+1,267,000
Office of the Inspector General	4,673,000	4,533,000	4,533,000	-140,000	....
Emergency management planning and assistance	203,044,000	199,101,000	209,101,000	+6,057,000	+10,000,000
Emergency food and shelter program	100,000,000	100,000,000	100,000,000	....	....
Administrative provision REP savings	-12,257,000	-12,251,000	-12,251,000	+6,000	....
Equipment sales (sec. 519)	-10,000,000	....	....	+10,000,000	....
Working capital fund	....	(16,816,000)	(16,816,000)	(+16,816,000)	....
National Flood Insurance:					
Salaries and expenses	(20,562,000)	(20,981,000)	(20,981,000)	(+419,000)	....
Flood mitigation	(70,464,000)	(78,464,000)	(78,464,000)	(+8,000,000)	....
Total, Federal Emergency Management Agency	678,610,000	780,049,000	1,791,316,000	+1,112,706,000	+1,011,267,000
General Services Administration					
Consumer Information Center	2,061,000	2,060,000	2,260,000	+199,000	+200,000
(Limitation on administrative expenses)	(2,602,000)	....	(2,602,000)	....	(+2,602,000)

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
Department of Health and Human Services					
Office of Consumer Affairs	1,800,000	1,811,000		-1,800,000	-1,811,000
National Aeronautics and Space Administration					
Human space flight	5,456,600,000	5,362,900,000	5,362,900,000	-93,700,000	
Science, aeronautics and technology	5,928,900,000	5,862,100,000	5,662,100,000	-266,800,000	-200,000,000
Mission support	2,502,200,000	2,562,200,000	2,562,200,000	+60,000,000	
Office of Inspector General	16,000,000	17,000,000	17,000,000	+1,000,000	
Administrative provision: Transfer authority	(50,000,000)			(-50,000,000)	
Fixed asset acquisitions (sec 621):					
Tracking & Data Relay Satellite Replenishment program		558,000,000			-558,000,000
New Millennium program		342,000,000			-342,000,000
Total, NASA	13,903,700,000	14,704,200,000	13,604,200,000	-299,500,000	-1,100,000,000
National Credit Union Administration					
Central liquidity facility:					
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)		
(Limitation on administrative expenses, corporate funds)	(560,000)	(560,000)	(560,000)		
Revolving loan program			1,000,000	+1,000,000	+1,000,000

National Science Foundation					
Research and related activities	2,314,000,000	2,472,000,000	2,422,000,000	+108,000,000	-50,000,000
Major research equipment	70,000,000	95,000,000	80,000,000	+10,000,000	-15,000,000
Academic research infrastructure	100,000,000			-100,000,000	
Education and human resources	599,000,000	619,000,000	612,000,000	+13,000,000	-7,000,000
Salaries and expenses	127,310,000	134,310,000	134,310,000	+7,000,000	
Office of Inspector General	4,490,000	4,690,000	4,690,000	+200,000	
National Science Foundation headquarters relocation	5,200,000			-5,200,000	
Total, NSF	3,220,000,000	3,325,000,000	3,253,000,000	+33,000,000	-72,000,000
Neighborhood Reinvestment Corporation					
Payment to the Neighborhood Reinvestment Corporation	38,667,000	55,000,000	50,000,000	+11,333,000	-5,000,000
Selective Service System					
Salaries and expenses	22,930,000	22,930,000	22,930,000		
Total, title III, Independent agencies	24,931,637,000	26,694,304,000	25,776,909,000	+845,272,000	-917,395,000
(Limitation on administrative expenses)	(17,602,000)		(17,602,000)		(+17,602,000)
(Limitation on direct loans)	(716,026,000)	(724,445,000)	(724,445,000)	(+8,419,000)	
(Limitation on corporate funds)	(560,000)	(560,000)	(560,000)		

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

Agency and item (1)	Appropriated, 1996 (enacted to date) (2)	Budget estimates, 1997 (3)	Recommended in bill (4)	Bill compared with appropriated, 1996 (5)	Bill compared with budget estimates, 1997 (6)
CORPORATIONS					
Resolution Trust Corporation: Office of Inspector General	11,400,000	....	....	-11,400,000	....
Grand total (net)	82,442,966,000	87,496,966,000	84,286,060,000	+1,843,094,000	-3,210,906,000
Appropriations	(82,641,085,000)	(87,496,966,000)	(84,286,060,000)	(+1,644,975,000)	(-3,210,906,000)
Rescissions	(-198,119,000)	....	....	(+198,119,000)	....
(By transfer)	(121,561,000)	(100,061,000)	(61,000)	(-121,500,000)	(-100,000,000)
(Limitation on administrative expenses)	(17,602,000)	....	(17,602,000)	....	(+17,602,000)
(Limitation on annual contract authority, indef)	(-2,000,000)	(-2,000,000)	(-2,000,000)	....	....
(Limitation on direct loans)	(1,075,363,000)	(1,084,604,000)	(1,083,746,000)	(+8,383,000)	(-858,000)
(Limitation on guaranteed loans)	(238,900,000,000)	(239,400,000,000)	(238,900,000,000)	....	(-500,000,000)
(Limitation on corporate funds)	(554,401,000)	(573,683,000)	(559,401,000)	(+5,000,000)	(-14,282,000)

Total amounts in this bill	82,442,966,000	87,496,966,000	84,286,060,000	+1,843,094,000	-3,210,906,000
Scorekeeping adjustments	-51,000,000	25,000,000	....	+51,000,000	-25,000,000
Total mandatory and discretionary	82,391,966,000	87,521,966,000	84,286,060,000	+1,894,094,000	-3,235,906,000
Mandatory	20,043,351,000	19,936,588,000	19,936,588,000	-106,763,000	....
Discretionary:					
Crime trust fund	....	3,000,000	....	....	-3,000,000
General purposes:					
Defense	153,429,000	124,930,000	125,930,000	-27,499,000	+1,000,000
Nondefense discretionary	62,195,186,000	67,457,448,000	64,223,542,000	+2,028,356,000	-3,233,906,000
Total, General purposes	62,348,615,000	67,582,378,000	64,349,472,000	+2,000,857,000	-3,232,906,000
Total, Discretionary	62,348,615,000	67,585,378,000	64,349,472,000	+2,000,857,000	-3,235,906,000

ADDITIONAL VIEWS OF MR. OBEY AND MR. SABO

SHOULD TAX DOLLARS APPROPRIATED TO ENHANCE AMERICAN COMPETITIVENESS IN THE COMPUTER INDUSTRY BE USED TO BUY A DUMPED FOREIGN SUPERCOMPUTER?

For decades the National Science Foundation has argued that our public investment in science was closed linked to the future growth of the nation's economy. Just a few months ago the agency's director told this committee, "There is a general consensus among economists and policy researchers that public investments in science and engineering yield a very high annual rate of return to society * * * research and development have a significant and important positive effect on economic growth and living standards."

NSF makes this argument not only with respect to the overall economy but with specific sectors of the U.S. economy. In the agency's fiscal 1997 budget justification, $277 million is requested for Computer and Information Science Engineering, a $22 million of 8.6% increase above the previous year. The goals of this activity, according to the agency justification, are *"to promote fundamental research and education in the computer and information sciences and engineering, and to maintain the nation's preeminence in these fields."* (emphasis added)

Some in the scientific community would prefer that the argument for research funding be based solely on the need for expanding human knowledge and argue that nationalistic concerns such as economic growth, international security and the competitiveness of the nation's industries be excluded from the debate over federal support of agencies such as NSF. Wisely, NSF Directors have chosen to ignore that advice and, as a result, the Foundation has been spared the deep cuts which have been imposed on most other areas of the domestic discretionary budget.

THE NCAR PROCUREMENT

But there is real doubt as to how seriously NSF weighs broader national goals once its leadership has left the witness table. We fear that a recent incident involving the procurement of a supercomputer by the Foundation's National Center for Atmospheric Research (NCAR) may be very revealing as far as defining NSF's true commitment to broader national goals in its day to day expenditure of public funds.

NCAR, which was organized by NSF and receives the overwhelming share of its budget from NSF, uses supercomputers for complex weather simulation analysis. Over the years, NCAR has been working to build one of the world's largest complexes of supercomputers used for purposes other than national security. As part of that effort, NCAR attempted to negotiate the donation of a supercomputer by Fujitsu Ltd. of Japan but that effort was thwarted by the realization that U.S. anti-dumping laws would prohibit such a donation.

More recently, NCAR published a request for proposals to provide the most capable supercomputer possible for a fixed price of $35 million—to be operational by October, 1998. More than 90% of the funding for the new computer was to be provided by NSF—principally through NSF's High Capacity Computing Program.

Three companies made proposals, NEC Ltd. of Japan, Cray Research of the United States and Fujitsu Ltd. also of Japan. The architecture and capabilities of the U.S. machine differed from that of the two machines proposed by the Japanese. The U.S. machine ran at a faster "clock speed" and would therefore be considered a faster machine on a pound for pound or chip for chip basis. But one of the Japanese companies, NEC, proposed to provide NCAR with about three times the amount of equipment—thereby providing a significantly faster overall machine. (The content of the Fujitsu bid is unknown.)

Despite the very clear likelihood that such a generous offer of equipment on the part of NEC might involve unfair trade practices and constitute "dumping" under U.S. law, NCAR decided to proceed solely on the basis of cost. The Los Angeles Times reported on May 20:

> Lawrence Rudolf, NSF general counsel, said the only criterion important to the Center was which computer could calculate its set of equations fastest, thereby making U.S. climate research preeminent in the world.
>
> "We were not weighing national interest here, but we were evaluating the singular interest of our scientists to be at the cutting edge of climatological research," Rudolf said.

The Times further indicated that Rudolf has told them "* * * federal laboratories—the biggest customers for supercomputers—are under such tremendous budget pressure that they are not inclined to do any favors for U.S. corporations." The article quoted a "senior federal technology official," saying, "It is a very surprising situation. These people don't have any loyalty to brand or country. * * *"

Because of concern that enforcers of U.S. "anti-dumping" laws might look harshly on the generous Japanese offer and interfere with the procurement, NCAR hired a consultant to defend their decision. The consultant was provided details on the NEC proposal and based on those details estimated the true value of the NEC equipment to be less than the price permitted by the NCAR proposal request.

Further analysis of the work done by the NCAR consultant, however, demonstrated that he had in fact documented a clear case of dumping. The consultant had omitted consideration of development costs, full costs and full general and administrative expenses. Even the most modest estimates of these costs indicate that NEC was bidding to sell the NCAR computer at a significant loss.

Cray indicates that their most conservative estimate of the total cost to NEC of the NCAR deal is $90 million. There are indications that other estimates of the true value of the NEC offer may exceed Cray's.

Prior to announcing that they were proceeding with the NEC proposal, the National Science Foundation was warned by the U.S. Department of Commerce that the NEC computer was being dumped. Before the Commerce Department could deliver that warning in writing, however, NSF sent word to NCAR to proceed with the procurement, stating that they were "to be complimented on the care and professionalism with which this procurement has been managed from the initial conception * * *" and faxed a press release to the New York Times announcing that the NEC proposal "is best suited to meet its technical requirements."

Following NSF's procurement announcement, the Commerce Department warned NSF Director Neal Lane in a formal letter, "We have significant concerns that importation of the NCAR supercomputer system would threaten the U.S. supercomputer industry with material injury * * *" The letter further stated, "* * * using standard methodology prescribed by the antidumping law, we estimate that the cost of production of one of the foreign bidders is substantially greater than the funding levels projected by NCAR's request proposals * * * *the amount by which the fair value* of the merchandise to be supplied *exceeds the export price, is likely to be very high.*" (emphasis added)

THE U.S. SUPERCOMPUTER INDUSTRY IS CRITICAL TO ECONOMIC GROWTH AND NATIONAL SECURITY—IT IS ALSO HIGHLY VULNERABLE TO FOREIGN MERCANTILISM

To fully understand this story, it is necessary to have some background on the supercomputer industry, its financial structure and its strategic importance to other industries with respect to competition in international trade. The Los Angeles Times May 20th article on the NCAR procurement provided a succinct discussion of the critical place supercomputer production holds with respect to international economic competition:

> Although the supercomputer industry is a relatively small and obscure sector of the U.S. electronics business—dwarfed by the market for personal computers, for example—it is widely regarded as a cornerstone of U.S. competitiveness * * *
>
> Supercomputers are crucial to the design of aircraft and jet engines, not to mention other computers. The nation with the best supercomputers can decode other nation's (sic) secrets, predict the weather with greater accuracy and better unravel the mysteries of genetics.
>
> Moreover, the ability to design supercomputers—the fastest computers—has always been assumed to create a trickle-down effect that benefits leadership of everything from microprocessors to personal computers.

The Times might have also mentioned the emerging role of supercomputers in the design, simulation, testing and manufacture of new products ranging from automobiles to fighter aircraft and new fabrics. There are few observers of the world automobile industry who do not give the intensive application of supercomputers a measurable share of the credit for the resurgence of the U.S. automotive industry. Any cursory review of the direction of commercial air craft production equally demonstrates the emerging role of supercomputers in manufacturing and production. The entire production process of the new Boeing 777 is centered around the supercomputer—a fact that has not been lost on Mitsubishi and other would be entrants into the world commercial aircraft market.

Financial analysts of the supercomputer industry have questioned the long term viability of U.S. supercomputer producers for some years. These questions are not directed at the technology possessed by U.S. firms, the compensation of their workforce or their commitment to future research and development. Rather, analysts have been concerned that the extraordinary expenditures required for research in this industry provides an inordinate advantage to firms with very deep pockets. Because of the more fluid and open demand for capital in the United States, it if difficult to find investors willing to sustain large losses over extended periods of time in order to dominate any particular market. The difficult path which U.S. producers have faced is demonstrated by the fact that 10 of the 15 U.S. companies that have produced Supercomputers are now out of business, two others remain in business but have ceased producing supercomputers and each of the remaining three have merged with larger companies. The major remaining producer, Cray Research, now a subsidiary of Silicon Graphics, does not have deep pockets, even by U.S. standards. Although it presently maintains more than a 60% share of the world supercomputer market, it finances its research and development of future generations of supercomputers out of profits on current sales.

That stands in sharp contrast to the financial situation enjoyed by both Fujitsu and NEC. Subsidiaries of two of the largest capitalized companies in the world, both producers are beneficiaries of their parent company's membership in two of the most powerful Japanese Keiretsu and the almost limitless credit that relationship implies from the mega banks that lead those keiretsu. (NEC is a member of the Sumitomo industrial group which includes the Sumitomo Bank with assets of more than half a trillion U.S. dollars—more than twice the size of the largest U.S. bank.)

Laura Tyson, chairman of the President's National Economic Council described the situation in her book, "Who's Bashing Whom":

> At the root of the ability of Japanese firms to compete aggressively on price, even when it means selling products below cost and running losses, are the unique structural features of the Japanese economy. The companies competing with Cray and Motorola have deep pockets and long time horizons. They can afford to cross-subsidize losses in one market with profits from another. They continue to benefit from a variety of promotional policies and from lax enforcement of regulations on restrictive business practices. They also continue to benefit from the insulated nature of the Japanese market, fostered by these and other structural impediments. In short, the pricing behavior of Japanese companies is a natural outgrowth of Japan's business and government environment.

Both NEC and Fujitsu supercomputer operations have lost significant amounts of money every single year since their inception in the early 1970s. Their annual sales have averaged less than $50 million, while their annual research costs alone are likely to have exceeded $100 million. But the prize is the potential opportunity to eliminate a competitor who cannot sustain losses for an extended period of time and who currently holds 60% of the world market. Once that competitor is eliminated, pricing could become highly advantageous. The business partners who have helped NEC and Fujitsu sustain their business through more than a decade of heavy losses would not only benefit from this long term opportunity for profitability, but also from the strategic advantage of controlling a technology that will be critical to future generations of manufacturing processes and to the security efforts of the U.S. and other nations.

ACTION IN THE APPROPRIATIONS BILL

Section 421 of the Veterans, HUD and Independent Agency Appropriation contains language which provides:

> None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries of personnel who approve a contract for the purchase, lease, or acquisition in any manner of supercomputing equipment or services after a preliminary determination, as defined in 19 U.S.C. 1673b, or final determination, as defined in 19 U.S.C. 1673d, by the Department of Commerce that an organization providing such supercomputing equipment or services has offered such product at other than fair value.

We believe this language should remain in the bill for all of the reasons outlined above. Failure to retain the language will seriously damage a small but critical U.S. industry. It will result in the use of taxpayer funds appropriated to strengthen U.S. competitiveness in supercomputing for the purchase of a foreign made product sold at below market price. That would ultimately not only damage the industry that the funds were targeted to assist, but the good name and future funding prospects of the National Science Foundation as well.

Contrary to the arguments being put forth by the NEC lobbyists, the language does not violate any U.S. trade agreement. There is no agreement that binds any government to buy dumped goods. While the U.S. and Japanese governments signed agreements in 1993 aimed at opening up government procurement, those agreements are aimed at forcing a more open and above board procurement process on the part of purchasers, not as an opportunity for unfair pricing on the part of sellers.

It should also be pointed out that contrary to the arguments being put forward by the NEC lobbyists, Japan's compliance with the agreement has been so poor as to require comment in the most recent "Foreign Trade Barriers" report of the U.S. Special Trade Representative. In the area of supercomputers, the report notes:

> The positive trend in Japanese Government supercomputer procurement witnessed in JFY 1993 and 1994 was reversed in JFY 1995, during which U.S. firms won only

> one of 11 Japanese Government procurements. Moreover, the United States has serious concerns about the conduct of the procurement process in two specific procurements.

While the 1990 U.S.-Japan Supercomputer Arrangement set forth a process by which dumping practices can be remedied, neither that arrangement nor any agreement signed by the United States stipulates that this process is the only option available to governments who have encountered dumping in their contract procedures. To make such an agreement would constitute a profound abdication of national sovereignty. It should also be noted, that this arrangement does not even extend to government grantees, and neither NCAR nor its counterparts in Japan are affected by the agreements.

Finally, it should be noted that the standard remedy for dumping provides a far more effective deterrent to predatory pricing of consumer products and most capital goods than it does for supercomputers. A foreign producer that is willing to deliberately take a loss of $50 to $80 million in order to make a single computer sale certainly may be willing to also absorb a $50 to $80 million tariff on top of that loss. Further, if the computer arrives in the U.S. prior to a determination of dumping by the Commerce Department, no tariff will be charged against that machine and if NEC can demonstrate that future machines differ from the one provided to NCAR, no tariff will be livied against those machines, irrespective of the Commerce ruling on the first machine. Ultimately, the unusual characteristics of supercomputer development and marketing may make the normal trade remedies for dumping weak, and possibly meaningless, deterrents.

In previous instances in which concerns were raised about the impact of foreign government procurements on critical domestic industries, the Congress has elected to simply specify that such procurements were to be made from American producers. This language is much more restrained than that. It does allow foreign purchases if they are not based on predatory pricing practices, but would ban the use of tax dollars when a foreign producer has made an offer at less than fair market value. In our estimation, that is the very least the Congress and this government should do.

MARTIN OLAV SABO.
DAVID OBEY.

ADDITIONAL VIEWS OF HON. LOUIS STOKES

Overall, the 1997 VA-HUD-Independent Agencies Appropriations Bill is an improvement when compared to the measure reported from this Committee last year. Funding for the Veterans Health Administration is virtually identical to the President's request, compared to the reduction of $440 million recommended last year. Good faith efforts have been made to fund the most critical programs of the Department of Housing and Urban Development at levels close to the budget request, including Public Housing Operating Subsidies, Drug Elimination Grants for Low-Income Housing, and Revitalization of Severely Distressed Public Housing (HOPE VII). The Environmental Protection Agency is funded at 93 percent of the budget request, compared with 67 percent of the request recommended last year. And, in an important concession to the ill-advised attempt last year to roll back and limit several provisions of environmental law, this bill includes no anti-environmental riders.

Although the bill is much improved compared to the original 1996 measure, there are several provisions that are troublesome and hopefully will be changed as the bill moves forward. Among the most serious of problematic provisions are the following:

Section 8 Portfolio Re-engineering. While there is general agreement that HUD's section 8 program is in serious need of restructuring, there is no unanimity of opinion on exactly how to proceed. In today's budget climate, renewing expiring section 8 contracts at current rates is not a viable long-term option. Also, the fact that many section 8 properties require rents above market rates to avoid foreclosure is a situation demanding a fiscally sensible solution. However, any comprehensive legislative proposal to revamp the section 8 program should be developed by the authorization committees of jurisdiction—not the Appropriations Committees. This bill includes 16 pages of substantive legislation providing the Secretary of Housing and Urban Development with considerable authority to waive existing law and delegate vast power to "qualified liability managers", including private, for-profit businesses, to accomplish the goals of the legislation. Such major changes in the law governing our Nation's assisted housing programs is properly under the purview of the Committee on Banking and Financial Services in the House and the Committee on Banking, Housing and Urban Affairs in the Senate.

The fiscal year 1996 VA-HUD-Independent Agencies Act included a provision allowing the Secretary of HUD to conduct a demonstration program "re-engineering" up to 15,000 units of section 8 assisted housing. The Department is still studying the demonstration concept and no regulations have been drafted yet for its implementation. Notwithstanding this fact, the Committee in this legislation is authorizing HUD to restructure 85–90 percent of the expiring section 8 assisted housing units with rents above market (at least

70,000 units). If this concept is implemented on all expiring section 8 contracts in the future, the potential claims on the Federal Housing Administration Fund are staggering in their magnitude. The scorekeeping issues of the Committee's proposal are complex and not fully understood. Although the Congressional Budget Office has scored a small discretionary credit for the portfolio re-engineering language included in the bill, a more complete analysis is required. Before enacting such a major change in existing law, the Congress should be fully aware of the long-term effect of the proposal on both the discretionary and mandatory parts of the budget, including tax implications.

While one of the stated reasons for including the portfolio re-engineering provision is to protect the tenants from dislocation, concerns remain that there still will be too much involuntary dislocation. However, the proposal appears to address the major concerns of property owners, including their potential tax liability. According to HUD officials, the provision as reported would allow HUD to charge off to the FHA Fund the amount of mortgages written down to a level supportable by market rents and the tax liability of property owners for their debt reduction. Once again, the appropriateness of such a recommendation should be developed by the legislative committees, in this case the tax writing panels of the House and the Senate.

Community Development Block Grant Funding Level. One of the most popular HUD activities of both Republicans and Democrats in Congress and the Executive Branch for the past twenty years has been the Community Development Block Grant Program. The program is also a favorite with mayors and city councils across the country. The program has enjoyed such success and been so stable that many communities routinely build into their budgets anticipated CDBG funding levels. Consequently, it is dismaying to see the Committee recommend a reduction in the CDBG program of $300 million below the 1996 level and the request of the Administration, not counting the additional $300 million requested for the CDBG economic development bonus program.

Money from the CDBG program leverages even greater resources from state, local and private sources. The significant reduction recommended by the Committee will have undesirable and far reaching effects in hundreds of cities and towns. I am committed to continuing to work with the Chairman of this subcommittee toward increased funding for this important program, as this bill proceeds to the floor and to conference. In fact, a $100 million increase occurred at the full committee mark-up when the Chairman's amendment included this increase over the subcommittee mark.

Superfund Funding. As recommended by the VA-HUD subcommittee, this bill contained approximately $1.3 billion for the Superfund program, roughly the amount of the budget request and the total made available in fiscal year 1996. During consideration of the bill by the Full Committee last week, an omnibus manager's amendment was adopted. Included in that amendment was an "ostensible" increase of $861 million for the Superfund program. This apparent increase, however, is negated by a proviso which was also adopted as part of the manager's amendment. That proviso reads in full: Provided further, that $861,000,000 of the funds appropriated under this heading shall become available for obligation only upon the enactment of future legislation that specifically makes these funds available for obligation. Under the scorekeeping rationale used by the Congressional Budget Office for this account, that language means there is no cost in either budget authority or outlays in this bill for the $861,000,000.

This legislative maneuver is in marked contrast to the recommendation made by the Committee for the Safe Drinking Water Program, another important environmental effort currently lacking authorization. In that instance, the Committee provided real money which scores against discretionary budget targets. To address the eventuality that authorizing legislation may not become enacted in a timely manner, language has also been included that provides for the use of drinking water funding by the clean water program after a certain date.

Given the limited number of legislative days remaining in the 104th Congress, it is improbable that an authorizing bill will be enacted this year. In short, this promise of additional Superfund funding is more illusory than real.

Toxic Release Inventory. The Committee has reduced funding in the EPA's Environmental Programs and Management account by $1,500,000 and included language in the report directing the Agency not to take any action to expand the toxic release inventory to include toxic use data. The toxic release inventory has been an invaluable tool in providing communities information regarding toxic chemicals that are in use in their neighborhoods. The TRI has also had a positive environmental impact as industry has frequently elected to eliminate the use of toxic pollutants rather than meet the disclosure requirements.

The Administration is seeking to broaden reported data regarding toxic chemicals to include information on the use of these chemicals. This information is vital for conducting risk assessments and other analyses required for sound regulatory decisions. The majority believes this expansion lies outside of EPA's authority and thus is reducing funding to block expansion of this right-to-know database. The Administration deems this reduction to be particularly objectionable.

As I stated earlier, this bill is much improved compared to the original 1996 measure. It is my intention to work to improve the troublesome provisions in the bill as we proceed through the legislative process.

LOUIS STOKES.

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