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104TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 104–812

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

SEPTEMBER 20, 1996. Ordered to be printed

Mr. LEWIS of California, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 3666]

CONFERENCE REPORT (H. REPT. 104–812)

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3666) "making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11, 60, 107, and 112.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 8, 12, 13, 15, 17, 19, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 36, 37, 38, 39, 42, 44, 45, 46, 48, 49, 50, 51, 52, 53, 54, 55, 56, 61, 62, 63, 64, 65, 66, 69, 71, 73, 74, 75, 76, 77, 78, 79, 82, 85, 86, 87, 88, 90, 92, 93, 94, 96, 97, 98, 99, 100, 101, 103, 104, 106, 108, 109, 110, 114, 115, 116, and agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$700,000,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$61,207,000*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$827,584,000*; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$250,858,000, of which $32,100,000 shall be for the replacement hospital at Travis Air Force Base, Fairfield, California, and shall not be released for obligation prior to January 1, 1998, unless action is taken by Congress specifically making such funds available, and all funds appropriated under the above hearing are*; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$175,000,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

DEVELOPMENT OF ADDITIONAL NEW SUBSIDIZED HOUSING

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low income families under the United States Housing Act of 1937, as amended ("the Act" herein) (42 U.S.C. 1437), not otherwise provided for, $1,039,000,000, to remain available until expended: Provided, That of the total amount provided under this head, $645,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly under section 202(c)(2) of the Housing Act of 1959; and $194,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities as authorized by section 811 of the Cranston-Gonzalez

National Affordable Housing Act: Provided further, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of the Cranston-Gonzalez National Affordable Housing Act for tenant-based assistance, as authorized under that section, including such authority as may be waived under the next proviso, which assistance is five years in duration: Provided further, That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate: Provided further, That of the total amount provided under this head $200,000,000 shall be for the development or acquisition cost of public housing for Indian families, including amounts for housing under the mutual help homeownership opportunity program under section 202 of the Act (42 U.S.C. 1437bb).

PREVENTION OF RESIDENT DISPLACEMENT

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts (other than contracts for which amounts are provided under the head "Preserving Existing Housing Investment") or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, $4,640,000,000, to remain available until expended: Provided, That of the total amount provided under this head, $3,600,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts: Provided further, That the Secretary may determine not to apply section 8 (o)(6)(B) of the Act to housing vouchers during fiscal year 1997: Provided further, That of the total amount provided under this head, $850,000,000 shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: Provided further, That of the total amount provided under this head, $190,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) to relocate residents of properties (i) that are owned by the Secretary and being disposed of; (ii) that are discontinuing section 8 project-based assistance; or (iii) subject to special workout assistance team intervention compliance actions; for the conversion of section 23 projects to assistance under section 8; for funds to carry out the family unification program; and for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency: Provided further, That of the total amount made available under this head, $50,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under Section 7 of such Act or the establishment of preferences in accordance with section 651 of the

Housing and Community Development Act of 1992 (42 U.S.C. 13611).

PRESERVING EXISTING HOUSING INVESTMENT

For operating, maintaining, revitalizing, rehabilitating, preserving, and protecting existing housing developments for low income families, the elderly, and the disabled, $5,750,000,000, to remain available until expended: Provided, That of the total amount made available under this head, $2,900,000,000 shall be available for payments to public housing agencies and Indian housing authorities for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g): Provided further, That of the total amount made available under this head, $2,500,000,000 shall be available for modernization of existing public housing projects as authorized under section 14 of the United States Housing Act of 1937, as amended (42 U.S.C. 14371), of which $10,000,000 shall be for carrying out activities under section 6(j) of the United States Housing Act of 1937 and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public and Indian housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the department and of public housing agencies and to residents in connection with the public and Indian housing program: Provided further, That of the total amount provided under this head, $350,000,000 shall be available for use in conjunction with properties that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA), of which $75,000,000 shall be available for obligation until March 1, 1997 for projects (1) that are subject to a repayment or settlement agreement that was executed between the owner and the Secretary prior to September 1, 1995; (2) whose submissions were delayed as a result of their locations in areas that were designated as a Federal disaster area in a Presidential Disaster Declaration; or (3) whose processing was, in fact or in practical effect, suspended, deferred, or interrupted for a period of twelve months or more because of differing interpretations, by the Secretary and an owner or by the Secretary and a State or local rent regulatory agency, concerning the timing of filing eligibility or the effect of a presumptively applicable State or local rent control law or regulation on the determination of preservation value under section 213 of LIHPRHA, as amended, if the owner of such project filed notice of intent to extend the low-income affordability restrictions of the housing, or transfer to a qualified purchaser who would extend such restrictions, on or before November 1, 1993; and of which, up to $100,000,000 may be used for rental assistance to prevent displacement of families residing in projects whose owners prepay their mortgages; and the balance of which shall be available from the effective date of this Act for sales to preferred priority purchasers:

Provided further, That with the exception of projects described in clauses (1), (2), or (3) of the preceding proviso, the Secretary shall, notwithstanding any other provision of law, suspend further processing of preservation applications which have not heretofore received approval of a plan of action: Provided further, That $150,000,000 of amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1997 shall be rescinded: Provided further, That an owner of eligible low-income housing may prepay the mortgage or request voluntary termination of a mortgage insurance contract, so long as said owner agrees not to raise rents for sixty days after such prepayment: Provided further, That such developments have been determined to have preservation equity at least equal to the lesser of $5,000 per unit or $500,000 per project or the equivalent of eight times the most recently published monthly fair market rent for the area in which the project is located as the appropriate unit size for all of the units in the eligible project: Provided further, That the Secretary may modify the regulatory agreement to permit owners and priority purchasers to retain rental income in excess of the basic rental charge in projects assisted under section 236 of the National Housing Act, for the purpose of preserving the low and moderate income character of the housing: Provided further, That eligible low-income housing shall include properties meeting the requirements of this paragraph with mortgages that are held by the State agency as a result of a sale by the Secretary without insurance which immediately before the sale would have been eligible low-income housing under LIHPRHA: Provided further, That notwithstanding any other provision of law, subject to the availability of appropriated funds, each low-income family, and moderate-income family who is elderly or disabled or is residing in a low-vacancy area, residing in the housing on the date of prepayment or voluntary termination, and whose rent, as a result of a rent increase occurring no later than one year after the date of the prepayment, exceeds 30 percent of adjusted income, shall be offered tenant-based assistance in accordance with section 8 or any successor program, under which the family shall pay no less for rent than it paid on such date: Provided further, That any family receiving tenant-based assistance under the preceding proviso may elect (1) to remain in the unit of the housing and if the rent exceeds the fair market rent or payment standard, as applicable, the rent shall be deemed to be the applicable standard, so long as the administering public housing agency finds that the rent is reasonable in comparison with rents charged for comparable unassisted housing units in the market or (2) to move from the housing and the rent will be subject to the fair market rent of the payment standard, as applicable, under existing program rules and procedures: Provided further, That the tenant-based assistance made available under the preceding two provisos are in lieu of benefits provided in subsections 223(b), (c), and (d) of the low Income Housing Preservation and Resident Homeownership Act of 1990: Provided further, That any sales shall be funded using the capital grant available under section 220(d)(3)(A) of LIHPRHA: Provided further, That any extensions shall be funded using a non-interest-bearing capital (direct) loan by the Secretary not in excess of the amount of the cost of rehabilitation

approved in the plan of action plus 65 percent of the property's preservation equity and under such other terms and conditions as the Secretary may prescribe: Provided further, That any capital grant shall be limited to seven times, and any capital loan limited to six times, the annual fair market rent for the project, as determined using the fair market rent for fiscal year 1997 for the areas in which the project is located using the appropriate apartment sizes and mix in the eligible project, except where, upon the request of a priority purchaser, the Secretary determines that a greater amount is necessary and appropriate to preserve low-income housing: Provided further, That section 241(f) of the National Housing Act is repealed and insurance under such section shall not be offered as an incentive under LIHPRHA and ELIHPA: Provided further, That up to $10,000,000 of the amount of $350,000,000 made available by a preceding proviso in this paragraph may be used at the discretion of the Secretary to reimburse owners of eligible properties for which plans of action were submitted prior to the effective date of this Act, but were not executed for lack of available funds, with such reimbursement available only for documented costs directly applicable to the preparation of the plan of action as determined by the Secretary, and shall be made available on terms and conditions to be established by the Secretary: Provided further, That, notwithstanding any other provision of law, a priority purchaser may utilize assistance under the HOME Investment Partnerships Act or the Low Income Housing Tax Credit; Provided further, That projects with approved plans of action which exceed the limitations on eligibility for funding imposed by this Act may submit revised plans of action which conform to these limitations by March 1, 1997 and retain the priority for funding otherwise applicable from the original date of approval of their plan of action, subject to securing any additional necessary funding commitments by August 1, 1997.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING

For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition, $550,000,000, to remain available until expended, of which the Secretary may use up to $2,500,000 for technical assistance, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: Provided, That no funds appropriated in this title shall be used for any purpose that is not provided for herein, in the Housing Act of 1937, in the Appropriations Acts for Veterans Affairs, Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, and 1995, and the Omnibus Consolidated Rescissions and Appropriations Act of 1996: Provided further, That none of such funds shall be used directly or indirectly by granting competi-

tive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein: Provided further, That, notwithstanding any other provision of law, the funds made available to the Housing Authority of New Orleans under HOPE VI for purposes of Desire Homes, shall not be obligated or expended for on-site construction until an independent third party has determined whether the site is appropriate.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING (INCLUDING TRANSFER OF FUNDS)

For grants to public and Indian housing agencies for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, $290,000,000, to remain available until expended, $10,000,000 of which shall be for grants, technical assistance, contracts and other assistance training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training), $5,000,000 of which shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development, and $5,000,000 of which shall be provided to the Office of Inspector General for Operation Safe Home: Provided further, That the term "drug-related crime", as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: Provided further, That notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants.

And the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$67,000,000*; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to $60,000,000 for grants to public housing agencies (including Indian housing authorities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals to become self-sufficient: Provided, That the program shall provide supportive services, prin-

cipally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit for the receipt of supportive services and in working, seeking work, or is preparing for work by participating in job training or educational programs: Provided further, That the supportive services may include congregate services for the elderly and disabled, service coordinators, and coordinated educational, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: Provided further, That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: Provided further, That the Secretary shall select public and Indian housing agencies to receive assistance under this head on a competitive basis, taking into account the quality of the proposed program (including any innovative approaches, the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary): Provided further, That from the foregoing $60,000,000, up to $5,000,000 shall be available for the Tenant Opportunity Program, and up to $5,000,000 shall be available for the Moving to Work Demonstration for public housing families.

And the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$30,000,000*; and the Senate agree to the same.

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *$976,840,000, of which $15,000,000 may be used for additional retraining, relocation, permanent change of station, and other activities related to downsizing only upon submission of a detailed and specific, multi-year downsizing plan to the Committees on Appropriations of the House of Representatives and the Senate, and*; and the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$15,500,000*; and the Senate agree to the same.

Amendment numbered 34:

That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following:

SEC. 201. EXTENDERS.—(a) PUBLIC HOUSING FUNDING FLEXIBILITY.—Section 201(a)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking "1996" and inserting "1997".

(b) ONE-FOR-ONE REPLACEMENT OF PUBLIC AND INDIAN HOUSING.—Section 1002(d) of Public Law 104–19 is amended by striking "before September 30, 1996" and inserting "on or before September 30, 1997".

(c) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS, AND PREFERENCES.—(1)(A) Section 402(a) of The Balanced Budget Downpayment Act, I is amended—

(i) by striking "effective for fiscal year 1996 and no later than October 30, 1995" and inserting "and subsection (f) of this section, effective for fiscal year 1997";

(ii) in paragraphs (1), (2), and (4), by striking "not less than $25, and may require a minimum monthly rent of"; and

(iii) in paragraph (3), by striking "not less than $25 for the unit, and may require a minimum monthly rent of".

(B) Section 230 of Public Law 104–134 is hereby repealed.

(2) Section 402(f) of The Balanced Budget Downpayment Act, I is amended by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997".

(d) APPLICABILITY TO IHAS.—In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by subsections (a), (b), and (c) shall apply to public housing developed or operated pursuant to a contract between the Secretary of Housing and Urban Development and an Indian housing authority.

(e) STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.—Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997".

(f) SECTION 8 FAIR MARKET RENTALS AND DELAY IN REISSUANCE.—(1) The first sentence of section 403(a) of the Balanced Budget Downpayment Act, I, is amended by striking "1996" and inserting "1997".

(2) Section 403(c) of such Act is amended—

(A) by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997"; and

(B) by inserting before the semicolon the following: "for assistance made available during fiscal year 1996 and October 1, 1997 for assistance made available during fiscal year 1997".

(g) SECTION 8 RENT ADJUSTMENTS.—Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended—

(1) in the third sentence by inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995";

(2) in the fourth sentence, by striking "For" and inserting "Except for assistance under the certificate program, for";

(3) after the fourth sentence, by inserting the following new sentence: "In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area."; and

(4) in the last sentence, by—

(A) striking "sentence" and inserting "two sentences"; and

(B) inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995".

And the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows:

At the end of the matter proposed by said amendment, insert the following: *Any grant or assistance made under this section shall be made in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 on a competitive basis.*

And the Senate agree to the same.

Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 210. (a) FINANCING ADJUSTMENT FACTORS.—Fifty per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100–628, 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section.

(b) In addition to amounts otherwise provided by this Act, $464,442 is appropriated to the Department of Housing and Urban Development for payment to the Utah Housing Finance Agency, in lieu of amounts lost to such agency in bond refinancings during 1994, for its use in accordance with subsection (a).

And the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 211. SECTION 8 CONTRACT RENEWAL AUTHORITY.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "expiring contract" means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(2) the term "family" has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(3) the term "multifamily housing project" means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance under section 8 of the United States Housing Act of 1937;

(4) the term "owner" has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(5) the term "project-based assistance" means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(6) the term "public agency" means a State housing finance agency, a local housing agency, or other agency with a public purpose and status;

(7) the term "Secretary" means the Secretary of Housing and Urban Development; and

(8) the term "tenant-based assistance" has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) SECTION 8 CONTRACT RENEWAL AUTHORITY.—

(1) IN GENERAL.—Notwithstanding section 405(a) of the Balanced Budget Downpayment Act, I, upon the request of the owner of a multifamily housing project that is covered by an expiring contract, the Secretary shall use amounts made available for the renewal of assistance under section 8 of the United States Housing Act of 1937 to renew the expiring contract as project-based assistance for a period of not more than 1 year, at rent levels that are equal to those under the expiring contract as of the date of which the contract expires, provided that those rent levels do not exceed 120 percent of the fair market rent for the market area in which the project is located. For a FHA-insured multifamily housing project with an expiring contract at rent levels that exceed 120 percent of the fair market rent for the market area, the Secretary shall provide, at the request of the owner, section 8 project-based assistance, for a period of not more than 1 year, at rent levels that do not exceed 120 percent of the fair market rent.

(2) EXEMPTION FOR STATE AND LOCAL HOUSING AGENCY PROJECTS.—Notwithstanding paragraph (1), upon the expiration of a contract with rent levels that exceed the percentage described in that paragraph, if the Secretary determines that the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a public agency, the Secretary shall, at the request of the owner and the public agency, renew the expiring contract—

(A) for a period of not more than 1 year; and

(B) at rent levels that are equal to those under the expiring contract as of the date on which the contract expires.

(3) Section 202, Section 811, and Section 515 Projects. Notwithstanding paragraph (1), for section 202 projects, section 811 projects and section 515 projects, upon the expiration of a section 8 contract, the Secretary shall, at the request of the owner, renew the expiring contract—

(A) for a period of not more than 1 year; and

(B) at rent levels that are equal to those under the expiring contract as of the date on which the contract expires.

(4) OTHER CONTRACTS.—

(A) PARTICIPATION IN DEMONSTRATION.—For a contract covering an FHA-insured multifamily housing project that expires during fiscal year 1997 with rent levels that exceed the percentage described in paragraph (1) and after notice to the tenants, the Secretary shall, at the request of the owner of the project and after notice to the tenants, include that multifamily housing project in the demonstration program under section 212 of this Act. The Secretary shall ensure that a multifamily housing project with an expiring contract in fiscal year 1997 shall be allowed to be included in the demonstration.

(B) EFFECT OF MATERIAL ADVERSE ACTIONS OR OMISSIONS.—Notwithstanding paragraph (1) or any other provision of law, the Secretary shall not renew an expiring contract if the Secretary determines that the owner of the multifamily housing project has engaged in material adverse financial or managerial actions or omissions with regard to the project (or with regard to other similar projects if the Secretary determines that such actions or omissions constitute a pattern of mismanagement that would warrant suspension or debarment by the Secretary).

(C) TRANSFER OF PROPERTY.—For properties disqualified from the demonstration program because of actions by an owner or purchaser in accordance with subparagraph (B), the Secretary shall establish procedures to facilitate the voluntary sale or transfer of the property, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary. The Secretary may include the transfer of section 8 project-based assistance.

(5) TENANT PROTECTIONS.—Any family residing in an assisted unit in a multifamily housing project that is covered by an expiring contract that is not renewed, shall be offered tenant-based assistance before the date on which the contract expires or is not renewed.

SEC. 212. FHA MULTIFAMILY DEMONSTRATION AUTHORITY.

(a) IN GENERAL.—

(1) REPEAL.—

(A) IN GENERAL.—Section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321) is repealed.

(B) EXCEPTION.—Notwithstanding the repeal under subparagraph (A), amounts made available under section 210(f) the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 shall remain available for the demonstration program under this section through the end of fiscal year 1997.

(2) SAVINGS PROVISIONS.—Nothing in this section shall be construed to affect any commitment entered into before the date of enactment of this Act under the demonstration program under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996.

(3) DEFINITIONS.—For purposes of this section—

(A) the term "demonstration program" means the program established under subsection (b);

(B) the term "expiring contract" means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(C) the term "family" has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(D) the term "multifamily housing project" means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance;

(E) the term "owner" has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(F) the term "project-based assistance" means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(G) the term "Secretary" means the Secretary of Housing and Urban Development; and

(H) the term "tenant-based assistance" has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) DEMONSTRATION AUTHORITY.—

(1) IN GENERAL.—Subject to the funding limitation in subsection (l), the Secretary shall administer a demonstration program with respect to multifamily projects—

(A) whose owners agree to participate;

(B) with rents on units assisted under section 8 of the United States Housing Act of 1937 that are, in the aggregate, in excess of 120 percent of the fair market rent of the market area in which the project is located; and

(C) the mortgages of which are insured under the National Housing Act.

(2) PURPOSE.—The demonstration program shall be designed to obtain as much information as is feasible on the economic viability and rehabilitation needs of the multifamily housing projects in the demonstration, to test various approaches for restructuring mortgages to reduce the financial risk to the FHA Insurance Fund while reducing the cost of section 8 subsidies, and to test the feasibility and desirability of—

(A) ensuring, to the maximum extent practicable, that the debt service and operating expenses, including adequate reserves, attributable to such multifamily projects can be supported at the comparable market rent with or without mortgage insurance under the National Housing Act and with or without additional section 8 rental subsidies;

(B) utilizing section 8 rental assistance, while taking into account the capital needs of the projects and the need for adequate rental assistance to support the low- and very low-income families residing in such projects; and

(C) preserving low-income rental housing affordability and availability while reducing the long-term cost of section 8 rental assistance.

(c) GOALS.—

(1) IN GENERAL.—The Secretary shall carry out the demonstration program in a manner that will protect the financial interests of the Federal Government through debt restructuring and subsidy reduction and, in the least costly fashion, address the goals of—

(A) maintaining existing affordable housing stock in a decent, safe, and sanitary condition;

(B) minimizing the involuntary displacement of tenants;

(C) taking into account housing market conditions;

(D) encouraging responsible ownership and management of property;

(E) minimizing any adverse income tax impact on property owners; and

(F) minimizing any adverse impacts on residential neighborhoods and local communities.

(2) BALANCE OF COMPETING GOALS.—In determining the manner in which a mortgage is to be restructured or a subsidy reduced under this subsection, the Secretary may balance competing goals relating to individual projects in a manner that will further the purposes of this section.

(d) PARTICIPATION ARRANGEMENTS.—

(1) IN GENERAL.—In carrying out the demonstration program, the Secretary may enter into participation arrangements with designees, under which the Secretary may provide for the assumption by designees (by delegation, by contract, or otherwise) of some or all of the functions, obligations, responsibilities and benefits of the Secretary.

(2) DESIGNEES.—In entering into any arrangement under this subsection, the Secretary shall select state housing finance agencies, housing agencies or nonprofits (separately or in conjunction with each other) to act as designees to the extent such agencies are determined to be qualified by the Secretary. In locations where there is no qualified state housing finance agency, housing agency or nonprofit to act as a designee, the Secretary may act as a designee. Each participation arrangement entered into under this subsection shall include a designee as the primary partner. Any organization selected by the Secretary under this section shall have a long-term record of service in

providing low-income housing and meet standards of fiscal responsibility, as determined by the Secretary.

(3) DESIGNEE PARTNERSHIPS.—For purposes of any participation arrangement under this subsection, designees are encouraged to develop partnerships with each other, and to contract or subcontract with other entities, including—

(A) public housing agencies;

(B) financial institutions;

(C) mortgage servicers;

(D) nonprofit and for-profit housing organizations;

(E) the Federal National Mortgage Association;

(F) the Federal Home Loan Mortgage Corporation;

(G) Federal Home Loan Banks; and

(H) other State or local mortgage insurance companies or bank lending consortia.

(e) LONG-TERM AFFORDABILITY.—

(1) IN GENERAL.—After the renewal of a section 8 contract pursuant to a restructuring under this section, the owner shall accept each offer to renew the section 8 contract, for a period of 20 years from the date of the renewal under the demonstration, if the offer to renew is on terms and conditions, as agreed to by Secretary or designee and the owner under a restructuring.

(2) AFFORDABILITY REQUIREMENTS.—Except as otherwise provided by the Secretary, in exchange for any mortgage restructuring under this section, a project shall remain affordable for a period of not less than 20 years. Affordability requirements shall be determined in accordance with guidelines established by the Secretary or designee. The Secretary or designee may waive these requirements for good cause.

(f) PROCEDURES.—

(1) NOTICE OF PARTICIPATION IN DEMONSTRATION.—Not later than 45 days before the date of expiration of an expiring contract (or such later date, as determined by the Secretary, for good cause), the owner of the multifamily housing project covered by that expiring contract shall notify the Secretary or designee and the residents of the owner's intent to participate in the demonstration program.

(2) DEMONSTRATION CONTRACT.—Upon receipt of a notice under paragraph (1), the owner and the Secretary or designee shall enter into a demonstration contract, which shall provide for initial section 8 project-based rents at the same rent levels as those under the expiring contract or, if practical, the budget-based rent to cover debt service, reasonable operating expenses (including reasonable and appropriate services), and a reasonable return to the owner, as determined solely by the Secretary. The demonstration contract shall be for the minimum term necessary for the rents and mortgages of the multifamily housing project to be restructured under the demonstration program, but shall not be for a period of time to exceed 180 days, unless extended for good cause by the Secretary.

(g) PROJECT-BASED SECTION 8.—The Secretary shall renew all expiring contracts under the demonstration as section 8 project-

based contracts, for a period of time not to exceed 1 year, unless otherwise provided under subsection (h).

(h) DEMONSTRATION ACTIONS.—

(1) DEMONSTRATION ACTIONS.—For purposes of carrying out the demonstration program, and in order to ensure that contract rights are not abrogated, subject to such third party consents as are necessary (if any), including consent by the Government National Mortgage Association if it owns a mortgage insured by the Secretary, consent by an issuer under the mortgage-backed securities program of the Association, subject to the responsibilities of the issuer to its security holders an the Association under such program, and consent by parties to any contractual agreement which the Secretary proposes to modify or discontinue, the Secretary or, except with respect to subparagraph (B), designee, subject to the funding limitation in subsection (l), shall take not less than 1 of the actions specified in subparagraphs (G), (H), and (I) and may take any of the following actions:

(A) REMOVAL OF RESTRICTIONS.—

(i) IN GENERAL.—Consistent with the purposes of this section, subject to the agreement of the owner of the project and after consultation with the tenants of the project, the Secretary or designee may remove, relinquish, extinguish, modify, or agree to the removal of any mortgage, regulatory agreement, project-based assistance contract, use agreement, or restriction that had been imposed or required by the Secretary, including restrictions on distributions of income which the Secretary or designee determines would interfere with the ability of the project to operate without above-market rents.

(ii) ACCUMULATED RESIDUAL RECEIPTS.—The Secretary or designee may require an owner of a property assisted under the section 8 new construction/substantial rehabilitation program under the United States Housing Act of 1937 to apply any accumulated residual receipts toward effecting the purposes of this section.

(B) REINSURANCE.—With respect to not more than 5,000 units within the demonstration during fiscal year 1997, the Secretary may enter into contracts to purchase reinsurance, or enter into participations or otherwise transfer economic interest in contracts of insurance or in the premiums paid, or due to be paid, on such insurance, on such terms and conditions as the Secretary may determine. Any contract entered into under this paragraph shall require that any associated units be maintained as low-income units for the life of the mortgages, unless waived by the Secretary for good cause.

(C) PARTICIPATION BY THIRD PARTIES.—The Secretary or designee may enter into such agreements, provide such concessions, incur such costs, make such grants (including grants to cover all or a portion of the rehabilitation costs for a project) and other payments, and provide other valu-

able consideration as may reasonably be necessary for owners, lenders, servicers, third parties, and other entities to participate in the demonstration program. The Secretary may establish performance incentives for designees.

(D) SECTION 8 ADMINISTRATIVE FEES.—Notwithstanding any other provision of law, the Secretary may make fees available from the section 8 contract renewal appropriation to a designee for contract administration under section 8 of the United States Housing Act of 1937 for purposes of any contract restructured or renewed under the demonstration program.

(E) FULL OR PARTIAL PAYMENT OF CLAIM.—Notwithstanding any other provision of law, the Secretary may make a full payment of claim or partial payment of claim prior to default.

(F) CREDIT ENHANCEMENT.—

(i) IN GENERAL.—The Secretary or designee may provide FHA multifamily mortgage insurance, reinsurance, or other credit enhancement alternatives, including retaining the existing FHA mortgage insurance on a restructured first mortgage at market value or using the multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992. Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to insurance issued for purposes of the demonstration program.

(ii) MAXIMUM PERCENTAGE.—During fiscal year 1997, not more than 25 percent of the units in multifamily housing projects with expiring contracts in the demonstration, in the aggregate, may be restructured without FHA insurance, unless otherwise agreed to by the owner of a project.

(iii) CREDIT SUBSIDY.—Any credit subsidy costs of providing mortgage insurance shall be paid from amounts made available under subsection (l).

(G) MORTGAGE RESTRUCTURING.—

(i) IN GENERAL.—The Secretary or designee may restructure mortgages to provide a restructured first mortgage to cover debt service and operating expenses (including a reasonable rate of return to the owner) at the market rent, and a second mortgage equal to the difference between the restructured first mortgage and the mortgage balance of the eligible multifamily housing project at the time of restructuring.

(ii) CREDIT SUBSIDY.—Any credit subsidy costs of providing a second mortgage shall be paid from amounts made available under subsection (l).

(H) DEBT FORGIVENESS.—The Secretary or designee, for good cause and at the request of the owner of a multifamily housing project, may forgive at the time of the restructuring of a mortgage any portion of a debt on the project that exceeds the market value of the project.

(I) BUDGET-BASED RENTS.—The Secretary or designee may renew an expiring contract, including a contract for a project in which operating costs exceed comparable market rents, for a period of not more than 1 year, at a budget-based rent that covers debt service, reasonable operating expenses (including all reasonable and appropriate services), and a reasonable rate of return to the owner, as determined solely by the Secretary, provided that the contract does not exceed the rent levels under the expiring contract. The Secretary may establish a preference under the demonstration program for budget-based rents for unique housing projects, such as projects designated for occupancy by elderly families and projects in rural areas.

(J) SECTION 8 TENANT-BASED ASSISTANCE.—For not more than 10 percent of units in multifamily housing projects that have had their mortgages restructured in any fiscal year under the demonstration, the Secretary or designee may provide, with the agreement of an owner and in consultation with the tenants of the housing, section 8 tenant-based assistance for some or all of the assisted units in a multifamily housing project in lieu of section 8 project-based assistance. Section 8 tenant-based assistance may only be provided where the Secretary determines and certifies that there is adequate available and affordable housing within the local area and that tenants will be able to use the section 8 tenant-based assistance successfully.

(2) OFFER AND ACCEPTANCE.—Notwithstanding any other provision of law, an owner of a project in the demonstration must accept any reasonable offer made by the Secretary or a designee under this subsection. An owner may appeal the reasonableness of any offer to the Secretary and the Secretary shall respond within 30 days of the date of appeal with a final offer. If the final offer is not acceptable, the owner may opt out of the program.

(i) COMMUNITY AND TENANT INPUT.—In carrying out this section, the Secretary shall develop procedures to provide appropriate and timely notice, including an opportunity for comment and timely access to all relevant information, to officials of the unit of general local government affected, the community in which the project is situated, and the tenants of the project.

(j) TRANSFER OF PROPERTY.—The Secretary shall establish procedures to facilitate the voluntary sale or transfer of multifamily housing projects under the demonstration to tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

(k) LIMITATION ON DEMONSTRATION AUTHORITY.—The Secretary shall carry out the demonstration program with respect to mortgages not to exceed 50,000 units.

(l) FUNDING.—In addition to the $30,000,000 made available under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321), for the costs (including any credit subsidy costs associated with providing direct loans or mortgage in-

surance) of modifying and restructuring loans held or guaranteed by the Federal Housing Administration, as authorized under this section, $10,000,000 is hereby appropriated, to remain available until September 30, 1998.

(m) REPORT TO CONGRESS.—

(1) IN GENERAL.—

(A) QUARTERLY REPORTS.—Not less than every 3 months, the Secretary shall submit to the Congress a report describing and assessing the status of the projects in the demonstration program.

(B) FINAL REPORT.—Not later than 6 months after the end of the demonstration program, the Secretary shall submit to the Congress a final report on the demonstration program.

(2) CONTENTS.—Each report submitted under paragraph (1)(A) shall include a description of—

(A) each restructuring proposal submitted by an owner of a multifamily housing project, including a description of the physical, financial, tenancy, and market characteristics of the project;

(B) the Secretary's evaluation and reasons for each multifamily housing project selected or rejected for participation in the demonstration program;

(C) the costs to the FHA General Insurance and Special Risk Insurance funds;

(D) the subsidy costs provided before and after restructuring;

(E) the actions undertaken in the demonstration program, including the third party arrangements made; and

(F) the demonstration program's impact on the owners of the projects, including any tax consequences.

(3) CONTENTS OF FINAL REPORT.—The report submitted under paragraph (1)(B) shall include—

(A) the required contents under paragraph (2); and

(B) any findings and recommendations for legislative action.

And the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 214. USES OF CERTAIN ASSISTED HOUSING AMOUNTS.

(a) TRANSFER AUTHORITY.—The Secretary may transfer recaptured section 8 amounts from the Annual Contributions for Assisted Housing account under Public Law 104–134 (approved April 26, 1996; 110 Stat. 1321, 1321–265) and prior laws to the accounts and for the purposes set forth in subsection (b). The amounts transferred under this section shall be made available for use as prescribed under this section notwithstanding section 8(bb) of the United States Housing Act of 1937.

(b) RECEIVING ACCOUNTS.—

(1) PREVENTION OF RESIDENT DISPLACEMENT.—The Secretary may transfer to the Prevention of Resident Displacement account an amount up to $50,000,000, in addition to amounts in such account, that may be used to renew, under existing terms and conditions, existing project-based section 8 contracts in effect before a Plan of Action was approved, so that these contracts expire 5 years from the date on which funds were obligated for the Plan of Action approved under the Low Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low-Income Housing Preservation Act of 1987. The Secretary shall transfer all amounts that the Secretary determines to be necessary for fiscal year 1997 for the purposes of this paragraph before transferring any amounts under any other paragraph in this subsection.

(2) HOPWA.—The Secretary may transfer to the Housing Opportunities For Persons With AIDS account up to $25,000,000, for use in addition to amounts appropriated in such account.

And the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 218. ACCOUNT TRANSITION.

The amounts of obligated balances in appropriations accounts, as set forth in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 and prior Acts that are recaptured hereafter, to the extent not governed by the specific language in an account or provision in this Act, shall be held in reserve subject to reprogramming, notwithstanding any other provision of law.

SEC. 219. TREATMENT OF CERTAIN PROPERTIES.

Notwithstanding any other provision of law, rehabilitation activities undertaken in projects using the Low-Income Housing Tax Credit allocated to developments in the City of New Brunswick, New Jersey, in 1991, are deemed to have met the requirements for rehabilitation in accordance with clause (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937, as in effect before the date of the enactment of this Act.

SEC. 220. AMENDMENT RELATING TO COMMUNITY DEVELOPMENT ASSISTANCE.

Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended by striking "through 1997" and inserting "through 1998".

SEC. 221. SECTION 236 PROGRAM AMENDMENTS.

(a) Section 236(f)(1) of the National Housing Act (12 U.S.C. 1715z–1), as amended by section 405(d)(1) of The Balanced Budget Downpayment Act, I, and by section 228(a) of The Balanced Budget Downpayment Act, II, is amended—

(1) in the second sentence, by striking "the lower of (i)";

(2) in the second sentence, by striking "or (ii) the fair market rental established under section 8(c) of the United States Housing Act of 1937 for the market area in which the housing is located, or (iii) the actual rent (as determined by the Secretary) paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located, "; and

(3) by inserting after the second sentence the following:

"However, in the case of a project which contains more than 5,000 units, is subject to an interest reduction payments contract, and is financed under a State or local program, the Secretary may reduce the rental charge ceiling, but in no case shall the rent be below basic rent. For plans of action approved for Capital Grants under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA), the rental charge for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the lower of (i) the fair market rental charge determined pursuant to this paragraph, or (ii) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located, as represents 30 percent of the tenant's adjusted income, but in no case shall the rent be below basic rent.".

(b) Section 236(b) of the National Housing Act is amended by adding the following new paragraph at the end:

"(7) The Secretary shall determine whether and under what conditions the provisions of this subsection shall apply to mortgages sold by the Secretary on a negotiated basis.".

(c) Section 236(g) of the National Housing Act is amended to read as follows:

"(g) The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay the Secretary or such other entity as determined by the Secretary and upon such terms and conditions as the Secretary deems appropriate, all rental charges collected on a unit-by-unit basis in excess of the basic rental charges. Unless otherwise directed by the Secretary, such excess charges shall be credited to a reserve fund to be used by the Secretary to make additional assistance payments as provided in paragraph (3) of subsection (f). However, a project owner with a mortgage insured under this section may retain some or all of such excess charges for project use if authorized by the Secretary and upon such terms and conditions as established by the Secretary.".

And, the matter under the heading "Fair housing and equal opportunity, fair housing activities", on page 35, line 22, through page 36, line 5 of the House engrossed bill is amended to read as follows: *For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, $30,000,000, to remain available until September 30, 1998, of which $15,000,000 shall be to carry out activities*

pursuant to section 561. No funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.

And the Senate agree to the same.

Amendment numbered 57:

That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$542,000,000*; and the Senate agree to the same.

Amendment numbered 58:

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$1,710,000,000*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$87,220,000*; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,875,207,000*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,900,000,000*; and the Senate agree to the same.

Amendment numbered 70:

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$136,000,000 for making grants for the construction of wastewater and water treatment facilities and the development of groundwater in accordance with the terms and conditions specified for such grants in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 3666);* ; and the Senate agree to the same.

Amendment numbered 72:

That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,900,000,000*; and the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *: Provided, That notwithstanding any other provision of this paragraph, amounts appropriated herein shall be available for obligation on October 1, 1996: Provided further, That the Director of the Federal Emergency Management Agency (FEMA) shall submit to the appropriate committees of Congress within 120 days of enactment of this Act a comprehensive report on FEMA's plans to reduce disaster relief expenditures and improve management controls on the Disaster Relief Fund*; and the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$167,500,000*; and the Senate agree to the same.

Amendment numbered 83:

That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$206,701,000*; and the Senate agree to the same.

Amendment numbered 84:

That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4127(c)), is amended by striking all after "this subsection" and inserting "such sums as may be necessary through September 30, 1997 for studies under this title.".*

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following: *Upon the determination by the Administrator that such action is necessary, the Administrator may, with the approval of the Office of Management and Budget, transfer not to exceed $177,000,000 of funds made available in this Act to the National Aeronautics and Space Administration for the International Space Station between "Science, aeronautics and technology" and "Human space flight", to be merged with and to be available for the same purposes, and for the same time period, as the appropriation to which transferred: Provided, That such authority to transfer may not be used unless for higher priority items than those for which originally appropriated: Provided further, That the Administrator of the National Aeronautics and Space Administration shall notify the Congress promptly of all transfers made pursuant to this authority.*

And the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$619,000,000*; and the Senate agree to the same.

Amendment numbered 95:

That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 421. (a) The purpose of this section is to provide for the special needs of certain children of Vietnam veterans who were born with the birth defect spina bifida, possibly as the result of the exposure of one or both parents to herbicides during active service in the Republic of Vietnam during the Vietnam era, through the provision of health care and monetary benefits.

(b)(1) Part II of title 38, United States Code, is amended by inserting after chapter 17 the following new chapter:

"CHAPTER 18—BENEFITS FOR CHILDREN OF VIETNAM VETERANS WHO ARE BORN WITH SPINA BIFIDA

"Sec.
"1801. Definitions.
"1802. Spina bifida conditions covered.
"1803. Health care.
"1804. Vocational training and rehabilitation.
"1805. Monetary allowance.
"1806. Effective date of awards.

"§ 1801. Definitions

"For the purposes of this chapter—

"(1) The term 'child', with respect to a Vietnam veteran, means a natural child of the Vietnam veteran, regardless of age or marital status, who was conceived after the date on which the veteran first entered the Republic of Vietnam during the Vietnam era.

"(2) The term 'Vietnam veteran' means a veteran who performed active military, naval, or air service in the Republic of Vietnam during the Vietnam era.

"§ 1802. Spina bifida conditions covered

"This chapter applies with respect to all forms and manifestations of spina bifida except spina bifida occulta.

"§ 1803. Health care

"(a) In accordance with regulations which the Secretary shall prescribe, the Secretary shall provide a child of a Vietnam veteran who is suffering from spina bifida with such health care as the Secretary determines is needed by the child for the spina bifida or any disability that is associated with such condition.

"(b) The Secretary may provide health care under this section directly or by contract or other arrangement with any health care provider.

"(c) For the purposes of this section—

"(1) The term 'health care'—

"(A) means home care, hospital care, nursing home care, outpatient care, preventive care, habilitative and rehabilitative care, case management, and respite care; and

"(B) includes—

"(i) the training of appropriate members of a child's family or household in the care of the child; and

"(ii) the provisions of such pharmaceuticals, supplies, equipment, devices, appliances, assistive technology, direct transportation costs to and from approved sources of health care, and other materials as the Secretary determines necessary.

"(2) The term 'health care provider' includes specialized spina bifida clinics, health care plans, insurers, organizations, institutions, and any other entity or individual who furnishes health care that the Secretary determines authorized under this section.

"(3) The term 'home care' means outpatient care, habilitative and rehabilitative care, preventive health services, and health-related services furnished to an individual in the individual's home or other place of residence.

"(4) The term 'hospital care' means care and treatment for a disability furnished to an individual who has been admitted to a hospital as a patient.

"(5) The term 'nursing home care' means care and treatment for a disability furnished to an individual who has been admitted to a nursing home as a resident.

"(6) The term 'outpatient care' means care and treatment of a disability, and preventive health services, furnished to an individual other than hospital care or nursing home care.

"(7) The term 'preventive care' means care and treatment furnished to prevent disability or illness, including periodic examinations, immunizations, patient health education, and such other services as the Secretary determines necessary to provide effective and economical preventive health care.

"(8) The term 'habilitative and rehabilitative care' means such professional, counseling, and guidance services and treatment programs (other than vocational training under section 1804 of this title) as are necessary to develop, maintain, or restore, to the maximum extent practicable, the functioning of a disabled person.

"(9) The term 'respite care' means care furnished on an intermittent basis for a limited period to an individual who resides primarily in a private residence when such care will help the individual to continue residing in such private residence.

"§ 1804. Vocational training and rehabilitation

"(a) Pursuant to such regulations as the Secretary may prescribe, the Secretary may provide vocational training under this section to a child of a Vietnam veteran who is suffering from spina bifida if the Secretary determines that the achievement of a vocational goal by such child is reasonably feasible.

"(b) Any program of vocational training for a child under this section shall be designed in consultation with the child in order to

meet the child's individual needs and shall be set forth in an individualized written plan of vocational rehabilitation.

"(c)(1) A vocational training program for a child under this section—

"(A) shall consist of such vocationally oriented services and assistance, including such placement and post-placement services and personal and work adjustment training, as the Secretary determines are necessary to enable the child to prepare for and participate in vocational training or employment; and

"(B) may include a program of education at an institution of higher education if the Secretary determines that the program of education is predominantly vocational in content.

"(2) A vocational training program under this subsection may not include the provision of any loan or subsistence allowance or any automobile adaptive equipment.

"(d)(1) Except as provided in paragraph (2) and subject to subsection (e)(2), a vocational training program under this section may not exceed 24 months.

"(2) The Secretary may grant an extension of a vocational training program for a child under this section for up to 24 additional months if the Secretary determines that the extension is necessary in order for the child to achieve a vocational goal identified (before the end of the first 24 months of such program) in the written plan of vocational rehabilitation formulated for the child pursuant to subsection (b).

"(e)(1) A child who is pursuing a program of vocational training under this section and is also eligible for assistance under a program under chapter 35 of this title may not receive assistance under both such programs concurrently. The child shall elect (in such form and manner as the Secretary may prescribe) the program under which the child is to receive assistance.

"(2) The aggregate period for which a child may receive assistance under this section and chapter 35 of this title may not exceed 48 months (or the part-time equivalent thereof).

"§ 1805. Monetary allowance

"(a) The Secretary shall pay a monthly allowance under this chapter to any child of a Vietnam veteran for any disability resulting from spina bifida suffered by such child.

"(b)(1) The amount of the allowance paid to a child under this section shall be based on the degree of disability suffered by the child, as determined in accordance with such schedule for rating disabilities resulting from spina bifida as the Secretary may prescribe.

"(2) The Secretary shall, in prescribing the rating schedule for the purposes of this section, establish three levels of disability upon which the amount of the allowance provided by this section shall be based.

"(3) The amounts of the allowance shall be $200 per month for the lowest level of disability prescribed, $700 per month for the intermediate level of disability prescribed, and $1,200 per month for the highest level of disability prescribed. Such amounts are subject to adjustment under section 5312 of this title.

"(c) Notwithstanding any other provision of law, receipt by a child of an allowance under this section shall not impair, infringe, or otherwise affect the right of the child to receive any other benefit to which the child may otherwise be entitled under any law administered by the Secretary, nor shall receipt of such an allowance impair, infringe, or otherwise affect the right of any individual to receive any benefit to which the individual is entitled under any law administered by the Secretary that is based on the child's relationship to the individual.

"(d) Notwithstanding any other provision of law, the allowance paid to a child under this section shall not be considered income or resources in determining eligibility for or the amount of benefits under any Federal or federally assisted program.

"§ 1806. Effective date of awards

"The effective date for an award of benefits under this chapter shall be fixed in accordance with the facts found, but shall not be earlier than the date of receipt of application for the benefits.".

(2) The tables of chapters before part I and at the beginning of part II of such title are each amended by inserting after the item referring to chapter 17 the following new item:

"18. Benefits for Children of Vietnam Veterans Who Are Born With Spina Bifida ..... 1801".

(c) Section 5312 of title 38, United States Code, is amended—

(1) in subsection (a)—

(A) by striking out "and the rate of increased pension" and inserting in lieu thereof ", the rate of increased pension"; and

(B) by inserting after "on account of children," the following: "and each rate of monthly allowance paid under section 1805 of this title,"; and

(2) in subsection (c)(1), by striking out "and 1542" and inserting in lieu thereof "1542, and 1805".

(d) This section and the amendments made by this section shall take effect on January 1, 1997.

SEC. 422. (a) Section 1151 of title 38, United States Code, is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following:

"(a) Compensation under this chapter and dependency and indemnity compensation under chapter 13 of this title shall be awarded for a qualifying additional disability or a qualifying death of a veteran in the same manner as if such additional disability or death were service-connected. For purposes of this section, a disability or death is a qualifying additional disability or qualifying death if the disability or death was not the result of the veteran's willful misconduct and—

"(1) the disability or death was caused by hospital care, medical or surgical treatment, or examination furnished the veteran under any law administered by the Secretary, either by a Department employee or in a Department facility as defined in section 1701(3)(A) of this title, and the proximate cause of the disability or death was—

"(A) carelessness, negligence, lack of proper skill, error in judgment, or similar instance of fault on the part of the Department in furnishing the hospital care, medical or surgical treatment, or examination; or

"(B) an event not reasonably foreseeable; or

"(2) the disability or death was proximately caused by the provision of training and rehabilitation services by the Secretary (including by a service-provider used by the Secretary for such purpose under section 3115 of this title) as part of an approved rehabilitation program under chapter 31 of this title."; and

(2) in the second sentence—

(A) by redesignating that sentence as subsection (b);

(B) by striking out ", aggravation," both places it appears; and

(C) by striking out "sentence" and substituting in lieu thereof "subsection".

(b)(1) The amendments made by subsection (a) shall take effect on October 1, 1996.

(2) Section 1151 of title 38, United States Code (as amended by subsection (a)), shall govern all administrative and judicial determinations of eligibility for benefits under such section that are made with respect to claims filed on or after the effective date set forth in paragraph (1), including those based on original applications and applications seeking to reopen, revise, reconsider, or otherwise readjudicate on any basis claims for benefits under such section 1151 or any provision of law that is a predecessor of such section.

(c) Notwithstanding subsection (b)(1), section 421(d), or any other provision of this Act, section 421 and this section shall not take effect until October 1, 1997, unless legislation other than this Act is enacted to provide for a earlier effective date.

And the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

SEC. 427. The amount provided in title I for "Veterans Health Administration—Medical Care" is hereby increased by $5,000,000.

And the Senate agree to the same.

Amendment numbered 105:

That the House recede from its disagreement to the amendment of the Senate number 105, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following:

SEC. 432. CALCULATION OF DOWNPAYMENT.—Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end thereof the following new paragraph:

"(10) ALASKA AND HAWAII.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage originated in the State of Alaska or the State of Hawaii and endorsed for insur-

ance in fiscal year 1997, involve a principal obligation not in excess of the sum of—

"(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

"(ii)(I) in the case of a mortgage for a property with an appraised value equal to or less than $50,000, 98.75 percent of the appraised value of the property;

"(II) in the case of a mortgage for a property with an appraised value in excess of $50,000 but not in excess of $125,000, 97.65 percent of the appraised value of the property.

"(III) in the case of a mortgage for a property with an appraised value in excess of $125,000, 97.15 percent of the appraised value of the property; or

"(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of $50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.

"(B) AVERAGE CLOSING COST.—For purposes of this paragraph, the term 'average closing cost' means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages.".

SEC. 433. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

"DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

"SEC. 256.(a) AUTHORITY.—The Secretary may delegate, to one or more mortgagees approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

"(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee compared to the default rate of all insured mortgages in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

"(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period specified by the Secretary, the Secretary may

require the mortgagees approved under this section to indemnify the Secretary for the loss.

"(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagees approved under this section to indemnify the Secretary for the loss regardless of when an insurance claim is paid.

"(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

"(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the Mortgagee.".

And the Senate agree to the same.

Amendment numbered 111:

That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 438. None of the funds appropriated or otherwise made available to the National Aeronautics and Space Administration by this Act, or any other Act enacted before the date of enactment of this Act, may be used by the Administrator of the National Aeronautics and Space Administration to relocate aircraft of the National Aeronautics and Space Administration based east of the Mississippi River to the Dryden Flight Research Center in California for the purpose of the consolidation of such aircraft.

And the Senate agree to the same.

Amendment numbered 113:

That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 439. To promote and support management reorganization of the National Aeronautics and Space Administration.

SUBSECTION A. SHORT TITLE

This section may be cited as the "National Aeronautics and Space Administration Federal Employment Reduction Assistance Act of 1996."

SUBSECTION B. DEFINITIONS

(1) For the purposes of this section—

(a) the term "Administrator" means the Administrator of the National Aeronautics and Space Administration; and

(b) the term "employee" means an employee of the National Aeronautics and Space Administration serving under an appointment without time limitation, who has been currently employed with NASA for a continuous period of at least 12 months, except that such term does not include—

(1) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government;

(2) an employee who is in receipt of a specific notice of involuntary separation for misconduct or unacceptable performance;

(3) an employee who, upon completing an additional period of service as referred to in section 3(b)(2)(B)(ii) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 108 Stat. 111), would qualify for a voluntary separation incentive payment under section 3 of such Act; or

(4) an employee who has previously received any voluntary separation incentive payment by the Federal Government under this Act or any other authority and has not repaid such payment.

SUBSECTION C. INCENTIVE PAYMENT PROGRAM

In order to avoid or minimize the need for involuntary separations due to a reduction in force, installation closure, reorganization, transfer of function, or other similar action affecting the National Aeronautics and Space Administration, the Administrator shall establish a program under which separation pay, subject to the availability of appropriated funds, may be offered to encourage eligible employees to separate from service voluntarily (whether by retirement or resignation).

SUBSECTION D. INCENTIVE PAYMENTS

In order to receive a voluntary separation incentive payment, an employee must separate voluntarily (whether by retirement or resignation) during the period of time for which the payment of incentives has been authorized for the employee under the agency plan. Such separation payments—

(1) shall be paid in a lump sum after the employee's separation, and

(2) shall be equal to the lesser of—

(A) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code, if the employee were entitled to payment under such section; or

(B) an amount that shall not exceed $25,000

(3) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit;

(4) shall not be taken into account for purposes of determining the amount of any severance pay to which an individual may be entitled under section 5595 of title 5, United States Code, based on any other separation;

(5) shall be considered payment for a voluntary separation; and

(6) shall be paid from the appropriations or funds available for payment of the basic pay of the employee.

SUBSECTION E. EFFECT OF SUBSEQUENT EMPLOYMENT WITH THE GOVERNMENT

(1) An individual who has received a voluntary separation incentive payment under this section and accepts any employment with the Government of the United States within five years after the date of the separation on which the payment is based shall be required to repay, prior to the individual's first day of employment, the entire amount of the incentive payment to NASA.

(2) If the employment under paragraph (1) above is with an Executive agency (as defined by section 105 of title 5, United States Code), the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) If the employment under paragraph (1) above is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(4) If the employment under paragraph (1) above is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(5) For the purpose of this section, the term "employment"—

(a) includes employment of any length or under any type of appointment, but does not include employment that is without compensation; and

(b) includes employment under a personal services contract.

SUBSECTION F. EFFECT OF SUBSEQUENT DISABILITY RETIREMENT

An employee who has received an incentive payment is ineligible to receive an annuity for reasons of disability under applicable regulations, unless the incentive payment is repaid.

SUBSECTION G. ADDITIONAL AGENCY CONTRIBUTIONS TO THE RETIREMENT FUND

(1) In addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, NASA shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this Act.

(2) For the purpose of this section, the term "final basic pay", with respect to an employee, means the total amount of basic pay which would be payable for a year of service by such employee, com-

puted using the employee's final rate of basic pay, and, if last serving on other than a full time basis, with appropriate adjustment therefor.

SUBSECTION H. REDUCTION OF AGENCY EMPLOYMENT LEVELS

(1) Total full time equivalent employment in NASA shall be reduced by one for each separation of an employee who receives a voluntary separation incentive payment under this Act. The reduction will be calculated by comparing the agency's full time equivalent employment for the fiscal year in which the voluntary separation payments are made with the authorized full time equivalent employment for the prior fiscal year.

(2) The Office of Management and Budget shall monitor and take appropriate action necessary to ensure that the requirements of this section are met.

(3) The President shall take appropriate action to ensure that functions involving more than 10 full time equivalent employees are not converted to contracts by reason of the enactment of this section, except in cases in which a cost comparison demonstrates such contracts would be to the advantage of the Government.

(4) The provisions of subsections (1) and (3) of this section may be waived upon a determination by the President that—

(1) the existence of a state of war or other national emergency so requires; or

(2) the existence of an extraordinary emergency which threatens life, health, safety, property, or the environment so requires.

SUBSECTION I. REPORTS

No later than March 31 of each fiscal year, NASA shall submit to the Office of Personnel Management, who will subsequently report to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform and Oversight of the House of Representatives a report which, with respect to the preceding fiscal year, shall include—

(1) the number of employees who received voluntary separation incentives;

(2) the average amount of such incentives; and,

(3) the average grade or pay level of the employees who received incentives.

SUBSECTION J. EFFECTIVE DATE

(1) The provisions of this section shall take effect on the date of enactment of this section.

(2) No voluntary separation incentive under this section may be paid based on the separation of an employee after September 30, 2000.

SEC. 440. (a) Subject to the concurrence of the Administrator of the General Services Administration (GSA) and notwithstanding section 707 of Public Law 103–433, the Administrator of the National Aeronautics and Space Administration may convey to the city of Downey, California, all right, title, and interest of the United States in and to a parcel of real property, including improvements

thereon, consisting of approximately 60 acres and known as Parcels III, IV, V, and VI of the NASA Industrial Plant, Downey, California.

(b)(1) DELAY IN PAYMENT OF CONSIDERATION.—After the end of the 20-year period beginning on the date on which the conveyance under subsection (a) is completed, the City of Downey shall pay to the United States an amount equal to fair market value of the conveyed property as of the date of the Federal conveyance.

(2) EFFECT OF RECONVEYANCE BY THE CITY.—If the City of Downey reconveys all or any part of the conveyed property during such 20-year period, the City shall pay to the United States an amount equal to the fair market value of the reconveyed property as of the time of the reconveyance, excluding the value of any improvements made to the property by the City.

(3) DETERMINATION OF FAIR MARKET VALUE.—The Administrator of GSA shall determine fair market value in accordance with Federal appraisal standards and procedures.

(4) TREATMENT OF LEASES.—The Administrator of GSA may treat a lease of the property within such 20-year period as a reconveyance if the Administrator determines that the lease is being used to avoid application of paragraph (b)(2).

(5) DEPOSIT OF PROCEEDS.—The Administrator of GSA shall deposit any proceeds received under this subsection in the special account established pursuant to section 204(h)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)(2)).

(c) The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Administrator of GSA. The cost of the survey shall be borne by the City of Downey, California.

(d) The Administrator of GSA may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Administrator of GSA considers appropriate to protect the interests of the United States.

(e) If the City at any time after the conveyance of the property under subsection (a) notifies the Administrator of GSA that the City no longer wishes to retain the property, it may convey the property under the terms of subsection (b), or, it may revert all right, title, and interest in and to the property (including any facilities, equipment, or fixtures conveyed, but excluding the value of any improvements made to the property by the City) to the United States, and the United States shall have the right of immediate entry onto the property.

And the Senate agree to the same.

Amendment numbered 117:

That the House recede from its disagreement to the amendment of the Senate numbered 117, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

TITLE VI—NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996

SEC. 601. SHORT TITLE.

This title may be cited as the "Newborns' and Mothers' Health Protection Act of 1996".

SEC. 602. FINDING.

Congress finds that—

(1) the length of post-delivery hospital stay should be based on the unique characteristics of each mother and her newborn child, taking into consideration the health of the mother, the health and stability of the newborn, the ability and confidence of the mother and the father to care for their newborn, the adequacy of support systems at home, and the access of the mother and her newborn to appropriate follow-up health care; and

(2) the timing of the discharge of a mother and her newborn child from the hospital should be made by the attending provider in consultation with the mother.

SEC. 603. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (added by section 101(a) of the Health Insurance Portability and Accountability Act of 1996) is amended—

(1) by amending the heading of the part to read as follows:

"PART 7—GROUP HEALTH PLAN REQUIREMENTS";

(2) by inserting after the part heading the following:

"SUBPART A—REQUIREMENTS RELATING TO PORTABILITY, ACCESS, AND RENEWABILITY";

(3) by redesignating sections 704 through 707 as sections 731 through 734, respectively;

(4) by inserting before section 731 (as so redesignated) the following new heading:

"SUBPART C—GENERAL PROVISIONS";

and

(5) by inserting after section 703 the following new subpart:

"SUBPART B—OTHER REQUIREMENTS

"SEC. 711. STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS.

"(a) REQUIREMENTS FOR MINIMUM HOSPITAL STAY FOLLOWING BIRTH.—

"(1) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, may not—

"(A) except as provided in paragraph (2)—

"(i) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a normal vaginal delivery, to less than 48 hours, or

"(ii) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a cesarean section, to less than 96 hours; or

"(B) require that a provider obtain authorization from the plan or the issuer for prescribing any length of stay required under subparagraph (A) (without regard to paragraph (2)).

"(2) EXCEPTION.—Paragraph (1)(A) shall not apply in connection with any group health plan or health insurance issuer in any case in which the decision to discharge the mother or her newborn child prior to the expiration of the minimum length of stay otherwise required under paragraph (1)(A) is made by an attending provider in consultation with the mother.

"(b) PROHIBITIONS.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not—

"(1) deny to the mother or her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

"(2) provide monetary payments or rebates to mothers to encourage such mothers to accept less than the minimum protections available under this section;

"(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

"(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

"(5) subject to subsection (c)(3), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

"(c) RULES OF CONSTRUCTION.—

"(1) Nothing in this section shall be construed to require a mother who is a participant or beneficiary—

"(A) to give birth in a hospital; or

"(B) to stay in the hospital for a fixed period of time following the birth of her child.

"(2) This section shall not apply with respect to any group health plan, or any group health insurance coverage offered by a health insurance issuer, which does not provide benefits for hospital lengths of stay in connection with childbirth for a mother or her newborn child.

"(3) Nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion of

a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

"(d) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan; except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.

"(e) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(f) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

"(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (as defined in section 731(d)(1)) for a State that regulates such coverage that is described in any of the following subparagraphs:

"(A) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a normal vaginal delivery and at least a 96-hour hospital length of stay following a cesarean section.

"(B) Such State law requires such coverage to provide for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations.

"(C) Such State law requires, in connection with such coverage for maternity care, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the mother.

"(2) CONSTRUCTION.—Section 731(a)(1) shall not be construed as superseding a State law described in paragraph (1).".

(b) CONFORMING AMENDMENTS.—

(1) Section 731(c) of such Act (as added by section 101 of the Health Insurance Portability and Accountability Act of 1996 and redesignated by the preceding provisions of this section) is amended by striking "Nothing" and inserting "Except as provided in section 711, nothing".

(2) Section 732(a) of such Act (as added by section 101 of the Health Insurance Portability and Accountability Act of 1996 and redesignated by the preceding provisions of this section) is amended by inserting "(other than section 711)" after "part".

(3) Title I of such Act (as amended by section 101 of the Health Insurance Portability and Accountability Act of 1996 and the preceding provisions of this section) is further amended—

(A) in the last sentence of section 4(b), by striking "section 706(b)(2)", "section 706(b)(1)", and "section 706(a)(1)" and inserting "section 733(b)(2)", "section 733(b)(1)", and "section 733(a)(1)", respectively;

(B) in section 101(g), by striking "section 706(a)(2)" and inserting "section 733(a)(2)";

(C) in section 102(b), by striking "section 706(a)(1)" each place it appears and inserting "section 733(a)(1), and by striking "section 706(b)(2)" and inserting "section 733(b)(2)";

(D) in section 104(b)(1), by striking "section 706(a)(1)" each place it appears and inserting "section 733(a)(1);

(E) in section 502(b)(3), by striking "section 706(a)(1)" and inserting "section 733(a)(1)";

(F) in section 506(c), by striking "section 706(a)(2)" and inserting "section 733(a)(2)";

(G) in section 514(b)(9), by striking "section 704" and inserting "section 731";

(H) in the last sentence of section 701(c)(1), by striking "section 706(c)" and inserting "section 733(c)";

(I) in section 732(b), by striking "section 706(c)(1)" and inserting "section 733(c)(1)";

(J) in section 732(c)(1), by striking "section 706(c)(2)" and inserting "section 733(c)(2)";

(K) in section 732(c)(2), by striking "section 706(c)(3)" and inserting "section 733(c)(3)"; and

(L) in section 732(c)(3), by striking "section 706(c)(4)" and inserting "section 733(c)(4)".

(4) The table of contents in section 1 of such Act is amended by striking the items relating to part 7 and inserting the following:

"PART 7—GROUP HEALTH PLAN REQUIREMENTS

"SUBPART A—REQUIREMENTS RELATING TO PORTABILITY, ACCESS, AND RENEWABILITY

"Sec. 701. Increased portability through limitation on preexisting condition exclusions.
"Sec. 702. Prohibiting discrimination against individual participants and beneficiaries based on health status.
"Sec. 703. Guaranteed renewability in multiemployer plans and multiple employer welfare arrangements.

"SUBPART B—OTHER REQUIREMENTS

"Sec. 711. Standards relating to benefits for mothers and newborns.

"SUBPART C—GENERAL PROVISIONS

"Sec. 731. Preemption; State flexibility; construction.
"Sec.732. Special rules relating to group health plans.
"Sec. 733. Definitions.
"Sec. 734. Regulations.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

SEC. 604. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE GROUP MARKET.

(a) IN GENERAL.—Title XXVII of the Public Health Service Act (as added by section 102 of the Health Insurance Portability and Accountability Act of 1996) is amended—

(1) by amending the title heading to read as follows:

"TITLE XXVII—REQUIREMENTS RELATING TO HEALTH INSURANCE COVERAGE";

(2) by redesignating subparts 2 and 3 of part A as subparts 3 and 4 of such part;

(3) by inserting after subpart 1 of part A the following new subpart:

"Subpart 2—Other Requirements

"SEC. 2704. STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS.

"(a) REQUIREMENTS FOR MINIMUM HOSPITAL STAY FOLLOWING BIRTH.—

"(1) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, may not—

"(A) except as provided in paragraph (2)—

"(i) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a normal vaginal delivery, to less than 48 hours, or

"(ii) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a cesarean section, to less than 96 hours, or

"(B) require that a provider obtain authorization from the plan or the issuer for prescribing any length of stay required under subparagraph (A) (without regard to paragraph (2)).

"(2) EXCEPTION.—Paragraph (1)(A) shall not apply in connection with any group health plan or health insurance issuer in any case in which the decision to discharge the mother or her newborn child prior to the expiration of the minimum length of stay otherwise required under paragraph (1)(A) is made by an attending provider in consultation with the mother.

"(b) PROHIBITIONS.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not—

"(1) deny to the mother or her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

"(2) provide monetary payments or rebates to mothers to encourage such mothers to accept less than the minimum protections available under this section;

"(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

"(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

"(5) subject to subsection (c)(3), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

"(c) RULES OF CONSTRUCTION.—

"(1) Nothing in this section shall be construed to require a mother who is a participant or beneficiary—

"(A) to give birth in a hospital; or

"(B) to stay in the hospital for a fixed period of time following the birth of her child.

"(2) This section shall not apply with respect to any group health plan, or any group health insurance coverage offered by a health insurance issuer, which does not provide benefits for hospital lengths of stay in connection with childbirth for a mother or her newborn child.

"(3) Nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

"(d) NOTICE.—A group health plan under this part shall comply with the notice requirement under section 711(d) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of this section as if such section applied to such plan.

"(e) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(f) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

"(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (as defined in section 2723(d)(1)) for a State that regulates such coverage that is described in any of the following subparagraphs:

"(A) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a normal vaginal delivery and at least a 96-hour hospital length of stay following a cesarean section.

"(B) Such State law requires such coverage to provide for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations.

"(C) Such State law requires, in connection with such coverage for maternity care, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the mother.

"(2) CONSTRUCTION.—Section 2723(a)(1) shall not be construed as superseding a State law described in paragraph (1).".

(b) CONFORMING AMENDMENTS.—

(1) Section 2721 of such Act (as added by section 102 of the Health Insurance Portability and Accountability Act of 1996) is amended—

(A) in subsection (a), by striking "subparts 1 and 2" and inserting "subparts 1 and 3", and

(B) in subsections (b) through (d), by striking "subparts 1 and 2" each place it appears and inserting "subparts 1 through 3".

(2) Section 2723(c) of such Act (as added by section 102 of the Health Insurance Portability and Accountability Act of 1996) is amended by inserting "(other than section 2704)" after "part".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

SEC. 605. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE INDIVIDUAL MARKET.

(a) IN GENERAL.—Part B of title XXVII of the Public Health Service Act (as added by section 111 of the Health Insurance Portability and Accountability Act of 1996) is amended—

(1) by inserting after the part heading the following:

"Subpart 1—Portability, Access, and Renewability Requirements";

(2) by redesignating sections 2745, 2746, and 2747 as sections 2761, 2762, and 2763, respectively;

(3) by inserting before section 2761 (as so redesignated) the following:

"Subpart 3—General Provisions"; and

(4) by inserting after section 2744 the following:

"Subpart 3—Other Requirements

"SEC. 2751. STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS.

"(a) IN GENERAL.—The provisions of section 2704 (other than subsections (d) and (f)) shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.

"(b) NOTICE REQUIREMENT.—A health insurance issuer under this part shall comply with the notice requirement under section 711(d) of the Employee Retirement Income Security Act of 1974 with respect to the requirements referred to in subsection (a) as if such

section applied to such issuer and such issuer were a group health plan.

"(c) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

"(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (as defined in section 2723(d)(1)) for a State that regulates such coverage that is described in any of the following subparagraphs:

"(A) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a normal vaginal delivery and at least a 96-hour hospital length of stay following a cesarean section.

"(B) Such State law requires such coverage to provide for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations.

"(C) Such State law requires, in connection with such coverage for maternity care, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the mother.

"(2) CONSTRUCTION.—Section 2762(a) shall not be construed as superseding a State law described in paragraph (1).".

(b) CONFORMING AMENDMENTS.—Such part (as so added) is further amended as follows:

(1) In section 2744(a)(1), strike "2746(b)" and insert "2762(b)".

(2) In section 2745(a)(1) (before redesignation under subsection (a)(1)), strike "2746" and insert "2762".

(3) In section 2746(b) (before redesignation under subsection (a)(1))—

(A) by inserting "(1)" after the dash, and

(B) by adding at the end the following:

"(2) Nothing in this part (other than section 2751) shall be construed as requiring health insurance coverage offered in the individual market to provide specific benefits under the terms of such coverage.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after January 1, 1998.

SEC. 606. REPORTS TO CONGRESS CONCERNING CHILDBIRTH.

(a) FINDINGS.—Congress finds that—

(1) childbirth is one part of a continuum of experience that includes prepregnancy, pregnancy and prenatal care, labor and delivery, the immediate postpartum period, and a longer period of adjustment for the newborn, the mother, and the family;

(2) health care practices across this continuum are changing in response to health care financing and delivery system changes, science and clinical research, and patient preferences; and

(3) there is a need—

(A) to examine the issues and consequences associated with the length of hospital stays following childbirth;

(B) to examine the follow-up practices for mothers and newborns used in conjunction with shorter hospital stays;

(C) to identify appropriate health care practices and procedures with regard to the hospital discharge of newborns and mothers;

(D) to examine the extent to which such care is affected by family and environmental factors; and

(E) to examine the content of care during hospital stays following childbirth.

(b) ADVISORY PANEL.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the "Secretary") shall establish an advisory panel (referred to in this section as the "advisory panel")—

(A) to guide and review methods, procedures, and data collection necessary to conduct the study described in subsection (c) in a manner that is intended to enhance the quality, safety, and effectiveness of health care services provided to mothers and newborns;

(B) to develop a consensus among the members of the advisory panel regarding the appropriateness of the specific requirements of this title; and

(C) to prepare and submit to the Secretary, as part of the report of the Secretary submitted under subsection (d), a report summarizing the consensus (if any) developed under subparagraph (B) or the reasons for not reaching such a consensus.

(2) PARTICIPATION.—

(A) DEPARTMENT REPRESENTATIVES.—The Secretary shall ensure that representatives from within the Department of Health and Human Services that have expertise in the area of maternal and child health or in outcomes research are appointed to the advisory panel.

(B) REPRESENTATIVES OF PUBLIC AND PRIVATE SECTOR ENTITIES.—

(i) IN GENERAL.—The Secretary shall ensure that members of the advisory panel include representatives of public and private sector entities having knowledge or experience in one or more of the following areas:

(I) Patient care.

(II) Patient education.

(III) Quality assurance.

(IV) Outcomes research.

(V) Consumer issues.

(ii) REQUIREMENT.—The panel shall include representatives of each of the following categories:

(I) Health care practitioners.

(II) Health plans.

(III) Hospitals.

(IV) Employers.

(V) States.

(VI) Consumers.

(c) STUDIES.—

(1) IN GENERAL.—The Secretary shall conduct a study of—

(A) the factors affecting the continuum of care with respect to maternal and child health care, including outcomes following childbirth;

(B) the factors determining the length of hospital stay following childbirth;

(C) the diversity of negative or positive outcomes affecting mothers, infants, and families;

(D) the manner in which post natal care has changed over time and the manner in which that care has adapted or related to changes in the length of hospital stay, taking into account—

(i) the types of post natal care available and the extent to which such care is accessed; and

(ii) the challenges associated with providing post natal care to all populations, including vulnerable populations, and solutions for overcoming these challenges; and

(E) the financial incentives that may—

(i) impact the health of newborns and mothers; and

(ii) influence the clinical decisionmaking of health care providers.

(2) RESOURCES.—The Secretary shall provide to the advisory panel the resources necessary to carry out the duties of the advisory panel.

(d) REPORTS.—

(1) IN GENERAL.—The Secretary shall prepare and submit to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives a report that contains—

(A) a summary of the study conducted under subsection (c);

(B) a summary of the best practices used in the public and private sectors for the care of newborns and mothers;

(C) recommendations for improvements in prenatal care, post natal care, delivery and follow-up care, and whether the implementation of such improvements should be accomplished by the private health care sector, Federal or State governments, or any combination thereof; and

(D) limitations on the databases in existence on the date of the enactment of this Act.

(2) DEADLINES.—The Secretary shall prepare and submit to the Committees referred to in paragraph (1)—

(A) an initial report concerning the study conducted under subsection (c) and elements described in paragraph (1), not later than 18 months after the date of the enactment of this Act;

(B) an interim report concerning such study and elements not later than 3 years after the date of the enactment of this Act; and

(C) a final report concerning such study and elements not later than 5 years after the date of the enactment of this Act.

(e) TERMINATION OF PANEL.—The advisory panel shall terminate on the date that occurs 60 days after the date on which the last report is submitted under subsection (d).

And the Senate agree to the same.

Amendment numbered 118:

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

TITLE VII—PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS

SEC. 701. SHORT TITLE.

This title may be cited as the "Mental Health Parity Act of 1996".

SEC. 702. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as added by section 603(a)) is amended by adding at the end the following new section:

"SEC. 712. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

"(a) IN GENERAL.—

"(1) AGGREGATE LIFETIME LIMITS.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health benefits—

"(A) NO LIFETIME LIMIT.—If the plan or coverage does not include an aggregate lifetime limit on substantially all medical and surgical benefits, the plan or coverage may not impose any aggregate lifetime limit on mental health benefits.

"(B) LIFETIME LIMIT.—If the plan or coverage includes an aggregate lifetime limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable lifetime limit'), the plan or coverage shall either—

"(i) apply the applicable lifetime limit both to the medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any aggregate lifetime limit on mental health benefits that is less than the applicable lifetime limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan or coverage that is not described in subparagraph (A) or (B) and that includes no or different aggregate lifetime limits on different categories of medical and surgical

benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan or coverage with respect to mental health benefits by substituting for the applicable lifetime limit an average aggregate lifetime limit that is computed taking into account the weighted average of the aggregate lifetime limits applicable to such categories.

"(2) ANNUAL LIMITS.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health benefits—

"(A) NO ANNUAL LIMIT.—If the plan or coverage does not include an annual limit on substantially all medical and surgical benefits, the plan or coverage may not impose any annual limit on mental health benefits.

"(B) ANNUAL LIMIT.—If the plan or coverage includes an annual limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable annual limit'), the plan or coverage shall either—

"(i) apply the applicable annual limit both to medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any annual limit on mental health benefits that is less than the applicable annual limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan or coverage that is not described in subparagraph (A) or (B) and that includes no or different annual limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan or coverage with respect to mental health benefits by substituting for the applicable annual limit an average annual limit that is computed taking into account the weighted average of the annual limits applicable to such categories.

"(b) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any mental health benefits; or

"(2) in the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides mental health benefits, as affecting the terms and conditions (including cost sharing, limits on numbers of visits or days of coverage, and requirements relating to medical necessity) relating to the amount, duration, or scope of mental health benefits under the plan or coverage, except as specifically provided in subsection (a) (in regard to parity in the imposition of aggregate lifetime limits and annual limits for mental health benefits).

"(c) EXEMPTIONS.—

"(1) SMALL EMPLOYER EXEMPTION.—

"(A) IN GENERAL.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(B) SMALL EMPLOYER.—For purposes of subparagraph (A), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(C) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of this paragraph—

"(i) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(ii) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(iii) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(2) INCREASED COST EXEMPTION.—This section shall not apply with respect to a group health plan (or health insurance coverage offered in connection with a group health plan) if the application of this section to such plan (or to such coverage) results in an increase in the cost under the plan (or for such coverage) of at least 1 percent.

"(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) DEFINITIONS.—For purposes of this section:

"(1) AGGREGATE LIFETIME LIMIT.—The term 'aggregate lifetime limit' means, with respect to benefits under a group health plan or health insurance coverage, a dollar limitation on the total amount that may be paid with respect to such benefits under the plan or health insurance coverage with respect to an individual or other coverage unit.

"(2) ANNUAL LIMIT.—The term 'annual limit' means, with respect to benefits under a group health plan or health insurance coverage, a dollar limitation on the total amount of benefits that may be paid with respect to such benefits in a 12-month period under the plan or health insurance coverage with respect to an individual or other coverage unit.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or

surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include mental health benefits.

"(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to mental health services, as defined under the terms of the plan or coverage (as the case may be), but does not include benefits with respect to treatment of substance abuse or chemical dependency.

"(f) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2001.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act, as amended by section 602 of this Act, is amended by inserting after the item relating to section 711 the following new item:

"Sec. 712. Parity in the application of certain limits to mental health benefits.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

SEC. 703. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE GROUP MARKET.

(a) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act (as added by section 604(a)) is amended by adding at the end the following new section:

"SEC. 2705. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

"(a) IN GENERAL.—

"(1) AGGREGATE LIFETIME LIMITS.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health benefits—

"(A) NO LIFETIME LIMIT.—If the plan or coverage does not include an aggregate lifetime limit on substantially all medical and surgical benefits, the plan or coverage may not impose any aggregate lifetime limit on mental health benefits.

"(B) LIFETIME LIMIT.—If the plan or coverage includes an aggregate lifetime limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable lifetime limit'), the plan or coverage shall either—

"(i) apply the applicable lifetime limit both to the medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any aggregate lifetime limit on mental health benefits that is less than the applicable lifetime limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan or coverage that is not described in subparagraph (A) or (B) and that includes no or different aggregate lifetime limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which

subparagraph (B) is applied to such plan or coverage with respect to mental health benefits by substituting for the applicable lifetime limit an average aggregate lifetime limit that is computed taking into account the weighted average of the aggregate lifetime limits applicable to such categories.

"(2) ANNUAL LIMITS.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health benefits—

"(A) NO ANNUAL LIMIT.—If the plan or coverage does not include an annual limit on substantially all medical and surgical benefits, the plan or coverage may not impose any annual limit on mental health benefits.

"(B) ANNUAL LIMIT.—If the plan or coverage includes an annual limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable annual limit'), the plan or coverage shall either—

"(i) apply the applicable annual limit both to medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any annual limit on mental health benefits that is less than the applicable annual limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan or coverage that is not described in subparagraph (A) or (B) and that includes no or different annual limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan on coverage with respect to mental health benefits by substituting for the applicable annual limit an average annual limit that is computed taking into account the weighted average of the annual limits applicable to such categories.

"(b) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any mental health benefits; or

"(2) in the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides mental health benefits, as affecting the terms and conditions (including cost sharing, limits on numbers of visits or days of coverage, and requirements relating to medical necessity) relating to the amount, duration, or scope of mental health benefits under the plan or coverage, except as specifically provided in subsection (a) (in regard to parity in the imposition of aggregate lifetime limits and annual limits for mental health benefits).

"(c) EXEMPTIONS.—

"(1) SMALL EMPLOYER EXEMPTION.—This section shall not apply to any group health plan (and group health insurance

coverage offered in connection with a group health plan) for any plan year of a small employer.

"(2) INCREASED COST EXEMPTION.—This section shall not apply with respect to a group health plan (or health insurance coverage offered in connection with a group health plan) if the application of this section to such plan (or to such coverage) results in an increase in the cost under the plan (or for such coverage) of at least 1 percent.

"(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) DEFINITIONS.—For purposes of this section;

"(1) AGGREGATE LIFETIME LIMIT.—The term 'aggregate lifetime limit' means, with respect to benefits under a group health plan or health insurance coverage, a dollar limitation on the total amount that may be paid with respect to such benefits under the plan or health insurance coverage with respect to an individual or other coverage unit.

"(2) ANNUAL LIMIT.—The term 'annual limit' means, with respect to benefits under a group health plan or health insurance coverage, a dollar limitation on the total amount of benefits that may be paid with respect to such benefits in a 12-month period under the plan or health insurance coverage with respect to an individual or other coverage unit.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include mental health benefits.

"(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to mental health services, as defined under the terms of the plan or coverage (as the case may be), but does not include benefits with respect to treatment of substance abuse or chemical dependency.

"(f) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2001.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

And the Senate agree to the same.

JERRY LEWIS,
BARBARA F. VUCANOVICH,
JAMES T. WALSH,
DAVID L. HOBSON,
JOE KNOLLENBERG,
RODNEY P. FRELINGHUYSEN,
BOB LIVINGSTON,
LOUIS STOKES,
ALAN B. MOLLOHAN,
JIM CHAPMAN,
MARCY KAPTUR,

DAVID R. OBEY,
Managers on the Part of the House.

CHRISTOPHER S. BOND,
CONRAD BURNS,
TED STEVENS,
RICHARD C. SHELBY,
ROBERT F. BENNETT,
BEN NIGHTHORSE CAMPBELL,
MARK O. HATFIELD,
BARBARA A. MIKULSKI,
PATRICK J. LEAHY,
J. BENNETT JOHNSTON,
FRANK R. LAUTENBERG,
J. ROBERT KERREY,
ROBERT C. BYRD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying report.

The language and allocations set forth in House Report 104–628 and Senate Report 104–318 should be complied with unless specifically addressed to the contrary in the conference report and statement of the managers. Report language included by the House which is not changed by the report of the Senate or the conference, and Senate report language which is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein. In cases in which the House or Senate have directed the submission of a report, such report is to be submitted to both House and Senate Committees on Appropriations.

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

Amendment No. 1: Appropriates $18,671,259,000 for compensation and pensions as proposed by the Senate, instead of $18,497,854,000 as proposed by the House.

Amendment No. 2: Appropriates $1,377,000,000 for readjustment benefits as proposed by the Senate, instead of $1,227,000,000 as proposed by the House.

Amendment No. 3: Limits the principal amount of direct loans in the vocational rehabilitation loans program account to not to exceed $2,822,000 as proposed by the Senate, instead of not to exceed $1,964,000 as proposed by the House.

VETERANS HEALTH ADMINISTRATION

Amendment No. 4: Delays the availability of $700,000,000 of the medical care appropriation in the equipment and land and structures object classifications until August 1, 1997, instead of delaying the availability of $570,000,000 as proposed by the House and $596,000,000 as proposed by the Senate.

The conference agreement includes medical care funding of $210,000 to expand services at the existing community-based out-

patient clinic in Texarkana, Texas; and $400,000 for the homeless veterans domiciliary program in Alaska, including the purchase of transitional housing units ($300,000) and the expansion of the domiciliary's video-conferencing capabilities ($100,000).

Amendment No. 5: Appropriates $262,000,000 for medical and prosthetic research as proposed by the Senate, instead of $257,000,000 proposed by the House. The House, in section 427 of the general provisions, increased this appropriation by $20,000,000—to a total of $277,000,000. The conference agreement deletes that general provision.

The committee of conference supports additional research activity on osteoporosis and related bone diseases, disorders which affect both women and men. In 1993, VA medical centers cared for hip fractures in 2,650 veterans over 65 years of age. The average length of acute hospital stay was approximately 25 days which resulted in a total of 65,720 hospital days of care. The conferees urge the VA to prepare a long-term strategy for research in this area, including the coordination of such efforts with the Department of Defense and the National Institutes of Health.

Amendment No. 6: Appropriates $61,207,000 for medical administration and miscellaneous operating expenses, instead of $59,207,000 as proposed by the House and $62,207,000 as proposed by the Senate.

DEPARTMENT ADMINISTRATION

Amendment No. 7: Appropriates $827,584,000 for general operating expenses, instead of $823,584,000 as proposed by the House and $813,730,000 as proposed by the Senate. The House, in section 426 of the general provisions, increased this appropriation by $17,000,000—to a total of $840,584,000. The conference agreement deletes that general provision.

The conferees agree that the decrease of $16,146,000 below the budget estimate be applied against funds requested for the Veterans Benefits Administration. The reduction to VBA reflects the conferees' continuing frustration with the lethargic approach to improving service to veterans, and is not intended to worsen the backlog of pending claims. The staffing requested for compensation and pension claims processing is fully funded. While the Secretary has discretion in applying the reduction, suggested areas include deferred relocation expenses, travel, restructuring plans which will not be implemented, and cash awards and bonuses.

The conferees also agree not to earmark any specific level of funding to improve access for contact by telephone, but support this Veterans Benefits Administration's restructuring initiative to improve service to veterans.

Amendment No. 8: Makes technical language change as proposed by the Senate.

Amendment No. 9: Appropriates $250,858,000 for construction, major projects, instead of $245,358,000 as proposed by the House and $178,250,000 as proposed by the Senate.

The conference agreement includes the following changes from the budget estimate:

−$42,600,000 for the new medical center and nursing home project in Brevard County, Florida.

−$15,100,000 for the renovation of psychiatric wards at the Perry Point, Maryland VA Medical Center.

+$5,000,000 for an ambulatory care addition project at the Leavenworth, Kansas VA Medical Center.

−$15,500,000 for the renovation of facilities and relocation of medical school functions project at the Mountain Home, Tennessee VA Medical Center.

+$20,000,000 for the first phase of the spinal cord injury unit and energy center project at the Tampa, Florida VA Medical Center.

−$12,400,000 for the $17,400,000 requested for the environmental improvements project at the Pittsburgh (UD), Pennsylvania VA Medical Center.

−$18,200,000 for the environmental enhancements project at the Salisbury, North Carolina VA Medical Center.

+$16,000,000 for the research addition project at the Portland, Oregon VA Medical Center.

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

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

−$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.

+$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.

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

The conference agreement includes the budget request of $32,100,000 for the next funding increment of the replacement hospital at Travis Air Force Base, with bill language delaying the release of said funds until January 1, 1998, unless action is taken by the Congress specifically making the funds available sooner. The House provided $32,100,000 for the Travis project and the Senate deleted such funds.

The conference committee recognizes that currently there exist several scenarios for providing medical care to veterans in this area, including an outpatient clinic; a replacement hospital, which includes an outpatient clinic; dedication of additional beds for VA use at the Travis hospital; and utilization of the Mather Air Force hospital for veterans. The conference committee also recognizes a recent General Accounting Office report which concludes that the Travis construction project is not justified and that lower-cost alternatives should be more fully explored. However, the VA Secretary does not concur with the GAO report and its recommendation, and continues to fully support the project. Further, the VA is currently developing plans for restructuring the way health care services are provided in its Sierra Pacific network.

The Congress has provided for two approaches to this matter in the past few years. There is an authorization and a $25,000,000 appropriation for an outpatient clinic at Travis. Also, since 1991,

a total of $22,600,000 has been appropriated for a hospital to replace the one at Martinez. Because the hospital project began before the current authorization process was enacted, it is "grandfathered" and no authorization for it is required.

The language included in the bill delaying the release of the funds prior to January 1, 1998, unless specific action is taken, will permit the Congress and the VA time to reassess the available options and fully consider the GAO recommendations. To assist in this effort, the VA is to make a report to the Congress with recommendations as how to best provide medical services to veterans in the area. The authorizing committees should review this situation and take whatever action regarding the construction authorization they deem appropriate.

Amendment No. 10: Appropriates $175,000,000 for construction, minor projects, instead of $160,000,000 as proposed by the House and $190,000,000 as proposed by the Senate. The conferees urge the VA to give priority to projects which will convert excess inpatient hospital space to outpatient care space needed to accommodate the increases in those activities.

Amendment No. 11: Appropriates $12,300,000 for the parking revolving fund as proposed by the House, instead of zero as proposed by the Senate. The conferees agree that these funds are for the parking structure component of the ambulatory care addition project at the Cleveland VA Medical Center.

ADMINISTRATIVE PROVISION

Amendment No. 12: Inserts language proposed by the Senate providing for the conveyance of a portion of the grounds at the Tuscaloosa VA Medical Center to the City of Tuscaloosa, Alabama.

TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

Amendment No. 13: Deletes HUD's account structure as proposed by the House and stricken by Senate. Amendment number 14 replaces it with a new structure that is more descriptive of the activities actually carried out under the particular accounts. Many of the activities carried out in the following accounts have been either merged into three more flexible categorical accounts and two specialized accounts or moved to the administrative provisions of this Title: annual contributions for assisted housing; housing for special populations: elderly and disabled housing; the flexible subsidy fund; rental housing assistance; the public and Indian housing certificate fund; public housing operating fund; public housing capital fund; revitalization of severely distressed public housing (HOPE VII); and drug elimination grants for low income housing.

Amendment No. 14: Inserts language providing a new account structure as proposed by the Senate with modifications as described below.

Appropriates $1,039,000,000 for a new "Development of additional new subsidized housing" account instead of $969,464,442 as proposed by the Senate. Incorporated into this account are the new construction housing programs, including housing for the elderly

under section 202, housing for the disabled under section 811, and public housing for Indian families. Within the account, $645,000,000 is provided for developing or acquiring housing under the section 202 program, $194,000,000 for developing or acquiring housing under the section 811 program, and $200,000,000 for developing or acquiring public housing for Indian families.

Appropriates $4,640,000,000 for the second new account, called "Prevention of resident displacement," to assure against the disruptive and painful effects of displacement that families may confront from losing their subsidized housing. The largest component of this account—$3,600,000,000—is appropriated to extend expiring rent subsidy contracts for one year. Appropriations for the remaining components are: $850,000,000 for section 8 contract amendments, of which $50,000,000 is for rental assistance contracts under the Low-Income Housing, Preservation and Resident Homeownership Act of 1990 (LIHPRHA) and the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA); and $190,000,000 for section 8 tenant-based certificates and vouchers necessary to avoid resident displacement, for witness relocation and family unification activities, and for other purposes.

HUD requested $290,000,000 for certificate and voucher rental assistance. Of this amount, almost $100,000,000 was for purposes other than providing rental assistance, including such items as settlement of litigation, counseling services and a new, previously unauthorized "Welfare-to-Work" initiative. There is a trend at HUD to initiate programs without Congressional approval and fund them with money appropriated for authorized programs. The conferees plan to carefully monitor HUD's propensity to act without Congressional mandate. In the meantime, the Department is directed to present a budget request on a timely basis that outlines and justifies their priorities and, if funds are available and the program is authorized, the Appropriations Committees may provide funding after due consideration.

Appropriates $5,750,000,000 for the third new account, "Preserving existing housing investment," which incorporates public and Indian housing operating subsidies, modernization, and housing preservation activities under the LIHPRHA. A total of $2,900,000,000 is earmarked for public and Indian housing operating subsidies, as proposed by the Senate; $2,500,000,000 is earmarked for modernization, as proposed by the Senate; and $350,000,000 is earmarked for LIHPRHA, instead of $500,000,000 as proposed by the Senate.

The conferees agree with the House report language directing HUD to create performance targets for the use of funds made available for technical assistance in the modernization earmark and to report on whether these targets are achieved.

The preservation program has been redesigned to reduce excessive program costs in the form of equity take-outs, renovations and transactions costs. To protect residents from possible displacement in the event an owner prepays the unpaid principal balance remaining on the mortgage, $100,000,000 is earmarked for tenant-based assistance. In addition, $75,000,000 is provided to fund projects not being sold to priority purchasers that have approved plans of action. Finally, $10,000,000 is provided to reimburse own-

ers of eligible properties where plans of action were submitted prior to the effective date of this Act, but were not executed because of insufficient funds.

To assist the Congress in making a determination of whether this program is the most cost-effective way to provide affordable housing opportunities to low-income families, the conferees request the General Accounting Office (GAO) to evaluate and review the program. As part of this evaluation, GAO should review the level of compensation to the owner relative to the actual value of the property, the level of rehabilitation grants relative to the rehabilitation needs of the property and the problems of administering the program. Finally, because some of the issues are similar, GAO should evaluate whether there are lessons to be learned from the experience with the preservation program that can be applied to portfolio reengineering.

Two accounts have been retained separately because of their unique characteristics: the revitalization of severely distressed public housing account and the drug elimination grants for low income housing account, as proposed by the House. In these accounts, $550,000,000 is appropriated to the severely distressed program, and $290,000,000 is appropriated to the drug elimination grants program to assist public housing authorities to fight drug problems in their communities.

Language is inserted to ensure that HOPE VI funds are used for the purpose of revitalizing severely distressed public housing facilities. HUD attempted to provide funds to predetermined housing authorities to settle litigation unconnected with the HOPE VI program. Furthermore, preferential scoring was given to housing projects that included proposals for an unauthorized program. HUD is directed to end such practices immediately. Finally, in assessing public housing demolition/disposition applications, the conferees urge HUD to review closely the local housing needs of a community, including shortages of affordable housing for low-income families, the size of the waiting list for the public housing, as well as the size of the local homeless population.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS FUND

Amendment No. 15: Deletes the language proposed by the House and stricken by the Senate to delay the availability of $300,000,000 of this appropriation until the last day of the fiscal year.

Consistent with Congressional efforts to devolve greater authority to lower levels of government and to empower citizens to develop self-help solutions within their respective communities and neighborhoods, the conferees recommend that HUD encourage States and entitlement communities to support neighborhood revitalization activities sponsored or administered by small nonprofit community-based entities. The John Heinz Neighborhood Development Program is a model that states could follow.

Amendment No. 16: Earmarks $67,000,000 for grants to Indian tribes instead of $61,400,000 as proposed by the House, and $68,500,000 as proposed by the Senate.

Amendment No. 17: Earmarks $1,500,000 for a grant to the National American Indian Housing Council (NAIHC) as proposed by the Senate, instead of $1,000,000 as proposed by the House.

Amendment No. 18: Earmarks $60,000,000 for grants promoting self-sufficiency for residents of public housing, which is $10,000,000 above the level proposed by the Senate. Earmarks up to $5,000,000 for the Tenant Opportunity Program and up to $5,000,000 for the Moving-to-Work demonstration created in the fiscal year 1996 appropriations measure.

Funds for the Tenant Opportunity Program shall not be available for any purpose until the Secretary certifies that the program is working effectively. The conferees are concerned about reports of wasteful spending practices and allegedly fraudulent activities within the program, practices which put the program at risk of elimination altogether.

Amendment No. 19: Earmarks $20,000,000 for public housing authorities and other federally-assisted low income housing programs to reimburse law enforcement entities and to augment security services, as proposed by the Senate.

Amendment No. 20: Earmarks $30,000,000 for the Youthbuild program, instead of $20,000,000 as proposed by the House and $40,000,000 as proposed by the Senate.

Amendment No. 21: Inserts a technical correction to the language as proposed by the Senate.

FEDERAL HOUSING ADMINISTRATION

FHA-MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

Amendment No. 22: Transfers $350,595,000 from FHA-mutual mortgage insurance guaranteed loan receipts for administrative expenses as proposed by the Senate, instead of $341,595,000 as proposed by the House.

Amendment No. 23: Limits use of transferred funds to $343,483,000 for departmental salaries and expenses as proposed by the Senate, instead of $334,483,000 as proposed by the House.

FHA-GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

Amendment No. 24: Transfers $207,470,000 from the FHA-General and Special Risk Program account for administrative expenses to carry out the guaranteed and direct loan program as proposed by the Senate, instead of $202,470,000, as proposed by the House. Of this transfer, $203,299,000 is for departmental salaries and expenses as proposed by the Senate instead of $198,299,000, as proposed by the House.

Amendment No. 25: Inserts a technical correction to the language as proposed by the Senate.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

Amendment No. 26: Transfers $9,383,000 from receipts generated by the GNMA-guarantees of mortgage-backed securities for

administrative expenses necessary to carry out the guaranteed mortgage-backed securities program as proposed by the Senate, instead of $9,101,000 as proposed by the House.

Amendment No. 27: Limits use of transfer of $9,383,000 for salaries and expenses, as proposed by the Senate, instead of $9,101,000 as proposed by the House.

Amendment No. 28: Inserts a technical correction to the language as proposed by the Senate.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 29: Appropriates $976,840,000 for departmental salaries and expenses, as proposed by the Senate, instead of $919,147,000 as proposed by the House. The agreement also provides that $15,000,000 is contingent on HUD providing to the House and Senate Appropriations Committees a strategic plan that results in reducing the full-time equivalent (FTE) employment level to 7,500 in fiscal year 2000. Once the plan is reviewed, the additional funds will be made available to provide retraining programs for employees, to pay for related costs of personnel making permanent changes in station, and other costs related to downsizing the Department. During this process, it will be extremely important for senior management staff to engage in open discussions with the unions and career HUD employees.

Amendment No. 30: Transfers $546,782,000 from various funds of the Federal Housing Administration for salaries and expenses as proposed by the Senate, instead of $532,782,000 as proposed by the House.

Amendment No. 31: Transfers $9,383,000 from funds of GNMA for salaries and expenses as proposed by the Senate, instead of $9,101,000 as proposed by the House.

OFFICE OF INSPECTOR GENERAL

Amendment No. 32: Inserts a technical correction to the language as proposed by the Senate.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

Amendment No. 33: Appropriates $15,500,000 for the Office of Federal Housing Enterprise Oversight (OFHEO) instead of $14,895,000 as proposed by the House, and $15,751,000 as proposed by the Senate.

The conferees are concerned that this office is a growing bureaucracy which has not met its responsibilities to develop and implement financial safety and soundness requirements for the two housing government sponsored enterprises (GSEs): the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

Additonally, the conference agreement requires the General Accounting Office (GAO) to audit the operations of OFHEO relating to staff organization, expertise, capacity and contracting to ensure that resources are adequate and are being used appropriately for developing and implementing financial safety and soundness re-

quirements for FNMA and FHLMC, as required under the Housing and Community Development Act of 1992.

The matter is addressed in Amendment No. 110.

ADMINISTRATIVE PROVISIONS

Amendment No. 34: Deletes language proposed by the House and stricken by the Senate regarding minimum rents, and inserts language proposed by the Senate to extend administrative provisions from the fiscal year 1996 VA/HUD Appropriations Act, amended to include modified House language regarding minimum rents. The conference agreement inserts language to allow minimum rents of up to $50 for public housing and section 8 housing. The remaining extensions of authority, as proposed by the Senate, are included in the provision including: suspension of the one-for-one replacement requirement, reforms to the public housing modernization program, rent reforms, the repeal of federal preferences, suspension of section 8(t) of the United States Housing Act of 1937, the "take one, take all" requirement, suspension of certain notice requirements for owners who participate in the certificate and voucher programs, suspension of section 8(d)(1)(B), the "endless lease" requirement and retaining fair market rents at the 40th percentile of modest cost existing housing instead of the 45th percentile calculation.

Additionally, the conference agreement modifies the manner in which administrative fees for tenant-based assistance are calculated, delays the reissuance of section 8 vouchers and certificates by three months, reduces annual adjustment factors by 1% for units where tenants do not move and limits high cost units. Finally, the conference agreement extends for one year those reforms made to the single family mortgage assignment program and reforms made to the disposition process of multifamily properties and mortgages owned or held by the Secretary.

Amendment No. 35: Amends language proposed by the Senate to provide up to $20,000,000 of unobligated balances from the Nehemiah Housing Opportunity Grant program for activities to promote and implement homeownership opportunities.

Amendment No. 36: Inserts language proposed by the Senate to cancel the indebtedness of the Greene County Rural Health Center.

Amendment No. 37: Inserts language proposed by the Senate to transfer all uncommitted balances of excess rental charges to the flexible subsidy fund.

Amendment No. 38: Inserts language proposed by the Senate which reduces by $2,000,000 all uncommitted balances of authorizations under section 236 of the National Housing Act.

Amendment No. 39: Inserts language proposed by the Senate which allows funds withheld by HUD from the District of Columbia's Department of Public and Assisted Housing (DPAH) to be used by DPAH's successor agency, the District of Columbia Housing Authority (DCHA), unless that agency is deemed troubled at the end of fiscal year 1998.

Amendment No. 40: Inserts language proposed by the Senate regarding financial adjustment factors, amended to appropriate

$464,442 for the Utah Housing Finance Agency to pay for amounts lost to the agency in bond refinancings.

Amendment No. 41: Amends language proposed by the Senate regarding section 8 contract renewal authority repealing the section 8 Multifamily Housing Portfolio Restructuring Demonstration created in the fiscal year 1996 VA/HUD Appropriations Act, Public Law 104–134. The revised demonstration does not nullify any agreements or proposals that have been considered under the 1996 demonstration. Furthermore, to the extent those participants have requested tenant-based contracts, those units should not be counted under the cap included in this revised demonstration.

The revised demonstration is structured so that several distinct processes can be set up and their results evaluated. Stringent reporting requirements have been added so Congress will know how the demonstration is proceeding.

Given the uncertainty about how portfolio reengineering will work, the conferees believe it is critical to be able to evaluate the framework immediately. Furthermore, the information gathered through the demonstration will be valuable to the authorizing committees as they craft legislation to: (1) decrease the escalating costs of section 8 rental assistance; (2) prevent mortgage defaults; (3) protect against resident dislocation; and (4) resolve associated tax issues.

Under the legislation, HUD is required to renew for up to one year all FHA-insured mortgages with section 8 contracts with rents at or below 120 percent of the fair market rent for an area. This safe-harbor provides HUD with the administrative ability to focus on those FHA-insured multifamily housing projects with significantly oversubsidized rents. Projects with contract rents above 120 percent of fair market rent may have their section 8 contracts renewed at 120 percent of the fair market rent, enter into a mortgage workout, or participate in the demonstration.

HUD is provided with flexible tools, including reinsurance authority, the use of project-based and tenant-based assistance, authority to forgive debt, budget-based rents, the use of bifurcated mortgages, partial and full payment of claim authority, credit enhancements, the ability to enter into risk-sharing arrangements and the sale of benefits and burdens of FHA multifamily mortgage insurance.

HUD is authorized to enter into contracts with qualified state housing finance agencies, local housing agencies, and nonprofits as a partner or as a designee to administer the program for HUD. HUD may contract and subcontract with private-sector entities who have the expertise and capacity necessary to ensure that mortgage restructurings are handled to the best advantage of the Federal government, the development, the community and the residents.

The importance of carrying out this demonstration effectively cannot be overstated in light of the families the projects serve. Many of the properties are home to elderly and disabled families, and may be located in high-cost rental markets with little available, affordable housing or are in rural areas with scarce housing resources. In most cases, the projects are oversubsidized and are in danger of defaulting on their mortgage if the section 8 payments

are reduced to market levels, raising concerns of owner disinvestment, resident displacement, and government ownership, management and disposition of the housing inventory. To achieve deficit reduction and a balance budget, continuing the existing subsidy arrangements is simply not an option.

Amendment No. 42: Inserts language proposed by the Senate to waive section 282 of the Cranston-Gonzalez National Affordable Housing Act as it applies to Hawaiian Home Lands.

Amendment No. 43: Deletes language proposed by the Senate allowing HUD to establish a buyout plan to downsize the Department and inserts language authorizing the Secretary to transfer from section 8 recaptures, up to $50,000,000 to be used to fund amendments for LIHPRHA contracts, and up to $25,000,000 for housing opportunities for persons with AIDs (HOPWA). The conferees intend that the recaptured funds shall be used first for LIHPRHA and remaining funds for HOPWA.

Amendment No. 44: Inserts language proposed by the Senate to require HUD to maintain public notice and comment rulemaking.

Amendment No. 45: Inserts language proposed by the Senate to change the definition of "urban county" to include those counties that have a population of at least 210,000 persons, that have experienced a population decrease and have had a 100-year old federal naval installation closed by the Base Closure and Realignment Commission.

Amendment No. 46: Inserts language proposed by the Senate to promote fair housing and free speech.

Amendment No. 47: Deletes language proposed by the Senate to limit HUD from insuring any section 220 projects under the National Housing Act for more than $250,000,000 without sending a justification to the Congress and inserts technical provisions to: 1) transition to the new account structure; 2) coordinate tax credits and section 8 assistance allocated to projects in New Brunswick, New Jersey; 3) extend the authority of the City of Los Angeles to use up to 25% of its CDBG allocation for public services; 4) determine rent level in the section 236 program; and 5) revise the Fair Housing Initiatives Program (FHIP) to clarify that funds shall not be used to lobby the Congress or executive branches of government.

TITLE III—INDEPENDENT AGENCIES—CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

Amendment No. 48: Appropriates $400,500,000 for national and community service programs operating expenses as proposed by the Senate, instead of $365,000,000 as proposed by the House. The House, in section 427 of the general provisions, reduced this appropriation and the appropriation for the Office of Inspector General to zero. The conference agreement deletes the part of that provision which eliminates funding for the national service programs.

Amendment No. 49: Limits funds for educational awards to not more than $59,000,000 as proposed by the Senate, instead of to not more than $40,000,000 as proposed by the House.

Amendment No. 50: Limits funds for grants under the National Service Trust, including the AmeriCorps program, to not more than $215,000,000 as proposed by the Senate, instead of $201,000,000 as proposed by the House.

Amendment No. 51: Inserts language proposed by the Senate limiting funds for national direct programs to not more than $40,000,000.

Amendment No. 52: Limits funds for the Points of Light Foundation to not more than $5,500,000 as proposed by the Senate, instead of $5,000,000 as proposed by the House.

Amendment No. 53: Limits funds for the Civilian Community Corps to not more than $18,000,000 as proposed by the Senate, instead of $17,500,000 as proposed by the House.

Amendment No. 54: Limits funds for the school-based and community-based service-learning programs to not more than $43,000,000 as proposed by the Senate, instead of $41,500,000 as proposed by the House.

COURT OF VETERANS APPEALS

Amendment No. 55: Deletes language proposed by the House and stricken by the Senate increasing the salaries and expenses appropriation by $1,411,000.

Amendment No. 56: Earmarks $700,000 of the salaries and expenses appropraiton for the pro bono representation program as proposed by the Senate, instead of $634,000 as proposed by the House.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

Amendment No. 57: Appropriates $542,000,000 for science and technology activities instead of $538,500,000 as proposed by the House and $545,000,000 as proposed by the Senate.

The conferees are in agreement with the following changes to the budget request:

+$2,150,000 for the Mickey Leland National Urban Air Toxics Research Center.

+$2,500,000 for the American Water Works Association Research Foundation.

+$700,000 for continued study of livestock and agricultural pollution abatement.

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

+$1,100,000 to continue the PM–10 study in the San Joaquin Valley, California.

+$750,000 for continuation of the Resource and Agriculture Policy Systems Program at Iowa State University.

+$1,500,000 for EPSCoR.

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

+$1,200,000 for the lower Mississippi River interagency cancer study (LMRICS).

+$750,000 for research on environmental lung disease through the National Jewish Center for Immunology and Respiratory Medicine.

+$1,000,000 for the Center for Air Toxics Metals.

+$300,000 for the clean air status and trends network (CASTNet) monitoring stations in New England.

+$1,500,000 for the Water Environmental Research Foundation.

+$1,000,000 for research on the health effects of arsenic.

+$5,000,000 for the Mine Waste Technology Program.

+$250,000 for research and development needs in onsite and alternative water and wastewater systems through the National Decentralized Water Resources Capacity Development Project.

−$17,600,000 from the Environmental Technology Initiative, leaving $10,000,000 for technology verification activities.

−$10,000,000 from the increase proposed for the climate change action plan.

−$2,200,000 from the EMAP program.

−$7,000,000 from academic graduate fellowships.

−$20,398,000 as a general reduction. In determining the level of general reduction under this account, the conferees note that directed reductions were not taken for enforcement and for hiring additional employees. Rather, the conferees agree that this general reduction be taken on an equitable basis from all intramural (salaries and expenses) and extramural (contracts and grants) activities at the Agency, including management and support, research, enforcement, regulatory activities and technical assistance.

The conferees encourage EPA to work with institutions of higher learning to establish and operate small public water system technology assistance centers, the need for which was recognized in the recently enacted Safe Drinking Water Act Amendments.

The conferees support the continuation of the Superfund Innovative Technology Evaluation (SITE) program, which has been moved to the science and technology account, at the budget request level. The program is expected to focus on the validation and verification of the performance of innovative technologies developed by the private sector that will serve to reduce remediation times and costs.

Within 90 days of enactment of this Act, the conferees direct EPA to enter into an agreement with the National Academy of Sciences (NAS) to conduct a comprehensive two-year study of the human health effects of synthetic and naturally occurring substances that may have an effect in humans that is similar to an effect produced by the hormone estrogen, and such other hormone related effects as EPA may designate. The conferees expect this study will examine the occurrence, toxicological data, mechanisms of action, and relative risk of synthetic and naturally occurring hormone related toxicants in the causation of human health problems. Because of the recent enactment of provisions mandating the development of screening programs for these substances, the study should also address issues central to the development of a cost-effective screening program, including how to select and prioritize chemicals for testing, which test or tests to include in a screening program, and the most appropriate way to use the resulting infor-

mation in developing risk estimates. If the EPA has already entered into an agreement or agreements with the NAS with regard to hormone related toxicants, the EPA is expected to merge all such studies into one report. The conferees expect such study to be completed within two years and ask the NAS to transmit the subsequent report to the Committees on Appropriations as well as to the EPA. Prior to release of the study and before proposing any regulations or testing programs that address estrogen or hormone related characteristics, the Agency is directed to thoroughly consult with the NAS and to consider the findings and recommendations of this study. The conferees expect that any written comments submitted by the NAS on a proposed regulation, as well as any EPA response to such comments, will be published as part of any final EPA rulemaking on this matter.

Finally, the conferees agree that of the $35,000,000 transferred to science and technology from hazardous substance superfund, $2,500,000 is for the Gulf Coast Hazardous Substance Research Center.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Amendment No. 58: Appropriates $1,710,000,000 for environmental programs and management instead of $1,704,500,000 as proposed by the House and $1,713,000,000 as proposed by the Senate.

The conferees are in agreement with the following changes to the budget request:

+$2,500,000 for environmental justice activities.

+$4,550,000 for rural water technical assistance activities in addition to the levels provided in the budget request, including $2,100,000 for activities of the National Rural Water Association; $900,000 for RCAPs; $150,000 for the GWPC; $350,000 for the Small Flows Clearinghouse; $1,000,000 for the National Environmental Training Center; and $50,000 to establish a regional waste water training center at Vermont Technical College.

+$1,000,000 to continue the onsite wastewater treatment demonstration program through the Small Flows Clearinghouse.

+$2,500,000 for the Southwest Center for Environmental Research and Policy.

+$700,000 to enable the Long Island Sound Office to continue the implementation of the Sound's long-term conservation and management plan.

+$250,000 for a study of EPA's Mobile Source Emissions Factor Model to be conducted by the National Academy of Sciences.

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

+$900,000 for continuing work on the water quality management plan for Skaneateles, Owasco, and Otisco Lake watersheds.

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

+$1,500,000 for the National Institute for Environmental Renewal for development of an integrated environmental monitoring and data management system.

+$3,000,000 for a sludge-to-oil-reactor (STORS) and nitrogen removal system demonstration project in the San Bernardino Valley Municipal Water District.

+$1,250,000 for the South Shore Tahoe Transportation demonstration.

+$3,500,000 for the Lake Hollingsworth lake dredging technology demonstration, Lakeland, Florida.

+$5,000,000 for the West Palm Beach, Florida potable water reuse demonstration project.

+$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/New Jersey Dredge Decontamination pilot study authorized by section 405 of the Water Resources Development Act of 1992.

+$900,000 for continuation of the Sacramento River Toxic Pollutant Control program, to be cost shared.

+$500,000 for the small water system cooperative initiative at Montana State University.

+$320,000 for the regional environmental finance centers.

+$300,000 for recycling and reuse technology development at the Iowa Waste Reduction Center.

+$1,000,000 for the non-profit For the Sake of the Salmon to fund watershed coordinators for salmon protection in the Pacific Northwest.

+$2,000,000 to continue the leaking above ground storage tank demonstration in the State of Alaska.

+$250,000 for the final year of EPA's demonstration program on the Potomac River's north branch of an acid mine drainage remediation project.

+$300,000 to continue the evaluation of ground water quality in Missouri.

+$1,000,000 for a Missouri watershed initiative cooperative demonstration project with the Food and Agricultural Policy Research Institute to link economic and environmental data with ambient water quality.

+$750,000 for the Lake Champlain management plan.

+$2,000,000 to demonstrate the latest technology in utilizing reclaimed water from a wastewater treatment facility in Silverton, Oregon.

+$500,000 to continue the model coordinated tribal water quality program in Washington State.

+$400,000 to continue the Maui algal bloom project.

+$400,000 to continue support of the Ala Wai Canal water improvement demonstration project.

+$700,000 for the solar aquatic waste water treatment demonstration project in Vermont.

+$850,000 for the Nebraska municipal governments mandates initiative.

+$525,000 for an early childhood initiative in environmental education.

+$1,000,000 for a Federal contribution to the New York City watershed protection program.

+$250,000 for the Nature Conservancy of Alaska for protection of the Kenai River watershed.

+$1,500,000 for wastewater training grants under section 104(g) of the Clean Water Act.

+$200,000 to continue the cleanup of Five Island Lake.

+$500,000 for the Alabama Department of Environmental Management to conduct a study on innovations in sewer system development and operation.

+$100,000 for a demonstration project on the use of oysters to improve water quality in Chesapeake Bay tributaries.

+$1,000,000 for a small business compliance demonstration project pursuant to section 215 of the Small Business Regulatory Enforcement Fairness Act of 1996.

+$1,000,000 for a grant program to assist established conservancies to develop or complete stream restoration or watershed management plans as approved by CALFED consistent with the Bay-Delta Category III Program. The conferees expect that the Agency's fiscal year 1998 budget estimates will identify in detail the funds and programs dedicated to implementation of the Bay-Delta Accord, and, in addition, expect that the Agency's 1997 Operating Plan will identify the funding amounts provided all programs and projects which will serve to advance or are consistent with the implementation of the Accord.

+$1,000,000 for the Michigan Biotechnology Institute's pilot program for commercializing environmental technologies of national strategic benefit.

+$200,000 for the Alabama Water and Wastewater Institute to train and upgrade waste treatment works operators and maintenance personnel as required by the Clean Water Act.

−$5,000,000 from the new sustainable development challenge grant program.

−$43,500,000 from the ETI program. The conferees agree that the design for the environment (DfE) initiative should not be treated as part of the ETI program and is thus not included in this reduction.

−$48,000,000 from climate change action plan programs. The conferees note that these programs will remain funded at nearly $68,000,000, which is similar to that provided in fiscal year 1996.

−$500,000 from the Gulf of Mexico program.

−$2,000,000 from EPA's air programs.

−$1,000,000 from low priority programs specifically related to NAFTA.

−$2,500,000 from non-specific regulatory programs as outlined in the budget request.

−$2,000,000 from the National Service Initiative.

−$7,000,000 from the Montreal Protocol facilitation fund, thus level-funding this program at the 1996 level.

−$1,000,000 from the GLOBE program.

−$121,014,000 as a general reduction. In determining the level of general reduction under this account, the conferees note that directed reductions were not taken for enforcement, management and support, or for new hires. Rather, the conferees agree that this general reduction be taken on an equitable basis from all intramural (salaries and expenses) and extramural (contracts and

grants) activities of the Agency, including management and support, enforcement, regulatory activities and technical assistance.

Of the amounts contained herein, the conferees have provided up to $500,000 to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions, direct that no less than $300,000 be allocated to the Northeast States for Coordinated Air Use Management to provide technical assistance and policy guidance to its member States, and expect that the National Environmental Education and Training Foundation will be funded at the same ratio as it was during fiscal year 1996. Within the amount provided for the Office of Small and Disadvantaged Business Utilization, the Agency is encouraged to make training grants to small, minority and women-owned businesses for hazardous waste cleanup; for lead-based paint abatement; for radon activities; and for underground storage tank cleanup.

The conferees note that the implementation of new legislation on drinking water and food safety likely will require some redirection of EPA resources. Given that these bills were only recently enacted, the Committees on Appropriations were unable to consider associated funding requirements. The conferees therefore expect EPA to address any funding requirements for implementation of these important statutes, such as drinking water health effects research, in the Agency's operating plan.

The conferees recognize that leaking aboveground tanks storing petroleum or petroleum products pose complex challenges for communities, and can threaten groundwater, the most critical source of drinking water. The conferees are concerned that EPA has yet to take substantive action on many recommendations made by the General Accounting Office in two reports. The conferees strongly urge EPA to address gaps in the program identified in the GAO reports, including secondary containment, overfill prevention, testing, inspection, compatibility, installation, corrosion protection, and structural integrity of petroleum tanks in excess of 42,000 gallons. EPA is further urged to consider ways of streamlining the administration of the aboveground storage tank program.

The conferees direct the Agency to report to the Committees on Appropriations on the number of chemical waste landfills that have received waivers of the siting requirements under the Toxic Substances Control Act (TSCA), pursuant to 40 CFR 761.75(c)(4), and describe in detail the process by which requests for such waivers are considered and approved. Further, the conferees encourage the Agency to respond thoroughly to all comments filed by local governments and knowledgeable parties on the TSCA permit application for PCB-waste disposal in Wayne County, Michigan, prior to any final action on that application.

The conferees express their support for EPA's continued funding to allow the Sokaogon Chippewa Community to assess the environmental impacts of a proposed sulfide mine project. The conferees expect the EPA to work within existing funds to assist the Sokaogon Chippewa Community in their efforts to contribute adequate and up-to-date information to federal agencies reviewing the mine proposal.

The conferees are aware that the EPA is under court order to make a decision on whether to change the current National Ambient Air Quality Standard for Particulates. The court has ordered the EPA to issue a proposed decision by November 29, 1996, and a final decision by June 28, 1997. The conferees note that at present, there appears to be insufficient data available for the Agency to decide what changes, if any, should be made to the current standard. In particular, some scientists have concluded that current data do not adequately demonstrate causality or provide sufficient information to establish a specific new control strategy. Moreover, the EPA's Clean Air Scientific Advisory Committee is meeting soon to begin to design its recommended particulate research program for the Agency. The conferees further note that, at EPA's request, $18,800,000 has been included in the conference agreement for research on particulate matter. Given that monitoring and research into causality have only just begun, the conferees believe it may be premature for the Agency to promulgate new particulate standards at this time. The conferees encourage EPA to consider a "no change" option as part of its proposed decision due by November 29, 1996, and for its final decision due in June, 1997. The conferees expect to continue to support the EPA's research and monitoring programs to develop the necessary data as quickly as possible.

The conferees are concerned regarding the practical utility of requiring the submittal of more information from the regulated community associated with EPA's planned expansion of the Toxics Release Inventory (TRI). The conferees understand that the paperwork burden on businesses and state and local government associated with EPA requirements has increased over the past year, despite an initiative to reduce paperwork. Further, EPA has neither an integrated program to manage information nor an inventory of current reporting requirements on the regulated community. Despite new information-gathering initiatives, EPA has proposed no improvement in the collection, analysis, and communication of information to the public on its own priorities, performance, or the effectiveness of such initiatives in improving the public's "right-to-know." Moreover, EPA has not sufficiently considered options to maximize the use of information already reported by facilities and available to citizens locally under the federal Emergency Planning and Community Right-to-Know Act (EPCRA) in its efforts to expand TRI to include more data on chemical uses.

The conferees thus direct a study by the General Accounting Office to:

(1) Identify options for improving the right-to-know program to more effectively address community concerns regarding risks associated with chemicals and to communicate risks to the public;

(2) Evaluate EPA information management practices, their utility in implementing the Government Performance and Results Act (GPRA), and their overall effectiveness in reducing paperwork requirements.

(3) Recommend ways to increase accountability among federal agencies in complying with existing TRI reporting requirements.

(4) Address the effectiveness of current mechanisms required under EPCRA at the local level in providing existing information on chemicals to the public; and

(5) Assess whether existing and new information requirements are designed to support the Agency's planning, budgeting, and accountability system that will implement GPRA.

BUILDINGS AND FACILITIES

Amendment No. 59: Appropriates $87,220,000 for buildings and facilities instead of $107,220,000 as proposed by the House and $27,220,000 as proposed by the Senate.

Amendment No. 60: Inserts language proposed by the House and stricken by the Senate which authorizes construction of a consolidated research facility at Research Triangle Park, North Carolina. Such authorization provides for construction of this new facility through incrementally funded multi-year contracts at a total maximum cost of $232,000,000, permits obligation of funds provided in this Act, and prohibits EPA from obligating monies in excess of those amounts made available in Appropriations Acts.

The conferees note that of the $87,220,000, $27,220,000 is available for necessary repair and maintenance costs at all EPA facilities, as well as renovation and construction costs for EPA's new headquarters facilities. The remaining $60,000,000, added to the $50,000,000 appropriated in fiscal year 1996, provides nearly one-half of the total construction costs of this important and necessary new research facility.

HAZARDOUS SUBSTANCE SUPERFUND

Amendment No. 61: Appropriates $1,394,245,000 for hazardous substance superfund as proposed by the Senate instead of $2,201,200,000 as proposed by the House, and inserts language proposed by the Senate which provides that $100,000,000 of the appropriated amount shall not become available until September 1, 1997.

Included in the appropriated level are the following amounts:

$906,238,000 for response action/cleanup activities, including $36,754,000, the budget request, for brownfields activities.

$171,194,000, the budget request, for enforcement activities.

$124,874,000 for management and support, including $11,000,000 to be transferred to the Office of Inspector General.

$64,000,000 for the Agency for Toxic Substances and Disease Registry (ATSDR). Within this amount, the conferees direct that up to $4,000,000 be used for minority health professions, no less than the fiscal year 1996 level be made available for continuation of the health effects study on the consumption of Great Lakes fish, and $900,000 be made available for continuation of the cancer cluster study in the Toms River area of New Jersey. The conferees note in this regard that some $300,000 has previously been expended by ATSDR for this study, thus the $900,000 made available in this action will bring to $1,200,000 the amount so far available for this important activity.

$53,527,000 for the National Institute for Environmental Health Sciences (NIEHS), including $32,527,000 for research activities and $21,000,000 for worker training.

$30,000,000, the fiscal year 1996 level, for transfer to the Department of Justice.

$9,412,000, the budget request, for reimbursable activities of other Federal agencies, including the U.S. Coast Guard, NOAA, FEMA, OSHA and the Department of the Interior.

$35,000,000 to be transferred to the science and technology account for necessary and appropriate research activities. Of this amount, the conferees note that $2,500,000 is available for the Gulf Coast Hazardous Substance Research Center and direct that other such research centers be funded at an appropriate level at least equal to the funding level provided in fiscal year 1996.

The conferees expect the Agency to quickly act on the direction contained in the House report regarding an ATSDR study in Caldwell County, North Carolina. The conferees also direct that all fiscal year 1996 carryover funds be applied to response action/cleanup activities.

The conferees note that on June 4, 1996, EPA announced an administrative reform to allow interest to accrue on site-specific special accounts in which Superfund settlement funds dedicated to specific site cleanups are held. Under this new policy, accrued interest would directly benefit the Superfund site and the community where the site is located, and prevent the funds which parties pay in settlement from losing value over time. The conferees applaud the Agency's decision to move forward with this administrative reform which can control remedy costs, promote cost-effectiveness, decrease litigation, increase fairness in the enforcement process, and reduce transaction costs in the Superfund program. The conferees urge the EPA, as well as the Department of Justice, Office of Management and Budget, and the Department of the Treasury, to move forward to implement this administrative improvement as soon as possible.

Finally, the conferees are concerned about the lack of progress at Pepe Field Superfund Site, Boonton, New Jersey. EPA is directed to finalize the remedial design immediately and to proceed with the construction remedy.

Amendment No. 62: Provides $1,144,245,000 of the appropriated amount from the superfund trust fund as proposed by the Senate instead of $1,951,200,000 as proposed by the House.

Amendment No. 63: Provides $64,000,000 of the appropriated amount for the Agency for Toxic Substances and Disease Registry (ATSDR) as proposed by the Senate instead of $59,000,000 for ATSDR as proposed by the House.

Amendment No. 64: Deletes language proposed by the House and stricken by the Senate which provided that $861,000,000 of the appropriated level be available for obligation only upon enactment of future appropriations legislation that specifically makes these funds available for obligation.

Amendment No. 65: Deletes language proposed by the House and stricken by the Senate which provided that $1,200,000 of the appropriated amount be made available for the ATSDR to conduct a cancer cluster study in the Toms River area of the State of New Jersey. The conferees have provided an additional $900,000 for this study included in the appropriated amount for the ATSDR.

Amendment No. 66: Appropriates $60,000,000 for the leaking underground storage tank trust fund as proposed by the Senate instead of $66,500,000 as proposed by the House.

STATE AND TRIBAL ASSISTANCE GRANTS

Amendment No. 67: Appropriates $2,875,207,000 for state and tribal assistance grants instead of $2,768,207,000 as proposed by the House and $2,815,207,000 as proposed by the Senate.

From within the appropriated level, the conferees agree to the following amounts:

$625,000,000 for clean water State revolving fund capitalization grants.

$1,275,000,000 for drinking water State revolving fund capitalization grants.

$100,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico border.

$50,000,000 for cost-shared grants to the State of Texas to improve wastewater treatment for colonias.

$15,000,000 for cost-shared grants to the State of Alaska to address water supply and wastewater infrastructure needs of rural and Alaska Native Villages.

$136,000,000 for special needs wastewater treatment and groundwater protection infrastructure grants.

$674,207,000 for state and tribal program/categorical grants. Of this amount, the conferees note that $28,000,000 is for multimedia tribal general assistance grants or performance partnership grants, at a Tribe's request. The conferees recognize that this level, which is the budget request, exceeds the authorized ceiling of $15,000,000 included in the Indian Environmental General Assistance Programs Act. The conferees also agree that, within the amount provided for wetlands implementation grants, EPA may make funds available to states to assist them with the routine expenses of conducting section 404 regulatory programs that have been assumed by the States.

Amendment No. 68: Provides $1,900,000,000 of the appropriated amount for capitalization grants for State revolving funds to support water infrastructure financing instead of $1,800,000,000 as proposed by the House and $1,976,000,000 as proposed by the Senate.

Amendment No. 69: Inserts language proposed by the Senate which permits a specific cost-shared grant to the State of Alaska to be used for water supply infrastructure needs of rural and Alaska Native Villages.

Amendment No. 70: Provides $136,000,000 of the appropriated amount for making specific wastewater, water and groundwater protection infrastructure grants instead of $129,000,000 as proposed by the House and no funding as proposed by the Senate, and inserts language proposed by the House and stricken by the Senate which makes such funds available in accordance with the terms and conditions set forth in the Conference Report and statement of managers accompanying this Act.

The conferees direct that such grants be used for the following projects in the following amounts:

$2,550,000 for continued wastewater needs in Bristol County, Mass.;

$40,000,000 for continued wastewater needs in Boston, Mass.;

$8,500,000 for continued wastewater needs in New Orleans, La.;

$11,000,000 for continued water development needs of the Mojave Water Agency, Calif.;

$8,500,000 for continued development of the Des Plaines River system TARP activity in Chicago, Ill.;

$16,000,000 for continuation of the Rouge River National Wet Weather Project;

$13,600,000 for continuing clean water improvements at Onondaga Lake;

$5,400,000 for wastewater improvements in the East Cooper Area of Berkeley County, S.C.;

$2,000,000 for sewer infrastructure improvements in Kodiak, Ak.;

$8,000,000 for water quality improvements to Tanner Creek in Portland, Ore.;

$2,850,000 for water treatment facility replacement and improvements for the Agua Sana Water Users Association, N.M.;

$5,000,000 for wastewater treatment improvements in Middlebury, Vt.;

$1,750,000 for wastewater treatment improvements in O'Neil, Neb.;

$5,000,000 for the Taney County, Mo. Common Sewer District for its wastewater improvements project;

$2,000,000 for the Northeast Ohio Regional Sewer District wet weather pollution abatement program;

$1,700,000 for nine wastewater improvement projects in Essex County, Mass., including $1,000,000 for the South Essex Sewage District;

$1,000,000 for water delivery system improvements in the Virgin Valley Water District, Nev.; and

$1,150,000 for waste water improvement needs in Franklin, Huntington, and Clearfield Counties, Pennsylvania.

The conferees are in agreement that the Agency should work with the grant recipients on appropriate cost-share agreements and to that end the conferees direct the Agency to develop a standard cost-share consistent with fiscal year 1995.

Amendment No. 71: Inserts language as proposed by the Senate which permits the Administrator of EPA to make grants to States, from funds available for obligation in the State under title II of the Federal Water Pollution Control Act, as amended, for administering the completion and closeout of a State's construction grants program. The conferees agree that this provision is needed in many States due to the appropriation of over $1,800,000,000 since 1991 for wastewater grant projects and in view of the expiration of the section 205(g) reserve for such management activities.

Amendment No. 72: Provides $1,900,000,000 of the appropriated amount for capitalization grants for State revolving funds to support water infrastructure financing instead of $1,800,000,000

as proposed by the House and $1,976,000,000 as proposed by the Senate.

Amendment No. 73: Provides $1,275,000,000 for drinking water State revolving funds as proposed by the Senate instead of $450,000,000 as proposed by the House. Public Law 104–134 stipulated that drinking after SRF funds totaling $725,000,000—$225,000,000 of which was appropriated in fiscal year 1995 and $500,000,000 of which was appropriated in fiscal year 1996—would revert to the clean water SRF on August 1, 1996 unless authorization for the drinking water SRF was enacted prior to that date. This authorization was unfortunately not completed until shortly after that date, but too late to prevent the movement of funds to the clean water SRF. Noting that the clean water SRF thus received an infusion of $725,000,000 just prior to the beginning of fiscal year 1997, the conferees have agreed to reduce the 1997 clean water SRF appropriation by this amount and use the funds to increase the drinking water SRF over the $550,000,000 they have otherwise agreed upon as the appropriate fiscal year 1997 level.

The conferees note further, however, that because the authorization for the drinking water State revolving fund did not actually occur until just prior to the Senate completing action on the 1997 appropriation legislation, neither Appropriations Committee was able to review fully and make accommodation for all new provisions of this legislation. While the conferees expect that the funds provided for clean water State revolving fund capitalization grants will be distributed by the Agency in a manner similar to such distribution in prior years, the funds provided for drinking water State revolving fund capitalization grants should be distributed to all eligible governmental agencies and should be used solely for such capitalization grants and grants for public water system expenditures.

Amendment No. 74: Deletes language proposed by the House and stricken by the Senate which stipulated that if legislation authorizing a drinking water State revolving fund is not enacted prior to June 1, 1997, the funds appropriated for a drinking water State revolving fund shall immediately become available for making capitalization grants under title VI of the Federal Water Pollution Control Act, as amended. This provision became moot when such legislation was enacted on August 6, 1996.

Amendment No. 75: Inserts language proposed by the Senate which provides that the funds made available in Public Law 103–327 for a grant to the City of Bangor, Maine shall be available to that city as a grant for meeting combined sewer overflow requirements.

Amendment No. 76: Inserts language proposed by the Senate which provides that States which have not received funds allotted from the $725,000,000 (that, pursuant to law, became available on August 1, 1996) during fiscal year 1996, may still be eligible for reallotment of 1996 funds as long as they receive their allotment of the August 1, 1996 funds during fiscal year 1997.

ADMINISTRATIVE PROVISION

Amendment No. 77: Deletes language proposed by the House and stricken by the Senate which would have permitted the trans-

fer of funds made available to any Environmental Protection Agency account to be transferred to the Science and Technology account for necessary research activities, subject to applicable reprogramming requirements.

The conferees note that this provision was intended to give the Agency flexibility in providing for new research found necessary and appropriate for a particular EPA program which was not known or specifically provided for when the budget was developed and the appropriations process completed. Because of the time lapse between the beginning and end of each fiscal year's overall process, specific research which was not planned for or given a low priority at the beginning of the budget process may become necessary or of much greater importance near the end of the fiscal year. This provision would have permitted limited transfers among EPA accounts to accommodate the changing research needs of the Agency in this circumstance.

In lieu of adopting this provision at this time, the conferees direct that the Agency review their potential need for such a provision and advise the Committees on Appropriations on the results of this review prior to Congressional hearings on the fiscal year 1998 budget request.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Amendment No. 78: Appropriates $2,436,000 for the Council on Environmental Quality and Office of Environmental Quality as proposed by the Senate instead of $2,250,000 as proposed by the House.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Amendment No. 79: Appropriates $1,320,000,000 for disaster relief as proposed by the Senate instead of $1,120,000,000 as proposed by the House.

Amendment No. 80: Deletes language proposed by the Senate and inserts in lieu thereof language which requires the Director of the Federal Emergency Management Agency to submit a comprehensive report regarding disaster relief expenditures and management controls within 120 days of enactment of this Act. Language is also inserted which makes all disaster relief funds appropriated in this Act available for immediate obligation.

The conferees have provided $1,320,000,000 in disaster relief funds for fiscal year 1997, and have included language making all such funds immediately available for obligation. When the 1997 appropriation is added to the $3,700,000,000 appropriated in prior years and still available for obligation, FEMA will have in excess of $5,000,000,000 to respond to both past and anticipated 1996 disaster situations, including the recent Hurricane Fran. The conferees have been assured that this level of available disaster relief funds makes a disaster supplemental appropriation unnecessary at this time.

The conferees have agreed to a statutory provision requiring FEMA to submit a comprehensive report within 120 days of enact-

ment of this Act on its plans to reduce disaster relief expenditures and improve management controls on the disaster relief fund. The Senate amendment prohibiting the expenditure of disaster relief funds for the repair of yacht harbors or golf courses, tree or shrub replacement except in public parks, and recreational facilities, has been deleted without prejudice, in order to give the Agency an opportunity to address the issue of controlling disaster relief expenditures in a comprehensive manner. The conferees are troubled by the findings of a recent Inspector General report, upon which the Senate amendment was based, which found substantial sums have been awarded from the disaster relief fund to restore golf courses, equestrian trails, and the like. While the Stafford Act may not disallow such expenditures, the conferees believe such disbursements may not be appropriate and can no longer be accommodated. There are many other examples of opportunities for reducing disaster relief expenditures and improving management controls on the fund, some of which can be implemented administratively, and some of which require statutory changes.

The conferees note that the FEMA Director testified before the Senate committee earlier this year that he would submit by October 1, 1996, a proposal for controlling disaster relief expenditures. Because it appears likely that this commitment will not be met, the conferees have included a statutory provision requiring such a submission within 120 days of enactment of this Act.

Last year, FEMA established a disaster resources board to oversee the process of developing and reviewing disaster relief funding requests for activities not associated with a specific disaster. The conferees are concerned that the board has a significant amount of autonomy in deciding whether or not to charge a particular non-disaster specific activity to the fund, and wish to be kept apprised of all activities of the board through reports detailing any decisions made to charge additional non-disaster specific activities to the fund. The first such report should be submitted along with the fiscal year 1998 budget request.

The conferees are aware of efforts in the State of California to develop a disaster response system to integrate local, regional, state, and federal emergency management organizations through the sharing of interrelated data applications which will aid and accelerate efficient planning, coordination, and response to disasters. FEMA is directed to work with the State in the development of this system and determine the type of assistance, both technical and financial, which would be of greatest help to the State in this effort.

Finally, the conferees note that urban search and rescue (USAR) is a critical element of effective response to earthquakes and other disasters, and are very supportive of this program. However, the conferees are concerned that not all of the FEMA USAR teams are considered fully operational at this time, and note that the geographical distribution of the teams appears to be inadequate, particularly in the Midwest. In addition, the conferees are aware of concerns that current funding for each of the teams may be insufficient. The conferees therefore direct FEMA to report within 60 days of enactment of this Act on, (1) the appropriate number and geographical distribution of USAR teams, (2) the process for discontinuing support to teams which are not fully operational, and

the Agency's plans to discontinue such teams, and (3) funding requirements for a viable program. As a replacement for inadequately funded or not fully operational USAR teams, FEMA is further directed to establish at least one new USAR team, taking into account adequate financial support, operational abilities, and geographical distribution, as quickly as possible but no later than 180 days of enactment of this Act.

Amendment No. 81: Appropriates $167,500,000 for salaries and expenses instead of $168,000,000 as proposed by the House and $166,733,000 as proposed by the Senate.

Amendment No. 82: Appropriates $4,673,000 for the Office of Inspector General as proposed by the Senate instead of $4,533,000 as proposed by the House.

Amendment No. 83: Appropriates $206,701,000 for emergency management planning and assistance instead of $209,101,000 as proposed by the House and $199,101,000 as proposed by the Senate.

The conferees are in agreement with the following changes to the budget request:

+$500,000 for a comprehensive analysis and plan of all evacuation alternatives for the New Orleans metropolitan area.

+$3,400,000 for costs associated with the replacement and upgrade of emergency response vehicles and equipment. The conferees agree that much of FEMA's equipment is obsolete and in need of repair or replacement, and understand that there will be a significant long-term cost associated with the upgrade of such equipment. This additional $3,400,000 appropriation, for example, will only provide adequate resources to replace UHF/VHF radios and ancillary equipment. In light of the great needs to upgrade equipment and thus provide better response support to disaster events, the Agency is directed to provide a comprehensive list on a priority basis of all needs in this regard, including the purchase of necessary vehicles and equipment of MERS and MATTS, as well as new systems such as the MIDAS system. The first such list should be submitted along with the fiscal year 1998 budget request and should then be updated throughout each year on an as-needed basis.

+$1,700,000 to complete the Earthquake Hazard Mitigation Program with the City of Portland, Oregon and the Oregon Department of Geology and Mineral Industries (DOGAMI).

The conferees agree to up to $2,000,000 for FEMA's participation in appropriate pre-disaster mitigation efforts. The conferees agree with FEMA's Director that mitigation activities can ultimately save significant sums from post-disaster clean-up and response actions and that the Agency should be taking an increasingly active role in developing and participating in pre-disaster mitigation programs. Such programs range in scope from the development and/or funding of mitigation plans for communities to participation with industries, insurers, building code officials, government agencies, engineers, researchers and others in developing systems and facilities to test structures in disaster-like circumstances. The conferees understand that these activities will require an infusion of considerable up-front financial support as well as the possible movement over time of disaster relief funds to pre-disaster

programs, and the Agency is expected to use up to the $2,000,000 provided herein in an appropriate manner to begin the process of movement toward a meaningful pre-disaster mitigation program. Expenditure of these funds may not, however, be made until submission to the Committees on Appropriations of an appropriate pre-disaster mitigation spending plan.

The conferees note the Administration's September 12, 1996 submission of a budget amendment for counter-terrorism activities for several agencies, including FEMA, totaling $1,097,000,000. The conferees strongly support counter-terrorism activities, such as grants to state and local emergency responders for specialized training and equipment, consequence management planning and coordination, and field training and exercises. The conferees direct FEMA to propose appropriate funding levels for necessary counter-terrorism activities in its operating plan.

Amendment No. 84: Inserts language proposed by the Senate, with a technical change, which permits FEMA to spend such sums as are necessary during fiscal year 1997 to conduct natural disaster studies consistent with law. The technical change refers to the citation of law, 42 U.S.C. 4127(c), in lieu of the citation referred to in the Senate amendment.

Amendment No. 85: Inserts language proposed by the Senate which extends the authorization for the National Flood Insurance Fund program for one year until September 30, 1997.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER FUND

Amendments Nos. 86 and 87: Deletes House language providing for a limitation of $2,602,000 on administrative expenses and inserts Senate language modifying the House provision establishing a gift fund for the purpose of defraying costs of operations of the Consumer Information Center.

The conferees agree that the Consumer Information Center is to take over responsibility for production and distribution of the Consumer Resource Handbook in addition to other duties it currently performs. The conferees further agree to include bill language which authorizes the Consumer Information Center to accept private sector donations to defray the costs of printing, publishing, and distributing consumer information and educational material, and undertaking consumer information activities.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

The conferees fully support deployment of the space station but recognize the funds appropriated by this Act for the development of the space station may not be adequate to cover all potential contractual commitments should the program be terminated for the convenience of the Government. Accordingly, if the space station is terminated for the convenience of the Government, additional appropriated funds may be necessary to cover such contractual commitments. In the event of such termination, it would be the intent of the conferees to provide such additional appropriations as may

be necessary to provide fully for termination payments in a manner which avoids impacting the conduct of other ongoing NASA programs.

SCIENCE, AERONAUTICS AND TECHNOLOGY

Amendment No. 88: Appropriates $5,762,100,000 for Science, Aeronautics and Technology, as proposed by the Senate, instead of $5,662,100,000 as proposed by the House.

The conference agreement reflects the following changes from the budget request:

a general reduction of $95,000,000;

GLOBE is reduced by $5,000,000;

an increase of $4,000,000 for cardiac imaging;

an increase of $4,000,000 for the space radiation program;

an increase of $2,000,000 for high speed civil transport research;

an increase of $5,000,000 for the WindSat program;

an increase of $12,000,000 for radar satellite;

an increase of $10,000,000 for museum programs;

an increase of $12,000,000 for advanced space transportation;

an increase of $10,000,000 for the TIMED program; and

an increase of $10,000,000 for education programs.

The conferees have agreed to provide $12,000,000 for a new start for the Light SAR program. The conferees understand that this amount of funding is in conformance with NASA's expected execution of this program for fiscal year 1997 and that additional funding will be included in the fiscal year 1998 budget submission.

With the exception of the $5,000,000 reduction of GLOBE, the conferees are directing no specific reduction to Mission to Planet Earth programs.

The conferees agree to provide an additional $10,000,000 for education programs. Included in the increase is $300,000 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, $250,000 is provided to begin replication of the Science, Engineering, Mathematics, and Aeronautics Academy program, and $300,000 is for the Classroom of the Future's Astronomy Village Program to increase the learning effectiveness of the Classroom by assessing and improving student scientific inquiry abilities.

The conferees have designated $10,000,000 for museum programs. It is the intent of the conferees that $8,000,000 is to be used for the purposes outlined on page 82 of House Report 104–628. An additional $2,000,000 is provided for initial development of a national prototype space education curriculum. This curriculum shall be designed to heighten student interest and involvement in science, technology and space programs by utilizing the education and technology base of NASA and the nation's science museum and planetarium network. The conferees expect NASA to provide approximately $1,000,000 of these funds to the Bishop Museum, Honolulu, Hawaii for development of the curriculum, with the remainder to be spent on replication and distribution of the curriculum to educational institutions nationwide.

MISSION SUPPORT

The conferees direct the NASA Administrator to submit a multi-year workforce restructuring plan on how NASA will achieve its stated fiscal year 2000 full-time equivalent (FTE) goal with the agency's fiscal year 1998 budget and updated annually with budget submissions through fiscal year 2000. This plan shall: 1) outline a timetable for restructuring the workforce at NASA Headquarters and field Centers; 2) incorporate annual FTE targets by broad occupational categories and address how these targets reflect the respective missions of Headquarters and the field Centers; 3) describe personnel initiatives, such as relocation assistance, early retirement incentives, and career transition assistance which NASA will use to achieve personnel reductions. The plan shall minimize social and economic impacts, using "reductions in force" to the minimum extent practicable. Consistent with applicable law and regulation, NASA shall provide advance notice of separations to employees and local entities and appropriate assistance to affected employees.

The conferees are concerned about NASA's plans to delay the Consolidated Space Operations Contract. In particular, the conferees note the potential increased costs associated with this delay. Given these potential costs, the conferees ask NASA to provide, within 90 days, the rationale behind the decision to delay and to outline its plans for the Consolidated Space Operations Contract.

The conferees direct NASA to implement a Wallops 2000 plan for NASA activities at Wallops Island which maintains sufficient agency investment to ensure stabilization, as well as full utilization, of the Wallops workforce.

ADMINISTRATIVE PROVISIONS

Amendment No. 89: Replaces Senate administrative provision providing for payments of up to $25,000 to employees who volunteer for separation from NASA with a new provision which gives the NASA Administrator authority to transfer up to $177,000,000 among accounts.

The conferees have deleted the administrative provision which will allow for payments of up to $25,000 to employees who volunteer for separation from NASA. Instead the conferees have included a general provision (Section 439) which will allow for payments of up to $25,000 to employees who volunteer for separation, provides for repayment to the government of the separation incentive if the employee accepts reemployment with the Government or receives an annuity for disability, requires an additional agency contribution to the Civil Service Retirement and Disability Fund, reduces full-time equivalent employment levels, and requires NASA to report to the Office of Personnel Management by March 31 of each fiscal year on the execution of this provision.

In place of the separation incentive administrative provision, the conferees have also included an administrative provision providing transfer authority to NASA. It is the intent of the conferees that this authority will be used to transfer funds between the Science, Aeronautics and Technology account and the Human Space Flight account to the extent required for development/con-

struction to maintain the schedule of the space station program. To ensure that there is no adverse effect on any NASA program, the conferees provide general transfer authority of up to $177,000,000 to be used at the discretion of the Administrator and subject to the case-by-case approval by the House and Senate Appropriations Committees. The conferees note that this authority is required because the current split between development/construction funding and science funding is not properly phased.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

Amendment No. 90: Appropriates $2,432,000,000 for Research and Related Activities, as proposed by the Senate instead of $2,431,110,000 as proposed by the House.

The conferees agree that the reduction from the budget request, $40,000,000, is to be allocated by the National Science Foundation in accordance with its internal procedures for resource allocation, subject to approval by the House and Senate Committees on Appropriations.

Of the increase provided for Research and Related Activities above the fiscal year 1996 level, the conferees direct the National Science Foundation to make available up to $1,400,000 to pay any tariff duties assessed on the Gemini project, consistent with Senate language under the Major Research Equipment account. In providing these funds, the conferees direct the Foundation to place them in reserve prior to all directorate allocations made in conjunction with their fiscal year 1997 operating plan.

The conferees note that government policy in the area of duties and/or tariffs on scientific instruments is under review with regard to this program and encourage the U.S. Customs Service to act in a responsible manner by recognizing that any assessed duties on this program will be paid by an arm of the U.S. government, in this case the National Science Foundation, and will do nothing to increase the net financial position of the United States Government.

The conferees are in receipt of a report by the National Science Foundation, requested by the House and Senate Committees on Appropriations, which addresses the possible addition of a new Navy-owned, university-operated Class 1 Oceanographic Research Vessel to the academic fleet. The report concludes that there is no current need to replace any of the four large general purpose oceanographic ships currently in the academic fleet because all of these ships have 10 to 30 years of service life remaining. While the conferees on the Department of Defense Appropriations Bill for fiscal year 1997 have agreed to provide funding for construction of a new large vessel, such a vessel is not needed at this time and the cost of operating the ship will most likely exacerbate an already constrained budget. Therefore, the conferees direct the Office of Naval Research to work with the University-National Oceanographic Laboratory System through its normal review process to ensure that the vessel will fit the needs of the oceanographic community and takes into consideration the overall balance between research funding and ship operations funding.

MAJOR RESEARCH EQUIPMENT

The conferees do not agree with the Senate direction to use $1,400,000 of funding in the Major Research Equipment account to pay U.S. Customs duties assessed on the Gemini Telescope project. The conferees have addressed this issue elsewhere in the report.

EDUCATION AND HUMAN RESOURCES

Amendment No. 91: Appropriates $619,000,000 for Education and Human Resources, instead of $612,000,000 as proposed by the House and $624,000,000 as proposed by the Senate.

The conference agreement includes the following reductions:

(1) $2,000,000 from grants for graduate fellowships;

(2) $5,000,000 from grants for undergraduate curriculum development;

(3) $2,500,000 from K–12 curriculum and assessment development; and

(4) $3,000,000 from research, evaluation and communication.

The conferees agree that these reductions are provided as guidance to the National Science Foundation; these funding levels are subject to established reprogramming procedures, subject to the approval of both the House and Senate Appropriations Committees.

Funding for Informal Science is increased by $10,000,000 which will result in a total of $36,000,000 for this vitally important program. The conferees expect that these additional funds will be used to support and strengthen systemic reform efforts funded elsewhere in this account. In addition, the conferees request that the National Science Foundation report back to the Committees on Appropriations of the House and Senate on its plans for implementing this direction. Funding for EPSCoR is increased by $2,500,000 for a total of $38,410,000. The increase for EPSCoR is to be used for advanced computing, networking and joint projects.

SALARIES AND EXPENSES

Amendment No. 92: Appropriates $134,310,000 for salaries and expenses as proposed by the Senate instead of $125,200,000 as proposed by the House.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Amendment No. 93: Appropriates $49,900,000 for payment to the neighborhood reinvestment corporation as proposed by the Senate instead of $50,000,000 as proposed by the House.

TITLE IV—GENERAL PROVISIONS

Amendment No. 94: Inserts language proposed by the Senate modifying the travel expense limitation in section 401 to accommodate the change to budget estimates, including object classifications, which have been rounded to the nearest million dollars.

Amendment No. 95: Inserts language proposed by the Senate authorizing benefits for offspring of Vietnam veterans with spina

bifida, and to offset the cost of such benefits by requiring that there be an element of fault as a precondition for entitlement to compensation for a disability or death resulting from health care or certain other services furnished by VA, amended to delay the effective date until October 1, 1997, unless legislation is enacted to provide for an earlier effective date. This delay will provide the committees of jurisdiction an opportunity to address this matter.

Amendment No. 96: Deletes language proposed by the House and stricken by the Senate prohibiting 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.

The National Center for Atmospheric Research (NCAR), which is operated largely with support from the National Science Foundation, has been conducting a competition for the acquisition of a new supercomputer. NCAR, in its bid process, selected a computer offered by a Japanese company. On August 20, 1996, the Department of Commerce announced that it was initiating an investigation to determine whether Japanese vector supercomputers were being dumped in the United States. Included in this investigation was a bid submitted in the NCAR procurement. On that same date, the National Science Foundation requested that the NCAR procurement be held in abeyance.

On September 11, 1996, the U.S. International Trade Commission determined in a preliminary investigation that there is a reasonable indication that a U.S. industry is threatened with material injury by reason of imports of vector supercomputers that are allegedly sold at less than fair value. As a result of this determination, the Department of Commerce will continue to conduct its antidumping investigation on imports of such equipment, with a preliminary determination expected by January 6, 1997, and a final determination by March 1997.

Amendment No. 97: Deletes language proposed by the House and stricken by the Senate prohibiting NASA from providing funds for the National Center for Science Literacy, Education and Technology at the American Museum of Natural History.

Amendment Nos. 98–100: Deletes language proposed by the House and stricken by the Senate prohibiting the use of funds made available by this Act for any institution of higher education which excludes Reserve Officer Training Corps or military recruiting from its campus or any entity that fails to comply with reporting requirements of law concerning the employment of certain veterans.

Amendment No. 101: Deletes language proposed by the House and stricken by the Senate increasing VA's medical care appropriation by $40,000,000 and general operating expenses appropriation by $17,000,000, offset by an across-the-board reduction of 0.4 percent. The conferees note that scorekeeping credit was not given for the offset.

Amendment No. 102: Deletes language proposed by the House and stricken by the Senate increasing VA's medical care appropriation by $20,000,000 and medical and prosthetic research appropriation by $20,000,000, offset by eliminating all funds for the Corporation for National and Community Service; and inserts language in-

creasing the medical care appropriation carried in title I by $5,000,000. This amount, together with the funds carried in title I under the medical care heading, will provide $17,013,447,000 for medical care, an increase of $5,000,000 above the Administration's budget request.

Amendment No. 103: Deletes language proposed by the House and stricken by the Senate prohibiting the Environmental Protection Agency from using its funds to allow the importation of PCB waste to be incinerated in the United States.

Amendment No. 104: Deletes language proposed by the House and stricken by the Senate prohibiting the Environmental Protection Agency from using hazardous substance superfund funding to implement any retroactive liability discount reimbursement.

Amendment No. 105: Deletes language proposed by the House and stricken by the Senate simplifying downpayment methods on FHA-insured loans, and inserts language proposed by the Senate regarding the calculation of a downpayment on an FHA mortgage originated in Alaska or Hawaii and delegating single family mortgage insuring authority to direct endorsement mortgagees, amended to limit the applicability of the downpayment provisions to fiscal year 1997.

Amendment No. 106: Deletes language proposed by the House and stricken by the Senate prohibiting the National Aeronautics and Space Administration from continued participation in a joint Russia-France-United States cooperative life sciences experiment program known as Bion 11 and Bion 12.

Amendment No. 107: Deletes language proposed by Senate regarding compliance by the Environmental Protection Agency with international obligations under the World Trade Organization. The House bill contained no similar provision.

The conferees have deleted, without prejudice, language expressing the sense of the Senate that EPA should provide a full and open administrative process in the formulation of any final rule regarding the importation of reformulated and conventional gasoline. The conferees note that, in response to a dispute settlement finding against the United States by the World Trade Organization, the United States informed the WTO on June 19, 1996 that the U.S. intends to meet its international obligations with respect to the EPA requirements on imported reformulated and conventional gasoline. The conferees recognize that EPA has initiated an open process to examine any and all options for compliance with international obligations of the United States in which a key criterion will be fully protecting public health and the environment, and fully support such an open process and the involvement of interested environmental and industrial organizations.

However, the conferees expect that this process will not result in the reinstatement of the rule title "Regulations of Fuels and Fuel Additives: Individual Foreign Refinery Baseline Requirements for Reformulated Gasoline" proposed on May 3, 1994 (59 Fed. Reg. 84), or one similar to it. Further, the conferees direct the Administrator of the Environmental Protection Agency, in evaluating any option for compliance with international obligations, to: (1) take fully into account the protection of public health and the environment and the international obligations of the United States as a

member of the World Trade Organization; (2) ensure that the compliance review process does not result in the degradation of gasoline quality required by the Clean Air Act with respect to conventional and reformulated gasoline; (3) not recognize individual foreign refiner baselines unless the Administrator determines that the issues of auditing, inspection of foreign facilities, and enforcement have been adequately addressed; and (4) provide a full and open administrative process in the formulation of any final rule.

Amendment No. 108: Inserts language proposed by the Senate permitting fiscal year 1997 and prior year funds provided under section 320(g) of the Federal Water Pollution Control Act, as amended, to be used for implementation (rather than just development) of conservation and management plans made pursuant to this section.

Amendment No. 109: Inserts language proposed by the Senate requiring a plan for the allocation of VA health care resources so veterans have similar access to such care regardless of where they live.

The conferees recognize that precipitous changes in allocations amongst VA's facilities could be very difficult for individual facilities to manage. While the conferees support VA's efforts to amend its resource allocation methodology based on a capitation model—which is intended to bring about a more equitable distribution of resources—they expect the Department to ensure that fiscal year 1997 serve as a "bridge" in moving to the new system so as to provide an adjustment period for facilities to adapt to the new model. The conferees further expect that no veteran currently receiving care by the VA will be denied VA health care services as a result of the new allocation methodology. The VA is to prepare a report by January 31, 1997, on its progress in adjusting to and impacts of the new methodology, and be prepared to discuss this matter during the fiscal year 1998 budget hearings.

Amendment No. 110: Inserts language proposed by the Senate requiring a General Accounting Office audit on staffing and contracting of the Office of Federal Housing Enterprise Oversight.

Amendment No. 111: Amends language proposed by the Senate prohibiting the consolidation of NASA aircraft based east of the Mississippi River to the Dryden Flight Research Center.

Amendment No. 112: Deletes language proposed by the Senate revising the name of the Japan-United States Friendship Commission.

Amendment No. 113: Inserts new language on separation incentive payments for NASA personnel which had been included in the Senate bill as an administrative provision and modifies the language to restrict its applicability. Modifies language proposed by the Senate authorizing the conveyance of certain real property under the jurisdiction of NASA to the City of Downey, California, amended to assign certain responsibilities to the Administrator of the General Services Administration.

The conferees intend that the concurrence of the Administrator of the General Services Administration in the conveyance by NASA of Parcels III through VI of the NASA Industrial Plant, Downey, California to the City of Downey shall be based upon completion of a disposal screening for possible utilization of the subject parcels

by other Federal agencies initiated by GSA on September 10, 1996. Furthermore, it is the intent of the conferees that nothing in this amendment shall prevent the City of Downey from entering into ground leases for periods in excess of 20 years in order to secure construction financing without triggering the reconveyance provision.

TITLE V—SUPPLEMENTALS

Amendment No. 114: Inserts new heading as proposed by the Senate.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

Amendment No. 115: Inserts language appropriating a supplemental amount of $100,000,000 for compensation and pensions as proposed by the Senate.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Amendment No. 116: Inserts language providing additional 1996 commitment authority of $20,000,000,000 in the guarantees of mortgage-backed securities loan guarantee program account as proposed by the Senate.

TITLE VI—NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996

Amendment No. 117: The conference agreement includes the Senate amendment with modifications, including the deletion of offsets. It incorporates the requirements of the provision and the authority to enforce the requirements into the new part 7 of subtitle B of ERISA and the new title XXVII of the Public Health Service Act as established by P.L. 104–191. It does not include the exception to the requirement for the 48-hour or 96-hour minimum stay in the case that the plan provides for post-delivery follow-up care. It adds a prohibition that a health plan cannot restrict benefits for any portion of the required minimum 48-hour or 96-hour stay in a manner which is less favorable than the benefits providing for any preceding portion of such stay. In addition, the conference agreement provides that nothing in this provision is intended to be construed as preventing a group health plan or issuer from imposing coinsurance, deductibles, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay. It is the intent of the conferees that cost-sharing not be used in a manner that circumvents the objectives of this title. It provides for a modification to the notice requirements by conforming them to the summary of

material modifications under ERISA. In general, it conforms the provision relating to preemption to State laws to the Health Insurance Portability and Accountability Act of 1996. Notwithstanding section 731(a)(1) of ERISA and sections 2723(a)(1) and 2762 of the Public Health Service Act, the new provisions shall not preempt a State law that requires health insurance coverage to include coverage for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations. In addition, those sections shall not be construed as superseding a State law that leaves decisions regarding the appropriate hospital length of stay in connection with childbirth entirely to the attending provider in consultation with the mother. In addition, it is the intent of the conferees that, consistent with section 704 (redesignated as section 731) of ERISA and section 2723 of the Public Health Service Act, the application of the preemption provision should permit the operation of any State law or provision which requires more favorable treatment of maternity coverage under health insurance coverage than that required under this title.

It is the intent of the conferees that health plans have sufficient flexibility to encourage or specify that attending providers follow nationally recognized guidelines for maternal and perinatal care in determining when early discharge is medically appropriate.

Throughout the title, the conferees have used the term "hospital length of stay" to indicate that the requirement for coverage of a 48-hour stay following vaginal delivery and a 96-hour length of stay following a cesarean section delivery is triggered by any delivery in connection with hospital care, regardless of whether the delivery is in a hospital inpatient or outpatient setting.

It is the intent of the conferees that a detailed series of conforming changes shall be made as soon as possible to the Internal Revenue Code, specifically subtitle K of the Internal Revenue Code of 1986 (as added by section 401(a) of the Health Insurance Portability and Accountability Act of 1996), in order to fully implement these provisions as part of chapter 100 of the Code.

TITLE VII—PARITY IN THE APPLICATION OF CERTAIN LIMITS TO HEALTH BENEFITS

Amendment No. 118. The conference agreement includes the Senate amendment with modifications. It incorporates the requirement into the new part 7 of subtitle B of title I of ERISA and the new title XXVII of the Public Health Service Act as established by Public Law 104–191. The construction clause has been modified to state that nothing in this section shall be construed as—

(1) requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any mental health benefits; or

(2) in the case of such a plan or coverage that provides such mental health benefits, as affecting the terms and conditions (including cost sharing, the limits on numbers of visits or days of coverage, and requirements relating to medical necessity) relating to the amount, duration, or scope of mental health benefits under the plan or coverage, except as specifi-

cally provided in regard to parity in the imposition of aggregate lifetime limits and annual limits for mental health benefits.

This language affirms the intent of conferees that group health plans and issuers retain the flexibility, consistent with the requirements of the Act, to define the scope of benefits, establish cost-sharing requirements, and to impose limits on hospital days and out-patient visits. Parity of mental health services with medical and surgical services defined under a group health plan is limited solely to any aggregate dollar life-time limit and any annual dollar limit under such a plan. The conference agreement clarifies that the requirements apply to each group health plan, and, in the case of a group health plan that offers two or more benefit packages, the parity requirements shall be applied separately with respect to each such option. In addition, the conference agreement applies an exemption to small employers as defined in the Health Insurance Portability and Accountability Act; adds certain definitions; and applies the requirements of the provision to group health plan years beginning on or after January 1, 1998. The agreement does not include the Senate language relating to effective dates for the Federal Employee Health Benefit Plan.

It is the intent of the conferees that a detailed series of conforming changes shall be made as soon as possible to the Internal Revenue Code, specifically subtitle K of the Internal Revenue Code of 1986 (as added by section 401(a) of the Health Insurance Portability and Accountability Act of 1996), in order to fully implement these provisions as part of chapter 100 of the Code.

The conferees intend that a limit be considered to apply to "substantially all medical and surgical benefits" if it applies to at least two-thirds of all the medical and surgical benefits covered under the group health plan's benefit package.

It is the intent of the conferees that, consistent with section 704 (redesignated as section 731) of ERISA and section 2723 of the Public Health Service Act, the application of the preemption provision should permit the operation of any State law or provision which requires more favorable treatment of mental health benefits under health insurance coverage than that required under this section.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1997 recommended by the Committee of Conference, with comparisons to the fiscal year 1996 amount, the 1997 budget estimates, and the House and Senate bills for 1997 follow:

New budget (obligational) authority, fiscal year 1996	$82,442,966,000
Budget estimates of new (obligational) authority, fiscal year 1997	87,820,371,000
House bill, fiscal year 1997	83,995,260,000
Senate bill, fiscal year 1997	84,810,153,000
Conference agreement, fiscal year 1997	84,800,283,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1996	+2,357,317,000
Budget estimates of new (obligational) authority, fiscal year 1997	−3,020,088,000
House bill, fiscal year 1997	+805,023,000
Senate bill, fiscal year 1997	−9,870,000

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JIM CHAPMAN,
MARCY KAPTUR,
DAVID R. OBEY,
Managers on the Part of the House.

CHRISTOPHER S. BOND,
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