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DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1996

SEPTEMBER 13 (legislative day, SEPTEMBER 5), 1995.—Ordered to be printed

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

REPORT

[To accompany H.R. 2099]

The Committee on Appropriations to which was referred the bill (H.R. 2099) 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, 1996, and for other purposes, reports the same to the Senate with amendments and recommends that the bill as amended do pass.

Amount of new budget (obligational) authority

Amount of bill as recommended in House	$79,697,360,000
Amount of change by Committee	+1,286,626,000
Amount of bill as reported to Senate	80,983,986,000
Amount of appropriations to date, 1995	89,920,161,061
Amount of budget estimates, 1996	89,899,762,093
Under estimates for 1996	8,915,776,093
Under appropriations for 1995	8,936,175,061

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INTRODUCTION

The Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies appropriations bill for fiscal year 1996 embodies a comprehensive and systematic restructuring of Federal programs and activities within its jurisdiction.

—Critical activities are refocused and augmented;

—Initiatives to begin the difficult process of restoring fiscal reality and improve efficiency are identified and funded;

—Obsolete and failed activities are terminated;

—The proliferation of small, burdensome, categorical programs is cleared away and delegated in block grants to States and local governments; and

—Unsustainable policy mandates are repealed.

There is no longer any dispute over the critical need to reduce excessive Federal spending and to bring the budget back into balance. It has been nearly 30 years since the Federal Government curbed its appetite for spending to match its income. Since that time, Federal outlays have increased from $184,000,000,000 to nearly $1,600,000,000,000. The gross Federal debt has soared from less than $370,000,000,000 to nearly $5,000,000,000,000. Interest on the Federal debt now exceeds the $260,000,000,000 annual expenditure for domestic discretionary programming by over $100,000,000,000.

Unless these alarming budgetary trends are reversed, resources available for discretionary programs such as those fund in this appropriations bill will soon shrink to negligible levels. The Committee accepts measured reductions in discretionary spending as a necessary component of the multiyear budgetary plan to balance the Federal budget by the year 2002, if only because the consequences of failing to make such prudent reductions will be devastating. In addition, a balanced Federal budget will fuel new vitality in our Nation's economy which will provide the revenue necessary to sustain these governmental programs.

The artificial stimulus of runaway deficit spending has failed. It is collapsing under the weight of a massive Federal debt, and is being crowded out by the pressure to meet interest payments on the debt. The bitter medicine of the congressional budget resolution is the only antidote to this poisoning of our Nation's economic health. Moreover, it is our best chance of sustaining needed Federal assistance through discretionary programming, and that remedy is reflected in this appropriations bill.

Finally, the budget crisis has created a rare opportunity to address long festering problems and examine archaic social theories underpinning many failing governmental programs. The broad debate over welfare reform, in part is being conducted, in part, in the restructuring of low-income housing assistance programs funded in this appropriations bill. There is widespread acceptance that high-rise public housing for families has failed as a housing strategy, and that these drug-infested, crime-breeding blights must be demolished. This bill provides a targeted focus on such efforts, but it also examines the root causes of such horrendously expensive failures, and recommends comprehensive reform proposals to prevent such conditions from reoccurring.

Another aspect of the recommendations of the Committee is to assess the value of services provided through the appropriations contained in this measure. In some cases, existing delivery schemes and organizational structures have been found deficient. For example, while most veterans medical facilities deliver top quality health care services, many instances of systemic inefficiencies and a number of cases of substandard care have been painfully documented. The Committee is recommending accelerated adoption of industry-wide standards of health care delivery for the VA system. In addition, the Committee has targeted budgetary reductions in the Washington DC, headquarters bureaucracy which impedes rather than facilitates innovation and initiative at the local hospital and clinic level.

The Committee has also seized this opportunity to probe deeply into the structure and management of the Environmental Protection Agency. The critical mission served by EPA requires substantial direct funding, and through its regulatory authorities, imposes an enormous financial burden on all Americans. The Committee has recommended a new focus in the Agency on improving the quality of the scientific basis for its regulatory decisionmaking. In addition, the Committee reviewed the internal resource allocation management structure of EPA and is recommending a number of improvements to assure better cooperation with other levels of government, and to focus Federal expenditures on activities of greater environmental benefit.

BUDGETARY OVERVIEW

The appropriations bill for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies for fiscal year 1996, reflects two principal concerns, both budgetary in nature. The first is the reversal in trend of annual increases in budgetary outlays for discretionary activities.

Over the past decade, discretionary outlays for programs funded in this bill have increased at an average annual rate approaching 15 percent per year, primarily driven by the cumulative growth in low-income housing assistance programs and inflationary costs related to veterans medical care. The congressional budget resolution for fiscal year 1996 (H. Con. Res. 67), however, abruptly reverses this trend, halting further continued expenditure growth in these programs. To comply with this dramatic shift in spending policies, the recently enacted Rescission Act for fiscal year 1995, Public Law 104–19, canceled a total of $8,500,000,000 in previously appropriated funds for programs included in this bill.

The second, and perhaps more significant budgetary concern is the future year constraints reflected in the budget resolution 7 year projection toward eliminating the Federal deficit by the year 2002. While overall nondefense discretionary expenditures are required to drop by 2.9 percent in fiscal year 1996, the reduction proposed for fiscal year 1997 totals 4.4 percent, and approximately 2 percent per year thereafter.

The Committee, therefore, is confronting a profound shift from year-to-year budgetary increases to a multiyear period of substantial declines in aggregate funding support, in addition to the erosion in program levels resulting from inflationary factors. This reversal in funding trends is especially substantial for activities and programs sustained by funding in this appropriations bill.

These constraints have forced the Committee to propose substantial changes in program structure and policies which traditionally have been the responsibility of the authorizing committees. It would have been desirable and more appropriate to enact these major policy changes through the authorizing process, but delays in the consideration of those measures leave the appropriations process little choice but to proceed with needed program reforms so as to minimize program disruption due to budgetary cuts, and to facilitate changes necessary to prepare these programs for future year reductions.

HOUSING PROGRAMS COST GROWTH

The Department of Housing and Urban Development is one of the largest Federal Departments in terms of domestic discretionary spending, with an annual outlay total approaching $30,000,000,000. It expends more discretionary funds than any other entity in the VA, HUD, and Independent Agencies appropriations bill. What is particularly striking, and surprisingly so, is the fact that HUD is also one of the Federal Government's fastest growing Departments in terms of discretionary spending (about 9 percent per year).

In addition, current HUD expenditure levels cannot readily be reduced because of the magnitude of previously made long-term contractual commitments and obligations. At the end of fiscal year 1995, HUD amassed a total of $219,000,000,000 in unexpended budget authority from appropriations made in prior years, an amount exceeding the accumulated balance of the Department of Defense ($188,000,000,000), and one which dwarfs all other Federal agencies.

Subsidized low-income housing is the largest component of HUD spending activities, along with community development activities such as the community development block grant [CDBG]. Both activities are noteworthy for remarkable growth over the past decade, but also for the unique characteristic of being funded with new budget authority which has negligible outlay impact in the year in which the appropriation was made. Through this budgetary quirk, substantial increases have been made in program levels, evading normal budgetary controls which have had the tendency to focus on limiting outlays on a year-by-year basis.

Discretionary Federal assisted housing outlays grew steadily from a modest $165,000,000 in 1962 to $5,500,000,000 in 1980, and soared to an estimated $23,700,000,000 in 1994. This is a rate of growth more than triple that of overall domestic discretionary spending since 1980. Fully 10 percent of all domestic discretionary outlays are now devoted to housing assistance, compared to the 4 percent it consumed in 1980 or the less than 1 percent share it occupied in the 1962 budget.

It is surprising that such substantial budgetary growth could have occurred, especially in recent years, given the increasing constraints on discretionary spending. Perhaps more surprising is that this dramatic growth has received little attention during the annual debates over the size of the discretionary budget. A number of factors have obscured the budgetary impact and implications of current housing policies. The magnitude and growth rate of subsidized housing outlays, however, can no longer be ignored, especially in light of previously enacted budget caps which freeze aggregate discretionary outlays and the prospects for still further reductions.

There are a number of characteristics of Federal low-income housing assistance which give rise to very unique budgetary concerns. Currently, approximately 4,800,000 families benefit from federally assisted housing programs. Failure to renew these subsidy arrangements mean eviction. To avoid such hardships, Congress has been called upon since 1990 to provide new appropriations for renewal of such expiring contracts. The funding needs for section 8 contract renewals are anticipated to soar above $17,000,000,000 annually in the next few years.

In addition, since many of the FHA multifamily developmental assistance contracts entered into in the late 1960's and early 1970's are also becoming eligible for termination, a new program entitled "low-income housing preservation" was enacted and is rapidly growing in cost. This program is designed to provide subsidies as an incentive to owners to maintain these developments for rental to low- and moderate-income families, again to avoid hardship for tenants who would otherwise be displaced.

This commitment to continue assistance for rental units and families occupying these units has resulted in a housing subsidy program which is all but permanent in duration. Each annual increment of additional housing units brought under subsidy increases the overall size of the inventory since almost no units ever are eliminated. This means that the annual outlay subsidy cost increases at a cumulative rate as the inventory expands. HUD now estimates that it has about 4,800,000 units under subsidy, an increase over the 1980 total of about 55 percent.

In addition to inventory driven cost growth, annual subsidy outlay increases exceeded changes in the unit count because of inflationary pressures on maintenance costs, utilities, insurance, depreciation and replacement calculations, and real estate appreciation. Finally, many public housing developments are incurring substantial additional costs of providing security improvements and services to prevent further crime and deterioration in their developments. These cost factors have forced the average annual per unit HUD subsidy (for all different forms of housing assistance) from $1,716 in 1980 to nearly $4,600 in 1994. The average per-unit cost in subsidizing a new section 8 certificate or voucher contract for fiscal year 1995 is $6,857 per year. Absent major changes in Federal housing policies, there is no reason to expect this annual escalation in subsidy rates to abate.

The per-unit cost growth in housing subsidies, when combined with the growth in the number of units in the inventory, have yielded an average compounded annual growth rate of 8.6 percent over the past 5 years for HUD assisted housing outlays.

Long-term contracts and delays in expending funds for housing construction and other community development activities cause an outlay pattern for HUD which is unique. Less than 10 percent of the estimated $30,000,000,000 of HUD outlays, Departmentwide, in fiscal year 1996 will result from budget authority appropriated in that year. The other 90 percent will flow from contracts and budget authority in previous years. Moveover, these outlays from prior year authority are estimated to rise by $3,000,000,000 over that in fiscal year 1995. In other words, the increase in prior year outlays will match the entire outlays all new budget authority provided for fiscal year 1996, so even if the entire Department was provided only close-out funding, outlays would still increase over the current year level.

Sustaining the existing rate of outlay growth for housing and community development will be impossible under the overall reductions imposed on discretionary outlays. Making the necessary programmatic changes even to moderate the rate of increase in outlays for HUD will necessarily be dramatic given the limited impact of new budgetary authority cuts on current outlays. In addition, the thicket of long-term contractual obligations, as well as FHA development guarantees, complicate any attempt to shift significantly existing housing policies.

Failure to confront directly this budgetary and programmatic problem with a defined strategy and approach will only permit greater losses in affordable housing stock since generally applied annual funding reductions will first devastate public housing, then lead to losses in the section 8 tenant-based and project-based inventory.

GROWTH IN VETERANS MEDICAL CARE COSTS

In a similar long-term budgetary cost growth trend, discretionary expenditures for the veterans health care system have grown by 85 percent over the past decade. This pattern of annual cost growth cannot be continued in the face of the budgetary assumptions of the congressional budget resolution (H. Con. Res. 67) which restrains annual growth to between 1 and 3 percent.

The VA medical care appropriation represents approximately 50 percent of the new outlays in the VA, HUD, and Independent Agencies appropriations bill. In this restrained budgetary environment, to provide increases of the magnitude of the past would require massive additional reductions to housing, space, and the environment.

As previously discussed, the budgetary growth patterns of programs funded in this appropriations bill are totally at odds with recently adopted congressional budget policies which require substantial nominal reductions in discretionary spending over the next several fiscal years. This shift in budgetary priorities demands a comprehensive reappraisal of funding allocations, program structure and design, and governmental strategies to meet national goals.

Department of Housing and Urban Development

As previously noted, the imbedded cost structure of federally assisted housing programs simply cannot be continued during this period of declining discretionary spending. The Committee is proposing landmark changes in the structure and nature of housing policies to enable local housing agencies, community organizations, and the private housing industry to adjust to declining Federal subsidy levels which have sustained and expanded this enterprise over the past 30 years. These program and policy changes cannot be implemented without significant hardship and dislocations. However, unless this process is immediately undertaken with focused deliberation and determination, the potential for devastating loss of affordable housing stock and homelessness will greatly increase.

In addition to these policy changes, the Committee is recommending major restructuring of the Department's programs to eliminate an unwieldy number of proliferating categorical activities, in favor of broad, multipurpose, financial-assistance grants to States and local units of government. This effort is designed to reduce the crushing weight of Federal administrative and regulatory burdens on local program managers, and to reduce sharply an agency which widely has been cited as among the most dysfunctional in the Government.

The Committee concurs with much of the criticism voiced of this Department, and agrees that this organization must be completely transformed if it is to survive under the budgetary pressures and popular demands for greater program accountability. It is clear, however, that irrespective of whether this Department continues to exist, there remains a substantial and growing need for housing and urban development in the Nation. Previous commitments by Congress to meet these housing needs make it incumbent on the Federal Government to continue a major role in this area. Moreover, the magnitude of previous appropriated budgetary commitments and financial obligations of the Department demand a substantial and effective entity to administer. Fiscal prudence alone demands aggressive efforts to protect these financial interests.

Department of Veterans Affairs

As noted previously, the cost growth in medical services provided to veterans cannot be continued during this period of declining discretionary budgetary resources. It is imperative that the Department of Veterans Affairs aggressively pursue reforms in service delivery to utilize available funds more efficiently, to prevent reductions in assistance levels to eligible veterans.

The veteran population is declining, and its needs are changing as it ages. While the Veterans Health Administration historically has been a hospital-based medical system primarily serving acute care needs, its population is demanding community-based, outpatient and preventive health care services. Far less is being demanded in the way of inpatient services.

It is clear that VA can do more with less—and can become a more efficient, customer-oriented, high-quality health-care delivery system. Numerous inefficiencies have been identified in the VA medical system, including an overreliance on hospitalization rather than ambulatory care, excessive payments related to its affiliations with medical schools, poor management of its pharmaceutical procurement and delivery systems, its bureaucratic administration of ascertaining veterans eligibility for care, and its insistence on maintaining services in underutilized areas.

VA must become a more agile, efficient, and modern health care delivery system, transitioning away from the hospital-based medical system of the past. While less than the amount requested, the Committee recommendation for VA medical care represents the largest dollar increase over current funding levels in the VA, HUD, and Independent Agencies appropriations bill, and will enable the Department to begin to implement major, systemic changes to its health care delivery system to enable it to become a leaner, more efficient system.

In view of the pending reorganization of the Veterans Health Administration, and potential changes which may result, the Committee has put a moratorium on new major construction spending. However, the Department is to ensure that all critical code deficiencies and accreditation requirements are met through minor construction spending.

National Aeronautics and Space Administration

NASA has been engaged in a comprehensive redirection of basic operating principles to promote greater efficiency and flexibility in pursuing major scientific and engineering development programs. The Committee recommendation leaves intact the Nation's commitment to deploy the international space station, while making significant reductions in lower priority activities of the agency.

Also included in the bill are funds to continue critical investments in aeronautical technologies which underpin the future competitiveness of our Nation's commercial aircraft manufacturing industry. These high value, high technology products are crucial to maintaining one of our most significant sources of export sales and domestic manufacturing employment.

The Committee also maintains adequate funding to pursue an effective global-climate-change research program, and to follow through on other ongoing scientific mission developments.

Environmental Protection Agency

The commitment of the Nation to securing improvements in the environment and to protect vital natural resources is reflected in the Committee's recommendation to continue substantial funding for this Agency despite the overall constraints of discretionary budgetary limitations. The future year reductions in these funding levels however, will erode our ability to maintain current levels of environmental protection unless reforms are undertaken now to focus these resources on the most significant threats to our air, water, and land resources.

The Committee held a hearing earlier this year on the need to reform the Environmental Protection Agency [EPA], with a particular focus on a report compiled by the National Academy of Public Administration [NAPA] at this Committee's request. NAPA recommended major systemic changes to EPA, and identified numerous areas in which EPA is unnecessarily duplicating or micromanaging State and private sector environmental protection activities. NAPA recommended management and structural changes which could bring about significant efficiencies and improvements in the way EPA operates. In addition, NAPA agreed that EPA is not adequately prioritizing activities and resources based on risk to human health and the environment.

The Committee believes the NAPA recommendations should provide the basis for change at EPA. The Committee's recommendation for EPA is intended to begin to implement the NAPA's suggestions, streamline EPA activities, and focus its resources on high-risk areas.

National Science Foundation

The Committee's recommendation continues current funding levels for the NSF which is responsible for most of the basic research grant funding provided by the Federal Government. Basic research, which seeks to improve our understanding of fundamental scientific principles and processes, provides the knowledge base which enriches our society and from which spring the development of applied technologies which drive our economy. Moreover, the Foundation is responsible for model educational and human resource developmental activities which seek to stimulate improvements in science and mathematics education. These goals of the Agency remain a critical national priority which hopefully will be sustained despite the impending reductions in discretionary budgets.

Federal Emergency Management Agency

The Committee's recommendation for the Federal Emergency Management Agency ensures an adequate level of resources for retaining a strong and capable national disaster management system. While no funds are provided for the disaster-relief fund, approximately $8,000,000,000 currently is available for disaster relief owing to the recent supplemental appropriation in Public Law 104–19.

REPROGRAMMING AND INITIATION OF NEW PROGRAMS

The Committee continues to have a particular interest in being informed of reprogrammings which, although they may not change either the total amount available in an account or any of the purposes for which the appropriation is legally available, represent a significant departure from budget plans presented to the Committee in an agency's budget justifications.

Consequently, the Committee directs the Departments of Veterans Affairs and Housing and Urban Development, and the agencies funded through this bill, to notify the chairman of the Committee prior to each reprogramming of funds in excess of $250,000 between programs, activities, or elements unless an alternate amount for the agency or department in question is specified elsewhere in this report. The Committee desires to be notified of reprogramming actions which involve less than the above-mentioned amounts if such actions would have the effect of changing an agency's funding requirements in future years or if programs or projects specifically cited in the Committee's reports are affected. Finally, the Committee wishes to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

The Committee also expects that the Departments of Veterans Affairs and Housing and Urban Development, as well as the Corporation for National and Community Service, the Environmental Protection Agency, the Federal Emergency Management Agency, the Federal Deposit Insurance Corporation, the National Aeronautics and Space Administration, and the National Science Foundation, will submit operating plans, signed by the respective Secretary, administrator, or agency head, for the Committee's approval within 30 days of the bill's enactment. Other agencies within the bill should continue to submit them consistent with prior year policy.

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

Appropriations, 1995	[1] $37,684,180,061
Budget estimate, 1996	38,606,762,093
House allowance	37,723,399,000
Committee recommendation	37,338,705,000

[1] Reflects rescission of $50,000,000 in Public Law 104–19.

GENERAL DESCRIPTION

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

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

The Veterans Health Administration develops, maintains, and operates a national health care delivery system for eligible veterans; carries out a program of education and training of health care personnel; carries out a program of medical research and development; and furnishes health services to members of the Armed Forces during periods of war or national emergency. A system of 173 medical centers, 376 outpatient clinics, 136 nursing homes, and 39 domiciliaries is maintained to meet the VA's medical mission.

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

The National Cemetery System provides for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans; permanently maintains these graves; marks graves of eligible persons in national and private cemeteries; and administers the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries. The National Cemetery System includes 148 cemeterial installations and activities.

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

COMMITTEE RECOMMENDATION

The Committee has provided $37,338,705,000 for the Department of Veterans Affairs, including $19,361,762,000 in mandatory spending and $17,976,943,000 in discretionary spending. The amount provided for discretionary activities represents a decrease of $217,926,061 below the current estimate, $1,268,057,093 below the budget request, and $384,694,000 below the House amount.

The recommendation includes $16,450,000,000 for veterans medical care, an increase of $235,000,000 above the current level. While a decrease below the amount requested, the Committee believes that the amount provided will enable the Department to provide high quality medical care to its current patient population. However, the Committee recommendation is intended to send a strong message to the VA that change is necessary to accommodate future budgetary shortfalls, to meet the changing needs of a declining veteran population, and to begin to incorporate more modern modes of health care delivery.

With an annual discretionary appropriation of approximately $18,000,000,000, VA simply cannot be exempted from streamlining and implementing reforms, as is being required of the rest of the Federal Government. According to numerous testimonies and reports issued by VA's inspector general and the General Accounting Office, mismanagement is leading to a great deal of wasted spending. It is the Committee's intent that budgetary savings be brought about through management efficiencies and the elimination of wasteful spending—not reductions to patient care. While numerous means of achieving budgetary savings are noted, the Department is provided with maximum flexibility in order to encourage innovation.

No funding is provided for major medical construction projects owing to the pending reorganization of the Veterans Health Administration, which may bring about significant changes in facilities needs. In addition, most of the projects requested by the administration are not authorized.

Finally, the Committee has provided close to full funding for general operating expenses, to ensure the timely and efficient processing of veterans benefits claims. Again, however, the Committee believes major systemic changes are needed within the Veterans Benefits Administration. A raft of problems have been identified within VBA—including a bureaucratic approach to claims processing, excessive regulations, inadequate automation, and a lack of strategic planning. The Committee is commissioning the National Academy of Public Administration to address these issues and to devise a strategic plan to restructure VBA.

To help offset the increases provided for VA, two administrative provisions are included, as in the House bill. The first provision impacts less than 1 percent of the veteran population, and is intended to prevent a large estate accruing to a veteran which will be inherited by remote heirs.

Currently there is no Federal restriction on who may inherit funds in estates maintained by fiduciaries of incompetent veterans. According to a September 1980 letter to the Comptroller General from the former chairman of the House Veterans Affairs Committee, "Congress intended that distant relatives should not be enriched through benefits intended for veterans or their immediate families. However, large estates consisting of VA benefits are evidently still enriching distant relatives who may have had very little to do with the veteran and were not affected by his service to the United States."

This provision results in $170,000,000 in budget authority and $157,000,000 in outlays as an offset to the increase provided for VA medical care.

A second provision authorizes the Department to utilize excess premiums collected through VA's insurance programs to fund the administrative expenses of these programs. This results in savings of $32,000,000 to the general operating expenses account.

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$17,626,892,000
Budget estimate, 1996	17,649,972,000
House allowance	17,649,972,000
Committee recommendation	17,649,972,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee has provided $17,649,972,000 for compensation and pensions, as requested by the administration and provided by the House. This is an increase of $23,080,000 over the current budget.

The estimated caseload and cost by program follows:

	1995	1996	Difference
Caseload:			
Compensation:			
Veterans	2,226,900	2,246,900	+20,000
Survivors	305,259	302,778	−2,481
Clothing allowance (nonadd)	(68,100)	(68,700)	(+600)
Pensions:			
Veterans	427,900	408,900	−19,000
Survivors	359,800	334,600	−25,200
Vocational training (nonadd)	(150)	(100)	(−50)
Burial allowances	102,800	102,100	−700
Funds:			
Compensation:			
Veterans	$11,457,695,000	$11,562,863,000	+$105,168,000
Survivors	3,036,153,000	3,017,599,000	−18,554,000
Clothing allowance	33,452,000	33,738,000	+286,000
Payment to GOE (Public Laws 101–508 and 102–568)	2,528,000	3,681,000	+1,153,000
Pensions:			
Veterans	2,228,200,000	2,219,000,000	−9,200,000
Survivors	838,100,000	811,600,000	−26,500,000
Vocational training	748,000	514,000	−234,000
Payment to GOE (Public Laws 101–508, 102–568, and 103–446)	12,905,000	12,305,000	−600,000
Payment to medical care (Public Laws 101–508 and 102–568)	10,717,000	11,445,000	+728,000
Payment to medical facilities	6,000,000	3,000,000	−3,000,000
Burial benefits	108,739,000	109,925,000	+1,186,000
Other assistance	1,961,000	1,975,000	+14,000
Unobligated balance and transfers	−110,306,000	−137,673,000	−27,367,000
Total appropriation	17,626,892,000	17,649,972,000	+23,080,000

The appropriation includes $27,431,000 in payments to the "General operating expenses" and "Medical care" accounts for expenses related to implementing provisions of the Omnibus Budget Reconciliation Act of 1990, the Veterans' Benefits Act of 1992, and the Veterans' Benefits Improvements Act of 1994. The amount represents an increase of $2,251,000 above that proposed in the budget owing to the Committee's inclusion of a provision limiting payments to incompetent veterans. The Department estimates $2,251,000 is needed to administer that provision.

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

READJUSTMENT BENEFITS

Appropriations, 1995	$1,286,600,000
Budget estimate, 1996	1,345,300,000
House allowance	1,345,300,000
Committee recommendation	1,345,300,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $1,345,300,000 for readjustment benefits, as requested by the administration and provided by the House. This is an increase of $58,700,000 above the current budget. The recommended appropriation will provide education and training benefits for 559,059 veterans, servicepersons, reservists, or dependents.

The estimated caseload and cost for this account follows:

	1995	1996	Difference
Number of trainees:			
Education and training: Dependents	39,700	39,160	−540
All-Volunteer Force educational assistance:			
Veterans and servicepersons	339,200	355,600	+16,400
Reservists	109,341	115,799	+6,458
Vocational rehabilitation	48,000	48,500	+500
Total	536,241	559,059	+22,818
Funds:			
Education and training: Dependents	$100,874,000	$99,401,000	−$1,473,000
All-Volunteer Force educational assistance:			
Veterans and servicepersons	911,853,000	985,512,000	+73,659,000
Reservists	133,720,000	147,453,000	+13,733,000
Vocational rehabilitation	296,590,000	309,150,000	+12,560,000
Housing grants	14,839,000	14,839,000	
Automobiles and other conveyances	4,901,000	4,901,000	
Adaptive equipment	21,500,000	23,020,000	+1,520,000
Work-study	29,407,000	33,758,000	+4,351,000
Payment to States	13,000,000	13,000,000	

	1995	1996	Difference
Jobs training (Public Law 102–484)	8,416,000		−8,416,000
Unobligated balances and other adjustments	−248,500,000	−285,734,000	−37,234,000
Total appropriation	1,286,600,000	1,345,300,000	+58,700,000

VETERANS INSURANCE AND INDEMNITIES

Appropriations, 1995	$24,760,000
Budget estimate, 1996	24,890,000
House allowance	24,890,000
Committee recommendation	24,890,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $24,890,000 for veterans insurance and indemnities, as requested by the administration and provided by the House. This is an increase of $130,000 above the current budget. The Department estimates there will be 5,398,882 policies in force in fiscal year 1996.

GUARANTY AND INDEMNITY PROGRAM FUND

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$507,095,000	$65,226,000
Budget estimate, 1996	504,122,000	78,085,000
House allowance	504,122,000	65,226,000
Committee recommendation	504,122,000	65,226,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee has provided such sums as may be necessary, estimated to be $504,122,000 for funding subsidy payments of the guaranty and indemnity program fund and $65,226,000 for administrative expenses. The administrative expenses may be transferred to the "General operating expenses" account.

LOAN GUARANTY PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$43,939,000	$59,371,000
Budget estimate, 1996	22,950,000	52,138,000
House allowance	22,950,000	52,138,000
Committee recommendation	22,950,000	52,138,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided such sums as may be necessary, estimated to be $22,950,000 for funding subsidy payments, and $52,138,000 to pay administrative expenses. The administrative expenses may be transferred to the "General operating expenses" account.

DIRECT LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$25,000	$1,020,000
Budget estimate, 1996	28,000	459,000
House allowance	28,000	459,000
Committee recommendation	28,000	459,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The bill includes the requested $300,000 limitation on specially adjusted housing loans; such sums as may be necessary for subsidy payments, estimated to be $28,000; and $459,000 for administrative expenses. The administrative expenses may be transferred to the "General operating expenses" account.

EDUCATION LOAN FUND PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$1,061	$195,000
Budget estimate, 1996	1,093	203,000
House allowance	1,000	195,000
Committee recommendation	1,000	195,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The bill includes $1,000 for program costs and $195,000 for administrative expenses. The administrative expenses may be transferred to and merged with the "General operating expenses" account. Bill language is included limiting program direct loans to $4,000.

VOCATIONAL REHABILITATION LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$54,000	$767,000
Budget estimate, 1996	56,000	377,000
House allowance	54,000	377,000
Committee recommendation	54,000	377,000

PROGRAM DESCRIPTION

This appropriation covers the cost of direct loans for vocational rehabilitation of eligible veterans and, in addition, it includes administrative expenses necessary to carry out the direct loan program. Loans of up to $774 (based on indexed chapter 31 subsistence allowance rate) are available to service-connected disabled veterans enrolled in vocational rehabilitation programs as provided under 38 U.S.C. chapter 31 when the veteran is temporarily in need of additional assistance. Repayment is made in 10 monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay.

COMMITTEE RECOMMENDATION

The bill includes the requested $54,000 for program costs and $377,000 for administrative expenses. The administrative expenses may be transferred to and merged with the "General operating expenses" account. Bill language is included limiting program direct loans to $1,964,000. It is estimated that VA will make 4,567 loans in fiscal year 1996, with an average amount of $430.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Administrative expenses
Appropriations, 1995 [1]	$218,000
Budget estimate, 1996 [1]	455,000
House allowance	205,000
Committee recommendation	205,000

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

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The bill includes $205,000 for administrative expenses associated with this program in fiscal year 1996, as in the House bill. These funds may be transferred to the "General operating expenses" account.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

Appropriations, 1995 [1]	$16,164,684,000
Budget estimate, 1996	16,961,487,000
House allowance	16,777,474,000
Committee recommendation	16,450,000,000

[1] Includes rescission of $50,000,000 in Public Law 104–19.

PROGRAM DESCRIPTION

The Department of Veterans Affairs [VA] operates the largest Federal medical care delivery system in the country, with 173 hospitals, 39 domiciliaries, 136 nursing homes, and 376 outpatient clinics which includes independent, satellite, community-based, and rural outreach clinics.

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

COMITTEE RECOMMENDATION

The Committee has provided $16,450,000,000 for medical care. This represents an increase of $285,316,000 over the current budget, and decreases of $511,487,000 below the budget request and $327,474,000 below the House amount.

In order to provide the Department with flexibility in determining where to reduce spending levels below what is proposed in the budget, the Committee has not taken any specific reductions. However, the Committee is aware of numerous initiatives which the Veterans Health Administration could implement to achieve significant cost savings. Many of these initiatives have been suggested by the inspector general or the General Accounting Office.

Following is a list of some options and estimated cost savings (where available) which have been identified: shift inpatient treatment to an outpatient basis where clinically appropriate (up to $2,000,000,000); reduce or eliminate beneficiary travel ($100,000,000); improve the management of VHA's drug formularies ($50,000,000); adopt Medicare rates for outpatient fee-basis care ($25,000,000); streamline means-testing procedures ($9,000,000); improve support services ($20,000,000); consolidate underutilized services in nearby VA medical centers; implement multimonth dispensing of prescription drugs; suspend locality-based pay adjustments which may be substantially higher than justified; restructure ambulatory care services to ensure a more even workload; increase sharing arrangements with the Department of Defense and discontinue the practice of inappropriately designating certain patients in acute care categories.

This list demonstrates that the amount provided for VA medical care is sufficient to provide high quality care to those veterans currently being cared for in the VA. However, the Committee is not suggesting that changes are not needed. It is strongly agreed that VA must begin to undertake major reforms in order to provide higher quality and more cost-effective medical care to veterans in view of the declining discretionary budget over the next 7 years coupled with a decreasing veteran population.

Transitioning to ambulatory care.—The Committee believes current eligibility requirements for VA medical care badly are in need of simplification and reform. The preference for inpatient care inherent in current law inhibits VA from providing the most clinically appropriate and cost-effective care in all instances. To ensure appropriate and cost-effective clinical care to veterans in the absence of comprehensive legislative changes, the Committee has included a provision enabling VA to treat veterans eligible for hospital care or medical services in the most efficient manner. Private sector medical care systems are employing managed care to use scarce medical resources more efficiently while maintaining quality of patient care. Similarly, the Committee believes VA should use resources to treat eligible veterans in the most appropriate and cost-effective medical care settings. Studies have demonstrated that VA could use some of these same techniques to provide more cost-effective care to its patients. One study of VA medical or surgical inpatients' lengths of stay indicated that VA could substitute less expensive outpatient or long-term care for 40 percent of its nonacute inpatient admissions. The Committee supports the Department's efforts to shift as much of its inpatient workload to ambulatory care settings as possible, to make better use of its resources.

Veterans integrated service networks.—VHA recently announced plans to reorganize into veterans integrated service networks [VISN's], enabling the Department to better manage its resources and services, which the Committee supports. It is expected that the reorganization will bring about important changes to VHA and will encourage innovative, modern approaches to health care delivery. The Committee strongly supports this initiative.

Currently VHA's allocation of resources amongst its 172 medical centers is very inequitable, with certain medical centers receiving double the resources of other medical centers with the same patient load. The reorganization should help to correct such inequities, and ensure that the best performing medical centers are rewarded. The reorganization should ensure that nationwide, veterans have more equitable access to VA care, and should encourage innovative, high quality cost-effective medical care to veterans.

The Committee notes that certain VA hospitals or wards of hospitals have very low occupancy rates, some lower than 50 percent, particularly for surgical services. As part of the reorganization, VHA should strongly consider eliminating surgical and other services in such medical centers, and consolidate high-cost services. This would enable the Department to use its resources more effectively, and ensure that quality of care remains high throughout the system.

Finally, in implementing the new decentralized organizational structure, VHA should ensure that specialized services for veterans, such as spinal cord injury rehabilitation, blind rehabilitation, and post-traumatic-stress disorder treatment, receive adequate resources. The Committee is concerned that reorganization efforts could endanger the national mission of VA's specialized programs and services by ceding management authority, service sizing decisions, and budget determinations for those national programs to local managers. The VHA reorganization calls for VHA national headquarters to adopt an oversight role over health care facilities in the field to ensure adequate compliance with standards based on guidelines and parameters of care. The Committee is concerned that VA is proceeding with reorganization without first adopting these guidelines and standards or the oversight plans and mechanisms to enforce them. Under these circumstances, specialized programs, which form the core of the VA's mission to disabled veterans, are in jeopardy. To avoid erosion of specialized programs, VHA is directed to identify total current funding for specialized programs listed in the reorganization plan, and is to ensure that no less than the amounts budgeted and expended for specialized programs in fiscal year 1995 be allocated for the maintenance of those programs in fiscal year 1996.

Access points.—The Committee is aware that the Department has plans to expand access to outpatient care. So-called access points are being considered in more than 180 locations. While the Committee fully supports ensuring that eligible veterans have convenient access to VA facilities, and supports the concept of community based outpatient care, the Committee is concerned about associated policy, legal, and budgetary issues which VA ought to address before proceeding with them.

First, the Committee believes that access points represent a significant change in the way VA provides health care. A reliance on community-based managed care through contractual capitation-based arrangements with private providers constitutes an important change in VA policy. This change in policy has never been formally articulated by the Department. Further, while VHA has directed medical centers to improve access to care, no criteria have been established for doing so, leaving it up to the individual medical centers to set their own policies and standards.

In addition, the Committee is aware of legal questions surrounding VA's contracting authority which would be required for certain access points being considered. To provide routine care for non-service-connected veterans through contracts with private providers, as is contemplated in some instances, may require legislation.

The Committee is also concerned about VA's plans to expand care to veterans currently not being cared for in the VA system, specifically those who may have access to other means of health care. At a time of declining resources, the Committee questions the wisdom and fairness of increasing the population served by the VA system.

In addition, the Department has not demonstrated how it will sustain the increased costs associated with access points and which particular activities may be reduced to offset the costs of establishing and maintaining access points.

Finally, the Committee is concerned that some access points are being planned in areas which are within close proximity to existing VA facilities. The Committee does not intend to prohibit VA from going forward with access points. Indeed, access points may represent the future direction for the VA and may be an integral component of the VISN's. In addition, access points will help meet the needs of underserved rural veterans. However, these issues should be addressed before the Department proceeds with its plans.

Decision support system.—The Committee continues to be concerned with VA's inability to accurately track costs and outcomes related to patient care at VA facilities. Such information is critical in order to compare the performance of one facility to another, and to appropriately allocate resources. VA is in the process of implementing the decision support system, an executive information system that will provide data on patterns of care and patient outcomes linked to resource consumption and costs associated with health care services. The Committee urges VA to move forward expeditiously with DSS, and wishes to be kept apprised of VA's progress in this area.

HOST.—The Committee is concerned that the Hybrid Open Systems Technology [HOST] Program lacks any strategic plan, including goals and objectives, appropriate selection criteria, and a migration strategy. HOST is intended to test commercial off-the-shelf applications in conjunction with VA's Decentralized Hospital Computer Program. GAO has made recommendations regarding opportunities to improve HOST, including the suspension of funding of new HOST projects until management deficiencies are corrected. The Committee supports GAO's recommendations, and notes that VA's budget request includes $15,000,000 for HOST. The Committee wishes to be kept apprised of VA's plans and progress in implementing GAO's recommendations.

Given the escalating costs of providing automated data processing support to the Veterans Health Administration activities, VA should consider alternatives to the current processes for the design, development, and maintenance of application software. Serious consideration should be given to commercial procurements, outsourcing of certain functions, reengineering processes, and other cost-effective measures. The current policies relating to in-house development and the limited use of the HOST program are not likely to provide the cost effectiveness required when the demand for ADP support is increasing. VA is directed to provide a report to the Committee on its ADP cost-containment strategy, with particular reference to the issues raised above, by March 1, 1996.

The Committee is aware of the need for a veterans community primary care clinic in Liberal, KS. Veterans in southwest Kansas currently face a 3- to 4-hour drive to the nearest VA medical center, which is unacceptable. VA should expediously establish a clinic to meet the needs of southwest Kansas' veteran population, as has been proposed by the Amarillo, TX, VA hospital. Resources to establish this clinic are to be provided from the allocation to the Amarillo facility.

The Committee is aware there is a need for outpatient care services for veterans in many areas, including Grafton, ND, and Wood and Tucker Counties, WV. VA is urged to make every effort to meet those needs within available resources.

The Committee fully supports the administration's budget request for lease costs for the relocation and expansion of the satellite outpatient clinic near Fort Myers, FL.

The Committee is aware that the Center for Minority Veterans and the Center for Women Veterans may be understaffed. Given the importance of evaluating the appropriateness of VA services and benefits for women and minorities, the Department should consider providing additional staff to these centers.

The Committee is aware of the difficulty in staffing several VA facilities in the southwest, particularly in El Paso, TX. This situation is compounded by budgetary constraints the VA faces in allocating FTEE's among its facilities. The Committee urges that the VA, through the veterans integrated service networks engage in intra-VISN FTEE transfers during the fiscal year for purposes of staffing as warranted by changing circumstances in VA medical facilities. The Committee urges the VA to review the staffing situation in El Paso and to move personnel as necessary to meet the new service demands that will exist if veterans are not required to travel to other VA facilities for treatment.

The Committee urges the Department to continue the demonstration involving the Clarksburg VAMC and Ruby Memorial Hospital at current levels.

The Committee strongly urges VA to develop a center to coordinate academic training programs for physical therapists at the Brooklyn VA hospital. The Committee is aware there is a shortage of physical therapists nationwide. A training center would provide the opportunity for students to complete research projects in physical therapy and rehabilitation. In view of the critical shortage of clinical training sites in the New York City area, the Brooklyn VA would provide an excellent location for such a training program.

The Committee commends the Department for its participation in an advanced coal technology project at the Lebanon, PA, Medical Center in which a fluidized bed boiler will cofire coal and medical wastes to provide steam for the hospital. Given the potential cost savings for energy and hospital waste disposal, the Committee directs the Department to study the potential for using this technology at other VA facilities.

Bill language is included, as in the House, delaying the obligation of $789,000,000 for equipment and land and structures object classifications until August 1, 1996. Similar language has been included in previous appropriation bills.

COMMITTEE RECOMMENDATION

MEDICAL AND PROSTHETIC RESEARCH

Appropriations, 1995	$251,743,000
Budget estimate, 1996	257,000,000
House allowance	251,743,000
Committee recommendation	257,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $257,000,000 for medical and prosthetic research, as requested by the administration. This is an increase of $5,257,000 over the current budget and the House amount. The Committee has provided an increase for this program because it is a critical component of the VA health care system. The VA research program attracts outstanding physicians to the VA system, and helps to ensure high quality cost-effective care to veterans. No funds are earmarked in view of the importance of merit-review.

The Committee recommends that health services research funding be used by VHA to develop clinical practice guidelines and outcome measures to assess the quality and quantity of spinal cord injury medicine. To assure the quality of these guidelines and measures, VHA should coordinate its development process with other

Federal agencies with guidelines development expertise including the Agency for Health Care Policy Research. To ensure the independence and acceptance of these guidelines within the practitioner community, VA should coordinate all development activity with consortia of provider and consumer groups acquainted with the field of SCI medicine.

The Committee commends VA for establishing a 5-year public-private partnership to support research on diabetes, a major health concern facing our Nation's veterans, and supports its continuation.

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

Appropriations, 1995	$10,386,000
Budget estimate, 1996	10,386,000
House allowance	10,386,000
Committee recommendation	....

PROGRAM DESCRIPTION

The Health Professional Scholarship Program provides for tuition, stipend and other educational expenses to eligible full-time students leading to degrees in nursing and other allied health disciplines. Scholarship recipients incur a service obligation to VA for a period of 1 year for each year of scholarship support. A minimum 2-year obligation is incurred by all recipients. The scholarship program, originally established by Public Law 96–330, was implemented in 1982.

COMMITTEE RECOMMENDATION

The Committee has not funded this program owing to budgetary constraints. This program was created to enhance the Department's ability to attract and retain nurses at a time when there were significant shortages. The program is no longer essential because VA does not have shortages of nurses or other health professionals. Individuals currently enrolled in the scholarship program will not be impacted by the elimination of funding; full funding for current participants was provided in earlier appropriations.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Appropriations, 1995	$69,789,000
Budget estimate, 1996	72,262,000
House allowance	63,602,000
Committee recommendation	63,602,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $63,602,000 for medical administration and miscellaneous operating expenses, a decrease of

$8,660,000 below the budget request, $6,187,000 below the current budget, and the same as the House amount. This reduction is being taken in view of the Veterans Health Administration's reorganization, which is to be implemented in fiscal year 1996. The reorganization will decentralize decisionmaking to the 22 service areas, and will decrease the need for central office oversight. Therefore, the Committee does not believe the current FTE level of approximately 800 Washington-based staff is necessary to oversee the VA medical system.

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

- −$5,000,000 from construction management. Consistent with the Committee's decision to eliminate all construction funding in fiscal year 1996, central office construction management is being reduced. Construction management workload at headquarters will be limited to overseeing ongoing projects.
- −$2,000,000 from the transition office. The Committee notes that the transition office replaced the Health Care Reform Office which was responsible for coordinating VA's efforts toward implementing health care reform as envisioned by the President's proposed legislation. This function is not needed at this time given that comprehensive health care reform legislation is unlikely to be enacted this year.
- −$1,000,000 from administration.
- −$660,000 from academic affairs.

These reductions will result in a staffing level comparable to the fiscal year 1986 level, excluding the construction management staff who were moved to the field in fiscal year 1992.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

Appropriations, 1995	$500,000
Budget estimate, 1996	....
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

Public Law 102–389, authorized an annual $500,000 grant for treatment of U.S. veterans at the Veterans Memorial Medical Center [VMMC]. The grant is for the replacement and upgrading of equipment and the rehabilitation of the VMMC's physical plant and facilities.

COMMITTEE RECOMMENDATION

The Committee has not provided any funding for grants to the Republic of the Philippines, consistent with the President's request and the House mark.

TRANSITIONAL HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

	Program account	Administrative expenses
Appropriations, 1995	$7,000	$54,000
Budget estimate, 1996	7,000	56,000
House allowance	7,000	54,000
Committee recommendation	7,000	54,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee has provided $7,000 for the estimated cost of providing loans for this new program which shall be transferred from the general post fund, associated administrative expenses of $54,000 which shall be transferred from the general post fund, and a limitation on direct loans of $70,000.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

Appropriations, 1995	$890,193,000
Budget estimate, 1996	915,643,000
House allowance	821,487,000
Committee recommendation	880,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $880,000,000 for general operating expenses, an increase of $58,513,000 over the House amount, and a decrease of $10,193,000 below the current budget and $35,643,000 below the budget request.

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

- −$32,000,000 from the administrative costs of the insurance programs. As in the House, the Committee has included an administrative provision enabling the Department to utilize surplus earnings in the insurance programs for administrative expenses associated with those programs, estimated to be $32,000,000.

− $1,000,000 from general administration travel costs. The Committee is concerned about reports of excessive travel by several high ranking VA officials. The amount provided represents an increase of $500,000 over the fiscal year 1994 level.

+ $1,000,000 for a National Academy of Public Administration study of the Veterans Benefits Administration and the claims processing system, described below.

− $3,643,000 as a general reduction, subject to normal reprogramming guidelines.

The Committee continues to be concerned about the backlog of claims in the Veterans Benefits Administration. It is simply unacceptable that veterans wait, on average more than 5 months for decisions about original compensation claims. Despite some improvements in reducing the backlog through the use of overtime, the backlog is expected to include some 400,000 compensation and pension claims awaiting action at the end of this fiscal year. Additional staff and overtime will not solve the backlog problem, but will provide only short-term improvements. Systemic problems must be addressed, including a bureaucratic, staff-intensive method of processing claims, completely inadequate automation of the process, and a plethora of cumbersome regulations.

While the Committee has provided an increase of $58,513,000 over the House amount for general operating expenses, this is not intended to demonstrate support for the status quo. Rather, it is intended to ensure timely processing of claims pending major VBA reforms, so veterans do not suffer due to the Department's problems.

The Committee continues to be troubled by reports of significant shortcomings associated with VBA's modernization effort. The modernization effort is intended to improve efficiency and timeliness of claims processing, but according to the General Accounting Office, reinforced by concerns expressed by the General Services Administration and CNA Corporation, there are serious problems. According to GAO testimony, there has been a complete lack of strategic analysis of how the new system will improve service, no examination of the costs and benefits, no integration of the various initiatives, and no one point of central authority for the project. Modernization of VBA is a critical component to improving claims processing. This issue must be a top priority and must involve more than simply the acquisition of expensive hardware. Bill language has been included preventing VBA from going forward with stage III of the modernization effort in fiscal year 1996. In addition, bill language has been included, as in the House, permitting the $25,500,000 earmarked in the fiscal year 1995 appropriations act for the VBA modernization program to be available for any expense authorized under general operating expenses.

The Committee has provided $1,000,000 to the National Academy of Public Administration for a comprehensive assessment of the Veterans Benefits Administration with particular emphasis on specific steps necessary to make claims processing more efficient and less time consuming. NAPA will evaluate the modernization initiative and its link to strategic goals and priorities, efforts to reengineer the claims processing methodology, efforts to simplify rules and regulations, performance measures for critical program areas and systems modernization efforts, the regional office structure, and the roles of the Board of Veterans Appeals and the Court of Veterans Appeals. The NAPA review is intended to build on, not duplicate, existing efforts to review and make recommendations on these issues.

Bill language has been included, as in the House, providing VA with the authority to pay administrative costs of the Service Members Occupational Conversion and Training Act.

NATIONAL CEMETERY SYSTEM

Appropriations, 1995	$72,604,000
Budget estimate, 1996	75,308,000
House allowance	72,604,000
Committee recommendation	72,604,000

PROGRAM DESCRIPTION

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

There are a total of 147 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico.

COMMITTEE RECOMMENDATION

The Committee has provided $72,604,000 for the National Cemetery System, as provided by the House.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1995	$31,815,000
Budget estimate, 1996	33,500,000
House allowance	30,900,000
Committee recommendation	30,900,000

PROGRAM DESCRIPTION

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit and investigation and inspections of all Department of Veterans Affairs programs and operations.

COMMITTEE RECOMMENDATION

The Committee has provided $30,900,000 for the inspector general as in the House. This is a decrease of $2,600,000 below the request and a decrease of $915,000 below the current budget.

CONSTRUCTION, MAJOR PROJECTS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$354,294,000
Budget estimate, 1996	513,755,000
House allowance	183,455,000
Committee recommendation	35,785,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $35,785,000 for the "Major construction" account. This amount provides for no new major medical construction projects. The amount funds the administration's request for asbestos abatement for ongoing projects ($17,625,000); hazardous substance abatement for ongoing projects ($500,000); national cemetery system projects ($6,860,000); the judgment fund ($10,300,000); and claims analyses ($500,000).

The Committee has not funded any new construction projects for several reasons. First, the Committee is concerned about the outyear budget implications associated with building new facilities, and the Department has not demonstrated how it will accommodate activation costs for new facilities with a declining budget. In addition, legislation has not been reported out of the Senate Veterans Affairs Committee authorizing construction projects for fiscal year 1996 which are not currently authorized; no funds may be expended by the Department for unauthorized projects. Finally, until the reorganization of VHA is implemented, the Committee believes it is premature to begin new construction projects.

The Committee notes that its recommendation is consistent with the opinion of the Senate Veterans Affairs Committee, which stated in its report on the fiscal year 1996 budget (Senate Report 104–82): "* * * VA's emphasis on its inpatient care and acute care infrastructure—expressed both by its plans to build new medical centers and to rehabilitate old ones—is cause for concern. The Committee is greatly concerned that this may reflect a misallocation of scarce Federal resources to health care delivery methods which are relatively inefficient, and which have been deemphasized by private sector providers' emphasis on ambulatory care facilities." The Veterans Affairs Committee goes on to "urge VA to reorient its thinking to the enhanced provision of ambulatory care and nonacute care services." Finally, the Veterans Affairs Committee stated that: "it does not anticipate, absent some extraordinary circumstances, authorizing the construction of any new inpatient facilities."

According to GAO, average daily inpatient workload in VA hospitals declined 56 percent between 1969–94 with further declines likely. The Committee urges the Department to carefully consider how the Department's reorganization efforts, and possible realignments which occur as part of reorganization, will impact its future facility construction and renovation needs. It is expected that the fiscal year 1997 budget request will be predicated on a careful analysis of, and strategic plan to meet, future systemwide needs, recognizing a declining and aging veteran population and a shift toward outpatient care.

The Committee notes the compelling needs of veterans in east central Florida for medical care, and regrets that current and future budget constraints have prevented the funding of the proposed Brevard County Medical Center. The Department is to make every effort to ensure that the medical needs of all eligible veterans in east central Florida who seek VA medical care are provided for. In the event that significant additional appropriations are not provided for the phased construction of the Brevard County hospital in the 1996 appropriations process, the fiscal year 1995 appropriation of $17,200,000 shall be used for the design and construction of a comprehensive medical outpatient clinic, as in the House.

The Committee notes that the renovation projects requested in the budget would address signficant space, functional, and technical deficiencies; privacy standards; and handicapped accessibility requirements. In particular, the Committee notes that the proposed renovation of the Reno VAMC would address inadequate fire protection, oxygen systems, air-conditioning, handicapped accessibility, and various space deficiencies. Similarly, the Perry Point renovation project would address Joint Commission on Accreditation of Healthcare Organizations [JCAHO] criteria and code requirements, and improve safety and ward management. However, as stated earlier, until authorized, the VA cannot proceed with these projects; five of the seven requested projects are not autorized. Moreover, the VA must ensure that each of these facilities will be needed in the future to address the needs of a changing veteran population. To address critical deficiencies of an immediate nature, particularly items required for JCAHO accreditation, the appropriation for minor construction has been increased above the current funding level.

The Committee is concerned that VA has not expended funds previously appropriated for the Reno project to move the project along in a timely manner, and strongly encourages VA to utilize currently available funds in an appropriate and expeditious manner.

Several important projects have come to the Committee's attention. The Committee notes the high priority associated with constructing an ambulatory care addition and patient environmental improvements at the Wilkes-Barre, PA, VA Medical Center. The Committee also continues to support the central air-conditioning project at the Fargo, ND, VA Medical Center. And finally, the Committee notes the importance of the Providence, RI, regional office relocation. These projects are to receive priority consideration for inclusion in the President's fiscal year 1997 budget.

Bill language has been included, as in the House, transferring $7,000,000 from this account to the parking revolving fund for the San Juan VA Medical Center parking facility. This is a technical correction to the fiscal year 1995 appropriation for that project.

CONSTRUCTION, MINOR PROJECTS

Appropriations, 1995	$152,934,000
Budget estimate, 1996	229,145,000
House allowance	152,934,000
Committee recommendation	190,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $190,000,000, an increase of $37,066,000 over the current budget and the House amount, and a decrease of $39,145,000 below the amount requested. The increase is provided owing to the importance of meeting basic infrastructure improvements such as correction of code deficiencies and correcting environmental deficiencies that affect patient care areas such as air-conditioning and ventilation, handicap accessibility, life safety code, and compliance with accreditation standards. The amount provided will also ensure that revised technical facility requirements to control the potential spread of infectious diseases are met.

This appropriation account should be used to meet any critical requirements, such as safety and fire code deficiencies, at facilities which were denied major construction funding by the Committee in fiscal year 1996. The Committee wishes to ensure such deficiencies are addressed in a timely fashion.

PARKING REVOLVING FUND

Appropriations, 1995	$16,300,000
Budget estimate, 1996	....
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

No new budget authority is requested by the administration or provided for fiscal year 1996.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Appropriations, 1995	$47,397,000
Budget estimate, 1996	43,740,000
House allowance	47,397,000
Committee recommendation	47,397,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $47,397,000 for grants for the construction of State extended care facilities. The amount provided is the same as the House amount and the current budget, and represents an increase of $3,657,000 above the budget request. This amount should enable the Department to come close to fully funding priority I project requests. The Committee recognizes that this program is a cost-effective means of meeting the long-term health care needs of veterans.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS' CEMETERIES

Appropriations, 1995	$5,378,000
Budget estimate, 1996	1,000,000
House allowance	1,000,000
Committee recommendation	1,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $1,000,000 for grants for construction of State veterans' cemeteries in fiscal year 1996, as requested by the administration and provided by the House.

ADMINISTRATIVE PROVISIONS

The Committee has included six administrative provisions carried in earlier bills. In addition, a provision is included limiting compensation payments to certain mentally incompetent veterans with no dependent family members. This provision results in $170,000,000 in budget authority and $157,000,000 in outlays, which is used to offset the increase provided for medical care.

Another provision is included enabling VA to use surplus earnings from the life insurance programs for administrative expenses associated with those programs, totaling approximately $32,000,000. This provision offsets the reduction to general operating expenses.

The Committee has included an administrative provision authorizing VA to convey property to the Federal Highway Administration which is necessary for the modernization of U.S. Highway 54 in Wichita, KS. The project requires the acquisition of approximately 6.3 acres of land, across the south edge of the Department of Veterans Affairs Medical and Regional Office Center [VAM&ROC], Wichita, KS. The city of Wichita will be responsible for providing the appropriate space necessary to house the services and equipment currently occupying buildings 8 and 30, documenting the historical aspects of building 8, and relocating the medal of honor memorial. All costs and responsibilities, and compliance with all existing statutes and regulations associated with transferred land and improvements thereon, shall be the sole responsibility of the Secretary of Transportation.

Finally, the Committee has included bill language authorizing VA to use supply fund resources for an acquisition computer network, as requested by the Department. This will enable VA to streamline the procurement process and optimize the use of scarce medical resources.

TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Appropriations, 1995	$25,453,518,000
Budget estimate, 1996	24,340,032,000
House allowance	19,391,383,000
Committee recommendation	20,329,167,000

GENERAL DESCRIPTION

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

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $20,329,167,000 for the Department of Housing and Urban Development. This is a reduction of $5,064,351,000 from the 1995 enacted level, $4,010,865,000 below the budget estimate, and $937,874,000 above the House allowance.

INTRODUCTION

In January of this year the Committee held a series of special hearings on the Department of Housing and Urban Development management and budgetary crisis. During the course of those hearings the Committee reviewed testimony from a variety of witnesses and examined a number of recent reports addressing these serious shortcomings of the Department. Among the studies analyzed were:

1. The National Academy of Public Administration [NAPA] July 1994 study, "Renewing HUD: A Long-Term Agenda for Effective

Performance." This study, ordered by this Committee in September 1992 found that over the past 15 years the number of HUD programs have grown, its program flexibility has been sharply curtailed, and its financial exposure has increased. It urged expeditious, comprehensive consolidation and reauthorization of HUD programs and called for broad waiver and demonstration authority to foster innovation and respond to community initiatives.

Finally the academy report stated that "[i]f, after 5 years, HUD is not operating under a clear legislative mandate and in an effective, accountable manner, the President and Congress should seriously consider dismantling the Department and moving its core programs elsewhere."

2. The HUD reinvention blueprint which declared that "[c]onsolidation and devolution will change the way HUD interacts with families and communities, and, consequently, decrease the number of staff and dramatically change the types of skills required to maintain productive relationships." The HUD document proposed to reduce administrative and processing requirements for both localities and the Department and improve service through less onerous requirements, greater local responsibility and flexibility, and less direct HUD involvement.

3. The HUD inspector general's December 1994 report on "Opportunities for Terminating, Consolidating, and Restructuring HUD Programs" which identified and evaluated 240 separate HUD programs. The report proposed eliminating small categorical programs with limited impact and high administrative burdens; social service activities beyond HUD's capacity to administer; heavily regulated, inflexible programs; and multiple overlapping programs.

In her testimony before the Committee, the HUD inspector general noted the absence of strong leadership and consistent follow-through as a factor in delays in correcting HUD management problems, and cautioned that reform efforts would be an immensely difficult task.

4. The General Accounting Office also presented testimony which delineated the HUD deficiencies of weak internal controls, an ineffective organizational structure, an insufficient mix of staff with the proper skills, and inadequate information and financial management systems. The GAO statement then observed that:

> [s]olving the problems that exist at HUD will not be easy and will require a full reexamination of housing policy and HUD's mission. Budget needs for HUD's programs are growing and, given current housing policy, will remain at high levels for the foreseeable future, in part because of HUD's long-term financial commitments. Also correcting management deficiencies at HUD will take years and will require an infrastructure that provides information on which to base policy decisions. Reforms—be they mild or drastic—could have serious budget and social implications * * *.

This series of hearings and accompanying reports reinforced the developing consensus that the Department of Housing and Urban Development indeed is confronting a budgetary and management crisis of unprecedented proportions. Moreover, there was wide agreement on the desperate need to undertake fundamental reversal of Federal housing and community development policy which yielded the past several decades' record of proliferating programs and administrative burdens. Finally, there was a clear call for a structural, disciplined, and long-term effort to improve HUD management and informational capabilities.

Every witness emphasized the need for fundamental change, requiring a concerted effort by the administration and the Congress. It is, therefore, very disconcerting to note that in the 9 months which have elapsed since that series of hearings, no comprehensive HUD reform measure has been introduced nor has any authorizing committee conducted followup hearings in delineating the specific legislative steps necessary to address these critical issues.

This Committee pointedly expressed the urgency for comprehensive legislation to address the widespread management and budgetary problems confronting the Department during the consideration of the recently enacted rescission bill for fiscal year 1995 (Public Law 104–19). In the Senate report accompanying that measure, the Committee stated that:

> [This] recommendation is to provide limited program reform of excessive administrative and bureaucratic burdens on efficient housing management and operations. Although the Committee cannot recommend the comprehensive reform legislation needed by the Department in the context of this emergency supplemental appropriations bill, the need for reform is as desperately urgent in this administrative and budgetary disaster, as in any natural disaster. Hopefully, these initial efforts will set the stage for enactment of a larger and more comprehensive restructuring of departmental activities and responsibilities prior to the consideration of the fiscal year 1996 appropriations bill later in this session of the Congress.—Senate Report 104–17, at page 107, March 24, 1995.

Despite this plea for prompt action, the Committee must now confront the responsibility of recommending specific funding levels for the Department, and its estimated $1,000,000,000,000 in programmatic commitments, without the benefit of comprehensive legislative formulations by the authorizing committees of jurisdiction. The appropriation of another $20,000,000,000 for this Department without such comprehensive reforms cannot be tolerated. Therefore, the Committee has no alternative but to propose an extensive legislative package of administrative and management changes which redirect the programs and authorities, and which provide a more reasonable and justifiable basis for the expenditure of these massive sums.

In addition, within the context of individual program funding recommendations, the Committee proposes the simplification and consolidation of many individual categorical programs as suggested by recent studies of the Department. The Committee notes that this is a transitionary period in which only a first round of such consolidations are proposed. In future years, the Committee anticipates continued progress in eliminating many of these remaining separate categories of funding as States, localities, and other housing and community development organizations adjust and transition their activities to this restructuring of the Department and the Federal responsibilities.

HUD MANAGEMENT AND ORGANIZATIONAL REFORMS

Public and Indian housing

The Committee considered, but has deferred recommending statutory provisions to require the implementation of a reorganization of the Office of Public and Indian Housing to redirect staff resources toward addressing the critical needs of troubled public housing authorities, and the need to accelerate the demolition of obsolete developments and facilitate the development of mixed-use, mixed-income replacement housing.

It is the Committee's view that such reorganization can be effectively implemented only through concerted efforts by the Department if it shares the concern over the inadequacy of meeting these pressing needs. Unfortunately, to date, the Committee has seen little evidence of a meaningful commitment by the Department to refocus its staffing and management resources toward these serious priorities.

For example, recently the Department assumed control of the long-troubled Chicago Public Housing Authority. It is not clear whether HUD made a deliberate decision to displace local management, but upon the resignation of the authority's governing board, the Department decided to replace local officials with personnel from HUD headquarters, other HUD offices, and with volunteers from other public housing authorities. This step, while clearly needed to break a downward spiral of housing conditions in the Chicago authority, have strained the Department's ability to carry out its ongoing responsibilities to assist other distressed public housing authorities.

Such dramatic steps as a Federal takeover simply do not represent a sustainable solution to similar problems afflicting other troubled authorities across the country in cities such as New Orleans, Philadelphia, and Detroit. Rather than engaging in such extraordinary crisis management efforts to salvage such dysfunctional authorities, the Department must develop a strategy to anticipate and prevent such desperate conditions.

The Committee is convinced that the Department must abandon its attempt to administratively control the operations of all public housing authorities. Those localities that have demonstrated the management ability and desire to independently redirect their low-income housing assistance programs should be allowed to chart their own course without HUD bureaucratic interference. The Department must instead focus its attentions toward those housing authorities that are experiencing management shortcomings, or are in need of greater assistance from HUD in developing more effective programs.

In addition, the Committee is proposing a concentration of resources focused on the urgent task of demolishing failed public housing developments. The affected housing authorities must replace these obsolete, unworkable, inefficient, and excessively costly to maintain projects with mixed income developments that have lower concentrations of poverty. An alternative to replacement housing includes greater reliance on vouchers where such forms of housing assistance will better utilize local market resources at lower subsidy cost. Related to the demolition of these failed housing projects, HUD also needs to dramatically expand its capacity to assist cities and local housing authorities in expanding relationships with private housing developers and others in utilizing more innovative means of developing affordable housing for low-income families which include tax credits, State debt financing, and other capital sources.

It is clear that these new methods require a very different skill mix than is currently represented in the HUD field office structure which has been preoccupied with regulatory and administrative compliance rather than on economic feasibility and analyzing complex financial proposals. Similarly, cities and local housing authorities have long forgotten the lessons and limitations of creative dealmaking associated with programs such as the urban development action grants [UDAG], which encouraged leveraging public resources with private capital to make possible development projects. Assuring the financial viability of such projects and maximizing the return on the contribution of public participation requires specialized training and skills which are not well represented in the current administrative ranks of the Department or the cities.

FHA and multifamily housing management

In many respects, the deficiencies and mismanagement that plague HUD's public housing programs are even worse with respect to the Department's portfolio of FHA-insured and federally subsidized multifamily project-based assistance programs. During hearings earlier this year the HUD inspector general cited the alarming condition of portions of HUD's multifamily housing program and said that a disturbing number of projects are neglected by their owners. Tenants, with their rent subsidies tied to these projects, are essentially trapped in deplorable conditions and HUD's risk for significant loss is enormous.

Perhaps most alarming was the HUD inspector general's assessment of the Department's management and data systems. She said that HUD lacks the resources needed, in terms of both numbers and expertise, to adequately service loans and section 8 contracts. She went on to report that HUD's management controls in the insured/assisted multifamily housing area are also weak. Field office physical property inspections, financial statement reviews, and onsite management reviews have not been performed in a way that consistently identifies and resolves problems.

Testimony presented by the GAO reaffirmed the findings of the HUD inspector general, and stated that HUD's automated data systems cannot be relied on to provide relevant, timely, accurate, or complete information and do not adequately support the early detection of problem loans. Also not having enough loan servicers with the proper skills has hampered the performance of fundamental FHA activities, such as monitoring the insured loan portfolio and servicing loans on properties whose owners have defaulted on their mortgages.

Both were commenting on an insured loan portfolio exceeding $30,000,000,000 in contingent taxpayer liability, and on which FHA has already established a $10,300,000,000 loan loss reserve. Moreover, these subsidized apartment buildings currently cost about $8,000,000,000 in annual rental subsidies, often at rates which substantially exceed prevailing market rents.

As discussed later in this report, the Department has proposed a mark-to-market initiative to address the cost of these housing assistance programs. Unfortunately, HUD is constrained by its own administrative and data management limitations in assessing the impact of its own proposals, and has been forced to undertake a special survey to provide more accurate information on its multifamily housing inventory.

In addition, the Department was constrained in proposing strategies for reducing the cost of maintaining and subsidizing this portfolio of apartment projects by it own acknowledged shortcomings in handling the administrative burden of undertaking a project-by-project renegotiation of subsidies and property management. Instead of recommending individualized project assessments and workout arrangements, the Department decided to turn over these holdings to a modified liquidation process in which private contractual parties would conduct property valuations and implement disposition measures based on simple financial real estate assessments and FHA loss avoidance concerns.

Naturally, this is of great concern to property owners who view such a process as an abrogation of the original low-income housing development commitment under which these properties were initially developed, very upsetting to affected residents of these apartment buildings who face potential displacement, and potentially catastrophic to the neighborhoods in which these developments sometimes represent the only hope for retaining secure and decent affordable housing, and which otherwise face continued decline.

While it is critical that the Department proceed in a manner which limits further losses to the FHA fund in handling this inventory, its strategies must be sensitive to housing policy and community development concerns. These investments are more than just financial liabilities on the Federal balance sheet, they are sometimes the only affordable housing opportunities available to millions of families and represent the last hope for holding back the decay and decline afflicting many inner-city areas.

The Committee has proposed alternatives to permit HUD to utilize flexible solutions to reduce the heavy subsidy levels necessary to maintain some of these developments. Implementation of these tools, however, will require the expansion of HUD's management capabilities and staffing, augmented by resources available from State housing finance agencies and community development organizations. HUD must abandon its current mindset of liquidating this portfolio in the manner utilized by the Resolution Trust Corporation in disposing of failed savings and loan assets. The Department has the additional responsibilities of preserving affordable housing opportunities and preventing low-income resident dislocation which require a broader approach to reducing its costs.

As noted later in this report, the Committee is recommending increases in FHA administrative limitations to permit expansion of the Department's ability to undertake this task. The Committee expects the Department to act promptly in utilizing these new authorities and resources in correcting its serious deficiencies in this significant area of management responsibility.

Public housing and tenant-based section 8

Currently the Federal Government supports the operation of about 1.4 million units of public housing administered though 3,400 local housing authorities. In addition, approximately 1.5 million units of tenant-based section 8 vouchers and certificates are provided directly to low-income families to subsidize the rent of privately owned housing.

The cost of these assisted housing programs have annually increased with the addition, each year, of new incremental units to the subsidized inventory, and also because housing costs are driven by inflationary factors outside the control of the administering agency. Utility costs, market demand, local development constraints, and building codes, labor wage rates, and insurance premiums all contribute to the increased cost of housing. In addition, new tenant selection rules which have the effect of targeting assistance only to the poorest of the poor, have meant declining resident payments toward their housing costs, and forced increases in Federal subsidies, while creating concentrations of very deep poverty in assisted housing developments.

It is abundantly clear to the Committee that the congressionally adopted goal of balancing the Federal budget by the year 2002 will make impossible the funding necessary to meet the increasing cost of maintaining these housing assistance programs. In this context, only one course holds any hope to prevent massive dislocation of low-income families, the elderly, and the disabled that currently depend on this assistance: a dramatic redirection and restructuring of costly housing policies and sweeping elimination of administrative burdens on local housing providers. Anything short of such a major overhaul only will prolong the deterioration and ultimate demise of these programs due to declining budgetary support.

The Committee recommendation, therefore, includes legislation to dramatically reduce the rules and federally imposed administrative burdens of providing these forms of housing assistance. These changes include a repeal of Federal preference rules governing the local selection of new participants in these programs; modifications of the Brooke amendment which set an inflexible standard of a 30 percent of income contribution by recipient families toward the rental cost of their housing; and the take one-take all and the endless lease rules which make private landlords very leery of accepting any subsidized residents.

In addition, the Committee is recommending the creation of a new demonstration block grant. Public housing operation subsidies, formula-based modernization assistance, and section 8 tenant-based assistance would be merged into a single unified account, with limited performance standards to govern the parameters of how local governments craft solutions to their own local low-income housing assistance needs.

The allocation formula for these performance grants would be based on current law. The grant would be conditioned on each PHA meeting a minimum performance standard: number of occupied units maintained for families below 80 percent of median income, and a minimum percentage of such units occupied by families below 30 percent of median income. Failure to meet the low-income family threshold would also reduce assistance.

The Federal Government provides funding to meet a simple, clearly defined need: help lower-income families afford decent housing. No detailed requirements on who is served (other than minimums on income), no Federal preferences on who is admitted into the program, no Federal rules on what has to be charged for rent (allowing residents to decide if they are willing, or able to pay it), again with the minimum very low-income performance standard acting as a market discipline to prevent any PHA from attempting to drive out poor families with unrealistically high rents.

Within the context of this broad appropriations construct, individual PHA's would be responsible for implementing rent and tenant management policies which would be responsive to local social service and welfare policies, and to local rental market and economic conditions. For example, a jurisdiction which implemented a 5-year cap on welfare payments could restructure its public or assisted housing contracts to reinforce the phaseout of assistance for a family refusing to work. Or if a family member took a job, at whatever pay scale, such employment would not automatically trigger higher rents as is the case with the current Brooke amendment which requires a 30 percent of income rental payment. This simplified Federal housing model would provide much greater flexibility on the part of PHA's to tailor housing assistance to complement local welfare initiatives.

An important additional aspect of such program reform would be to redefine the role of Federal housing activities to that of an asset providing supplementary assistance on a temporary basis, and one within reach of all low-income families facing the financial pressures of dealing with the high cost of decent housing. Currently, only about 30 percent of eligible low-income families receive housing assistance. The other 70 percent pay too much, languish on long, barely moving waiting lists, and usually receive no help at all. Federally funded public and assisted housing should be viewed as a communitywide resource, to be allocated in a more equitable manner and available for all families seeking to break the bonds of poverty and dependence. Not only should it be extended for only a limited period, but by limiting tenancy, it would also mean that a larger fraction of the eligible population would have a greater opportunity to utilize this resource.

By combining tenant-based section 8 subsidies and public housing operating support, local jurisdictions will have the flexibility to make decisions regarding their capital assets in the context of rental market conditions. Individual public housing developments which are costly to operate with low market appeal could be disposed of in favor of vouchers. In tight markets, more resources could be applied to assure continued viability of such valuable assets. Eligibility for Federal grants would be based on families assisted, not on the size of the inventory of a housing authority.

This demonstration rental housing assistance grant, with very minimal performance criteria, constitutes an entirely new housing program wholly separate from the United States Housing Act of 1937. Those authorities not participating in the demonstration would remain under the legislative and administrative constraints of that act.

Other than the impact of reduced funding, it may take some time before any changes are made under the new public housing demonstration grant given the ponderous nature of real estate tenancy and management. Moreover, previously appropriated funding in the pipeline and under contract will continue to be administered under existing law. This inherent transition period will provide ample opportunity for consideration of authorizing legislation to flesh out and address issues associated with the dramatic shift in funding orientation. An important matter for consideration in the authorizing legislation would be the remedial enforcement of PHA performance standards along with alterations to the performance criteria in anticipation of further funding declines in the future.

In the recently enacted rescission bill (Public Law 104–19), the Committee provided for the repeal of $6,300,000,000 in previously appropriated funding to increase the number of subsidized housing units in the Nation. The Committee was motivated by a desire to prevent the looming budgetary shortfall in continuing funding necessary to sustain these assisted housing units, and to avoid the massive dislocation of low-income families that would result. In this appropriations bill, the Committee is taking the next several steps toward empowering local jurisdictions and their residents with the authority of redesigning their assisted housing programs to survive to difficult years ahead.

This may be the last opportunity for the Congress to affirmatively propose reforms which hold the promise of avoiding large-scale resident dislocations and loss of affordable housing stock. If this narrow window is missed, Congress may have little option but to address the consequences of its inaction through increased homeless assistance.

HUD multifamily issues (mark-to-market and preservation)

HUD provides project-based rental subsidies on about 1.6 million apartment units in 21,000 private developments. By contrast, there are about 1,4 million units in the public housing inventory and about 1.5 million tenant-based section 8 certificates and vouchers. Another 500,000 rental units are insured by FHA, but do not receive project-based rental subsidies. Unfortunately, some portions of the multifamily inventory suffer the same deterioration afflicting some public housing, and most are jeopardized by the same looming budgetary shortfall which threatens continuing rental subsidies.

In very rough outlay terms, public housing costs about $6,000,000,000 to support, including about $3,000,000,000 for capital improvements. Tenant-based certificates and vouchers outlays total approximately $9,000,000,000 each year in rental subsidies. The multifamily inventory, by contrast, costs HUD about $8,000,000,000 annually for rental and interest subsidies and loan losses, however, it is far more diverse in terms of forms of assistance, and the depth of subsidy.

The parallel between the public housing inventory and the subsidized multifamily housing portfolio can be extended to include strategies to address perceived deficiencies. First, the need to cull out and demolish failed developments which cannot be efficiently operated. Second, changes in resident selection and income mix to reduce concentrations of poverty and dependence on deep subsidies. Third, capital improvements to catch up with deferred maintenance and make these properties more competitive. Finally, with respect to the private multifamily portfolio, debt restructuring to reflect market values.

Mark-to-market.—Of the 1.6 million HUD multifamily inventory, mark-to-market would apply to 900,000 units in developments which are both insured by FHA and receive at least some section 8 project-based assistance. The core concern, however, focuses on about 600,000 of these units which currently receive section 8 contract subsidies based on rents well over prevailing market rates. These are primarily the newer-assisted section 8 new construction/substantial rehabilitation portfolio with average contract rents about 30 percent over fair market rent. Budget constraints will not permit renewal of these subsidy arrangements at these rates, and if rental income is reduced, much of this inventory will be driven into default.

The majority of this inventory also carries FHA guaranteed mortgage balances exceeding market values. FHA, therefore, is at risk of suffering significant net losses should these projects default. In addition, while FHA has shown some recent improvement in handling projects in default, it still is a cumbersome, prolonged, and costly process, to be avoided if at all possible.

The HUD mark-to-market proposal is predicated on reductions in discretionary appropriation by replacing expiring project-based assistance only with market rate tenant-based vouchers. To avoid defaults and foreclosures, HUD is seeking authority to engage third-party intermediaries, joint ventures, or other preassignment arrangements to facilitate writedown of the mortgage balances to a level sustainable at the reduced rental income level.

Theoretically, this will bring to bear market pricing and private sector efficiencies to limit FHA claims and carrying costs. This is the heart of the mark-to-market proposal. It is also the focus of most of the debate and controversy since the details of the process in which subsidies are cut, debt restructured, and the steps taken in the disposition of properties can have broad implications for potential tax recognition problems, excessive losses by FHA, displacement of residents, loss of affordable housing stock, injury to existing project owners and managers, and further deterioration in marginal urban neighborhoods.

Even the current debate over the formulation of a mark-to-market property work-out program has consequences. Credit markets have been placed on notice that these federally subsidized and guaranteed mortgages are a less stable, long-term capital investment and are increasing discount margins. Owners who are confronting an expiration in the subsidy contracts in the next few years, and anticipating likely mortgage default, may cut their potential losses by immediately disinvesting in these properties. This could range from simply decreasing management attention and effort, to an aggressive effort to remove any funds from the project, leaving only enough for a final bankruptcy litigation payment. In either case, FHA losses will mount.

It is important to note that the HUD proposal does not apply to 75 percent of the State HFA inventory which are not FHA insured (about 300,000 units) as well as a few older section 236 and section 221(d)(3) developments which don't have any rental subsidies, along with perhaps 300,000 units in elderly and disabled housing developments financed under section 202 and section 811.

Irrespective of the process selected, marking down the outstanding mortgage amounts on these properties entails recognition of substantial losses to the FHA fund. Over the first 7 years of mark-to-market, HUD estimates about $10,300,000,000 in FHA claims and costs, close to one-half of which will be recovered in note and property sales (in addition to the $10,000,000,000 loss reserve already set aside for losses under current law). These FHA losses are about five times the current baseline. Because of the magnitude of these losses, only after the seventh year will the proposal begin to show net savings, even with the reduction in section 8 subsidy payments. The Congressional Budget Office [CBO], which uses more pessimistic assumptions on program costs and potential recoveries, scores the proposal as a net budget cost increase, not a savings, from current law.

Mark-to-market, however, does represent a profound housing policy issue, despite its marginal impact in gross budgetary terms. Existing section 8 project-based contracts cannot be renewed at these excessive rates of subsidy, and absent some legislative remedy, defaults and displacement will occur. Revision of the budgetary baseline, reflecting a higher default rate, will substantially increase anticipated FHA losses. At that point, legislation such as mark-to-market, which is designed to avoid or reduce such losses, will be more feasible under the Budget Act rules. To the extent that such legislation is carefully drawn, it may also achieve reductions in resident displacement, prevent loss of affordable housing stock, and restore long-term economic viability.

Failure to affirmatively move legislation will likely result in efforts to simply liquidate the defaulting mortgages and properties as quickly as possible. Should this be done without any form of continuing project-based assistance, or without FHA guarantees, net losses of the FHA fund will mount. Moreover, only a fraction of these rental units will survive as low-income housing, and displaced resident voucher costs will be a very heavy new burden on discretionary appropriations, to the extent that such assistance is continued.

Preservation (LIHPRHA reform).—There are parts of this inventory that can be maintained at lower net cost than incurred under the mark-to-market approach. For example, the segment of the FHA-insured portfolio eligible for prepayment have HUD regulated rents which average 15 percent below market rates. These older assisted section 236 and section 221(d)(3) projects were developed with options that allowed owners, after 20 years, to prepay their FHA-insured mortgages which would have removed low-income use restrictions and dividend and rent limits, along with interest subsidies.

If the mortgage is prepaid, residents are confronted by likely displacement from rent increases or because the property is being converted to another use such as condominiums or upscale rental housing. Currently, low-income families (up to 80 percent of median income) so displaced are eligible for vouchers which represents a significant additional and continuing expense.

In 1987 and again in 1990, legislation was enacted to limit the ability of owners to exercise their contractual options, with financial incentives as compensation. Unfortunately, the current preservation program [LIHPRHA] has proven to be very costly, and dependent on heavy use of continuing section 8 rental subsidies, frequently at above market rates. For these segments of the inventory, alternatives such as a capital loan/capital grant has been proposed in order to maximize the residual public policy goals served by Federal housing programs, while achieving long-term cost savings.

Effective reform here can be achieved by targeting program benefits to projects which can be maintained at reasonable cost and avoiding financial windfalls for both owners and residents.

COMMITTEE RECOMMENDATIONS

Demonstration for mark-to-market.—The Committee recommendation includes an administrative provision which will permit the Department to proceed with a demonstration of a variety of mark-to-market approaches during fiscal year 1996. There are two principal concerns, however, which will limit the scope of this demonstration: First, the section 8 contracts which are coming up for renewal in this fiscal year are primarily below FMR older assisted projects (sections 236 and 221(d)(3) projects with loan management set-aside subsidies), which in large number are also eligible for preservation [LIHPRHA] coverage. As such, these are not ideal candidates to address the over FMR subsidy concerns which is more prevalent in the case of the later expiring section 8 new construction/substantial rehabilitation portfolio. A different approach has been provided for these properties to address the separate sets of characteristics and needs.

The second concern is the inherent mistrust of the Department by owners, residents, and others in the industry. The Department is being given wide latitude to proceed with a demonstration, albeit limited in duration and with some safeguards to prevent wholesale disposition of properties, without regard to potential adverse impacts on owners, residents, or neighborhoods. Within the context of this appropriations bill, and given the uncertainties of the precise characteristics of the properties involved, it is not possible to delineate more specific parameters for the demonstration. Indeed, the debate over these issues is the reason for a demonstration in the first place. This broad discretion vested in the Department, however, does highlight the requirement for very close monitoring and oversight.

Finally, the Department has taken a strong position against continuing project-based subsidies and FHA mortgage guarantees in its mark-to-market proposal. As with public housing, many owners of project-based assisted developments worry that vouchering out their residents may lead to vacancies and destabilize even well run apartment buildings since they weren't originally designed to compete against commercial developments.

The Committee recommendation broadens the Department's proposal to authorize a more diverse number of approaches in the multifamily workout demonstration. Beyond permitting an evaluation of several alternatives, it holds the promise of encouraging voluntary participation of property owners, in advance of immediately impending contract expirations. The current HUD proposal is viewed as basically hostile to the interests of owners because it involves a reduction in subsidies and may subject them to substantial tax penalties. Without more benign alternatives, voluntary participation in proactive workouts probably will not occur, and inclusion of the later expiring, more heavily subsidized section 8 projects will be missed.

Preservation reform (capital loan/capital grant).—The House bill earmarks $200,000,000 from unobligated carryover balances in the "Annual contributions" account for a new preservation program to address the potential prepayment of sections 236 and 221(d)(3) projects. Unfortunately, HUD anticipates no such funds becoming available, and consideration of such program reform has only begun in the authorization committees.

There are approximately 75,000 to 100,000 units in the LIHPRHA pipeline which are viable candidates for preservation funding. These projects have been in processing for some time, often years, and represent a mix between equity take-out deals for owners seeking financial incentives to maintain this form of low-income housing, and financing of purchases by tenant groups and nonprofits. Replacing the existing LIHPRHA program, which essentially converts these developments into project-based section 8, with a capital loan (or a capital grant in the case of purchasers) avoids dependence on continuing rental subsidies and is cheaper in the long run. The Committee recommendation includes legislation that has been prepared to accomplish this reform.

This legislative proposal is designed to provide financial incentives to compensate property owners for not exercising their contractual right to prepay these use restricted mortgages. As such, if a revised program is not enacted, the Government is obligated to restoring the right of these owners to leave the program, notwithstanding the loss of affordable housing stock and the added cost of providing vouchers to current eligible residents.

The Committee recommendation which will convert the current section 8 dependent program into a capital loan/capital grant program. Also included in the bill under the "Annual contributions" account is $550,000,000 for this new program along with $74,000,000 to pay for vouchers for families in developments in which the owner elects to prepay.

Section 8 renewal policy changes.—The administration requested bill language which would limit rents in units covered by expiring project-based section 8 contracts. This legislation is intended to cause an upward revision in the current projections of FHA losses by triggering budgetary recognition of a change from the current policy assumption of renewal of all expiring rental contracts, at existing subsidy levels.

Pending enactment of such legislation, and their proposed mark-to-market proposal, the Department indicated to the Congress their intent to replace all expiring project-based assistance with vouchers and to proceed with debt restructuring, under existing authority. Vouchers will be limited to fair market rent [FMR], with some exception for higher street rents at up to 120 percent of FMR for residents who do not want to move, especially the elderly and disabled. This new departmental position threatens owners and residents of these projects who have urged temporary extensions, pending enactment of further reforms.

The budget baseline used by both CBO and OMB assumes low rates of FHA defaults because of the expected continuation of high subsidy payments. This is an impediment to the consideration of any proposal to restructure portfolio costs because of the resulting increase in writeoffs of outstanding principal balances, and losses to the FHA fund. Unless the current budgetary baseline is changed to reflect a more pessimistic scenario of such losses, new legislation will be scored as a net added cost, not a savings.

In addition, HUD and OMB would like to replace current project-based rental assistance with tenant-based vouchers. This causes owners and resident groups much concern, as does the notion of mandating a reduction in subsidy levels. Legislation is included in the Committee recommendation which permits 1 year extensions of expiring project-based section 8 assistance contracts which are less than 110 percent of fair market rent.

Continuing FHA multifamily guarantee program.—The Committee recommendation increases the House-passed allowance for FHA multifamily credit subsidies from $70,000,000 to $100,000,000. HUD had requested $188,000,000 for this purpose. The recommended level should be adequate to maintain a reasonable FHA multifamily mortgage guarantee program, especially if FHA underwriting standards are tightened up. In addition to the gross appropriation for FHA credit subsidies, language is recommended to extend the multifamily risk-sharing demonstration with State housing finance agencies, as well as Fannie Mae and Freddy Mac. This latter provision was included in the House-passed bill.

Participation by States and nonprofits.—Both State housing finance agencies and community development corporations (like LISC and Enterprise) are concerned over the potential impact of the Department's single-minded focus on FHA budgetary exposure in pursuing multifamily inventory workout arrangements. The HFA's are concerned that HUD will squeeze them financially, and the CDC's are concerned that HUD policies will ignore potential neighborhood impacts and losses in affordable housing stock. In addition, both would like to participate in the management of property work outs. HUD is developing a pilot arrangement which will transfer notes or property to several State HFA's to evaluate the capacity of these organizations to facilitate this process. In addition, the Committee recommendation includes language to provide CDC's and other nonprofits a greater chance to participate in the mark-to-market demonstration discussed above.

FHA property disposition reform.—HUD has requested language which will exempt FHA from a number of cumbersome, and expensive, legal requirements associated with the sale of assigned notes or properties in the FHA inventory. This can be contrasted to mark-to-market which seeks to deal with this inventory before it comes into Government possession. The Committee recommendation includes these provisions, with limitations, however, on the application of these waivers to address concerns from tenant organizations and owners that HUD would simply opt for an expedited default, assignment, and sale process as an alternative to mark-to-market.

Section 8 reform.—The Committee recommendation includes a number of legislative provisions designed to lower the cost of section 8 subsidies, and to make this program behave in a manner reflecting prevailing standards of the private rental market. These provisions repeal statutory Federal preferences for new tenant selection; the take-one/take-all requirement which forces HUD assisted project owners to accept an unlimited number of section 8 tenants if one is accepted; and the endless lease provision which requires a property owner to get a court order to terminate tenancy, even after expiration of the initial lease term.

HOME and CDBG

The Department proposed the creation of six major block grants to replace the 240 existing categorical programs. Two of these proposed grant programs subsume the Community Development Block Grant [CDBG] Program and the HOME Investment Partnerships Program. The Committee recommendation proposes continuation of both of these broadly based and popular block grant programs, with adjustments to permit the incorporation for activities formerly funded separately in the bill. These specific modifications to these programs are discussed in greater detail later in the report.

Housing Programs

The administration proposed inclusion of the HOME program in a new affordable housing fund block grant which also included sections 202 and 811 housing programs for the elderly and disabled, HOPWA, lead-based paint abatement activities, homeownership programs, and homeless housing programs. As discussed later in this report, the Committee concurs with the House-passed recommendation that several of these programs retain their independent identity, including continuing a separate appropriation for the HOME program. HOME has received widespread support among cities and local housing providers as a flexible and innovative tool with which housing opportunities for low-income families can be provided in partnership with non-Federal entities, and utilizing resources other than that provided by HUD.

This departure from the highly structured, administratively burdensome, and fully Federal funded approach to housing assistance is clearly one which parallels the Committee's recommendations for existing public housing activities and section 8 assistance. Constraints on discretionary spending require more innovative and efficient mechanisms in providing housing assistance which are not predicated on singular dependence on direct Federal appropriated funds on a continuing basis.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION OF FUNDS)

Appropriations, 1995	$11,083,000,000
Budget estimate, 1996	....
House allowance	10,182,359,000
Committee recommendation	5,594,358,000

[1] Reflects a rescission of $———— in Public Law 103–211.

PROGRAM DESCRIPTION

Currently, the Department's assisted housing efforts principally consist of public and Indian housing development, the section 202/811 programs for the elderly and persons with disabilities, and the section 8 lower income rental housing assistance program.

Public housing development was designed to meet the needs of low-income families, particularly for large families and in areas where the supply of existing units is inadequate or as replacement housing for units lost to demolition or disposition. Indian housing development funds are used to provide new housing for Indian families. In addition to development needs, funding is provided to amend contracts for pipeline projects which require additional funds to: (1) reach construction start, (2) correct design and/or construction deficiencies, or (3) provide for subsequent adjustments in funding requirements. Lease adjustments also are funded in order to provide annual adjustments to contracts approved under the old section 23 leased housing program. These payments represent additional subsidies to offset increases in the cost of project operations and to provide interim transition assistance for projects that are being converted to the section 8 housing assistance payments program.

Public and Indian housing modernization is performed pursuant to section 14 of the United States Housing Act of 1937, as amended. Public and Indian housing modernization funds enable public housing authorities [PHA's] and Indian housing authorities [IHA's] to correct the physical condition and upgrade the management and operation of public and Indian housing developments, to assure that such developments continue to be available to serve lower income families. This may involve alterations, additions, or rehabilitation of existing structures; replacement of equipment; and improving the management and operation of such projects. In addition, modernization funds are used to provide technical assistance to resident management corporations [RMC's] and to resident councils, and for lead-based paint abatement activities. The 1995 budget request for modernization contains a legislative proposal to make modernization funds available for replacement housing.

In 1995, public and Indian housing authorities with 250 or more dwelling units will receive funding under the Comprehensive Grant Program authorized in the Housing and Community Development Act of 1987. PHA's and IHA's with fewer than 250 units will receive funding under the Comprehensive Improvement Assistance Program.

The Cranston-Gonzalez National Affordable Housing Act authorized a capital grants program to replace the section 202 direct loan program. In addition, a rental housing assistance component was authorized to be used in conjunction with the capital grants program to replace the section 8 rental assistance associated with the direct loan program. Since new projects are financed with a grant, the rental assistance need only cover operating expenses. Tenants will pay the higher of 30 percent of adjusted income, 10 percent of gross income, or welfare rent.

The section 8 program includes a variety of tenant- and project-based rental subsidies. This rental assistance may be used for existing housing and rehabilitated units. Under the section 8 programs, the Department pays the difference between what an eligible lower income household can afford (30 percent for most programs) and the fair market rent [FMR] for an adequate housing unit. However, under the section 8 housing voucher programs, the Department provides a fixed amount for eligible lower income households based on a payment standard—regardless of the actual rent.

Among the other set-asides proposed under the ''Annual contributions'' account are funds for: relocation; housing opportunities for persons with AIDS; aid to tenants affected by public housing demolition and disposition; loan management; conversion of section 23 units to section 8 assistance; lead-based paint hazard reduction; choice in residency; and property disposition and preservation activities aimed at maintaining the supply of affordable housing for low-income tenants.

The property disposition set-aside is being proposed as a separate mandatory account for 1995. This program provides for the use of housing assistance in connection with the sale of HUD-owned properties and sale of HUD-held mortgages at foreclosure in order to increase and maintain the amount of housing affordable by lower income families, to minimize displacement of tenants, to preserve and revitalize residential neighborhoods, and to dispose of projects in a manner consistent with HUD's disposition objectives. The preservation program will be funded from carryover balances in 1995. This program provides assistance to State or local units of government, tenant, and nonprofit organizations to purchase projects where owners have indicated an intent to prepay mortgages.

The fiscal year 1996 request for amendments to section 8 subsidy contracts includes funding to amend existing housing (certificates) contracts, moderate rehabilitation contracts, project reserves, and property disposition contracts.

Certificate and moderate rehabilitation contracts are amended to support increases in section 8 payments due to rent increases and/or decreases in tenant income, and to extend contract authority amendments provided in prior years with limited budget authority.

Section 8 project reserve amendments are provided for contract and budget authority increases to projects under management which have new construction, substantial rehabilitation, or loan management section 8 contracts, or have property disposition section 8. Housing Finance Development Agency and Farmers Home Administration section 8 contracts are included.

The project reserve amendments are made available as needed: to fund depleted project reserves where increases in section 8 rents have outpaced increases in tenant incomes or where tenant incomes are decreasing; to extend contract authority amendments provided in prior years with limited budget authority (budget authority only amendments); to support increases in current contract amounts where eligible owners have been granted rent increases to prevent voluntary terminations (opt-outs); and, to support debt service on section 241(f) loans made in order to prevent prepayment of eligible subsidized mortgages.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $5,594,358,000 for the "Annual contributions for assisted housing" account. This amount is $5,488,642,000 the appropriations for fiscal year 1995, and $4,588,001,000 below the House allowance.

The Committee's recommendations for fiscal year 1996 for the "Annual contributions" account are outlined in the following table:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING FISCAL YEAR 1996—GROSS RESERVATIONS

	Units	Cost	Term	Budget authority
New authority		$		$
Public housing:				
Indian housing	2,004	99,791	NA	200,000,000
Modernization	NA	NA	NA	2,510,000,000
Subtotal, public housing	2,004			2,710,000,000
Section 8 and other:				
Elderly:				
Capital grants/rental assistance	9,654	NA	NA	780,190,000
Disabled: Capital grants/rental assistance	2,915	NA	NA	233,168,000
Total, elderly/disabled	12,569			1,013,358,000
Incremental rental assistance	21,239	5,650	2	240,000,000
Preservation	NA	NA	NA	624,000,000
Property disposition	NA	NA	NA	261,000,000
Housing opportunities for persons with AIDS	6,400	NA	NA	171,000,000
Lead-based paint	NA	NA	NA	75,000,000
Amendments	NA	NA	NA	500,000,000
Subtotal, section 8 and other	40,208			2,884,358,000
Total, annual contributions	42,212			5,594,358,000

NA: Not applicable.

In 1994, nine empowerment zones and 95 enterprise communities were awarded grants, tax incentives, and other benefits to address economic and infrastructure decay in their communities. One year later, those communities still do not have a comprehensive list of the benefits to which they are entitled under the enterprise zone provisions of the Omnibus Budget Reconciliation Act of 1993.

The Committee directs the Secretary, in cooperation with other Federal agencies and departments, to compile a report that lists all competitive grants, tax incentives, and other Federal benefits with specific advantages or privileges for empowerment zones and enterprise communities. The report should include details on those benefits and the applicable deadlines empowerment zones and enterprise communities must meet to qualify for them. This report should be submitted to the Committee no later than January 1, 1996.

ASSISTANCE FOR THE RENEWAL OF EXPIRING SECTION 8 CONTRACTS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$2,536,000,000
Budget estimate, 1996	....
House allowance	[1] 4,641,589,000
Committee recommendation	4,350,862,000

[1] Funded in the "Annual contributions for assisted housing" account.

PROGRAM DESCRIPTION

This program provides continued funding for units affected by contract expirations. These contracts are loan management contracts, moderate rehabilitation contracts, certificates, and vouchers. To ensure that there will be no interruption in subsidy payments, the budget proposes language which will allow transfer of funds from the annual contributions appropriation to this appropriation. The proposed language does not contain a mandatory length of time for which contracts must be renewed. Consequently, if necessary, contract terms can be adjusted to ensure sufficient funds are available to cover all expiring contracts. Beginning in fiscal year 1995, the Department expects to renew contracts for 2-year terms.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $4,350,862,000 for section 8 contract renewals in fiscal year 1996. This amount is $1,814,862,000 above the 1995 enacted level and $290,727,000 below the House allowance which provided funding for this purpose in the annual contributions account. The administration proposed shifting responsibility and funding for this purpose to the States and cities under the housing certificates fund.

RENTAL HOUSING ASSISTANCE PROGRAM

(RESCISSION)

Appropriations, 1995	−$38,000,000
Budget estimate, 1996	−35,119,000
House allowance	−35,119,000
Committee recommendation	−35,119,000

PROGRAM DESCRIPTION

Under the Rental Housing Assistance Program authorized by section 236 of the National Housing Act, subsidies provided by HUD on behalf of project owners, reduce mortgage interest to as low as 1 percent. Some very low-income section 236 project tenants receive additional rental subsidies under the Rental Assistance Payments Program [RAP].

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the requested bill language to rescind $35,119,000 for the Rental Housing Assistance Program in fiscal year 1996. Of this amount, not more than $2,000,000 in contract authority and $35,119,000 in budget authority results from normal project terminations. The balance of $163,000,000 will result from section 236 mortgage prepayments.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

Appropriations, 1995	$2,900,000,000
Budget estimate, 1996	....
House allowance	2,500,000,000
Committee recommendation	2,800,000,000

PROGRAM DESCRIPTION

Operating subsidies are provided to public housing agencies [PHA's] and Indian housing authorities [IHA's] to assist in financing the operation of PHA/IHA-owned dwellings in accordance with section 9 of the United States Housing Act of 1937, as amended. Operating subsidies are required to help maintain operating and maintenance services and provide for minimum operating reserves. The performance funding system [PFS] formula is used to calculate the level of operating subsidy to be provided to each PHA/IHA to operate its owned units.

The calculated subsidy amount under PFS is the difference between the estimate of operating costs minus an estimate of income from rents and other sources.

COMMITTEE RECOMMENDATION

The Committee recommends $2,800,000,000 for public housing operating subsidies in fiscal year 1996. This amount is $100,000,000 less than the fiscal year 1995 level and $300,000,000 above the the House allowance.

PUBLIC HOUSING DEMOLITION, SITE REVITALIZATION, AND REPLACEMENT HOUSING GRANTS

Appropriations, 1995	$500,000,000
Budget estimate, 1996	....
House allowance	....
Committee recommendation	500,000,000

PROGRAM DESCRIPTION

Planning grants may be used for technical and organizational support for resident involvement in revitalization, neighborhood workshops and impact studies, planning for economic development, as well as preliminary architectural and engineering work. Funds also may be used for job training, self-sufficiency activities, design of replacement housing, and management improvements.

Implementation grants may be used for a wide variety of activities, including but not limited to, architectural and engineering work, redesign, reconstruction or redevelopment of the project, administrative costs, temporary relocation, legal fees, economic development activities, management improvements, transitional security activities, and support services.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $500,000,000 for grants for the demolition, site revitalization of severely distressed public housing and replacement units. This amount is the same as the 1995 level. No funding for this purpose was requested by the administration and none was included in the bill as passed by the House.

The Committee directs that consideration be given for funding to complete already approved HOPE VI distressed public housing replacement efforts which involve the redevelopment of larger mixed income, public-private leveraged communities, that total at least 800 units, and where extraordinary costs such as infrastructure improvements are required.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Appropriations, 1995	$290,000,000
Budget estimate, 1996	
House allowance	
Committee recommendation	290,000,000

PROGRAM DESCRIPTION

Drug elimination grants provide grants to public housing agencies and Indian housing authorities to eliminate drug-related crime in public and Indian housing by employing security personnel and investigators, providing physical project improvements to enhance security, supporting tenant patrols in cooperation with local law enforcement agencies, developing innovative programs to reduce drug, and providing resident groups with funds to develop security and drug abuse prevention programs.

COMMITTEE RECOMMENDATION

The Committee recommends $290,000,000 for drug elimination grants. This amount is the same level as the 1995 appropriation.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Appropriations, 1995	$1,400,000,000
Budget estimate, 1996	
House allowance	1,400,000,000
Committee recommendation	1,400,000,000

PROGRAM DESCRIPTION

Title II of the National Affordable Housing Act, as amended, authorizes the HOME Investment Partnerships Program. This program provides assistance to States, units of local government, and Indian tribes for the purpose of expanding the supply and affordability of housing. Eligible activities include tenant-based rental assistance, acquisition, and rehabilitation of affordable rental and ownership housing and, also, construction of housing. To participate in the HOME Program, State and local governments must develop a comprehensive housing affordability strategy [CHAS].

There is a matching requirement for participating jurisdictions which can be reduced or eliminated if they are experiencing fiscal distress.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $1,400,000,000 for the HOME Investment Partnership Program. This amount is the same level as the 1995 appropriation and the House allowance.

INDIAN HOUSING LOAN GUARANTEE PROGRAM ACCOUNT

(LIMITATION ON DIRECT LOANS)

	Program account	Limitation on direct loans
Appropriations, 1995	$3,000,000	($22,388,000)
Budget estimate, 1996	3,000,000	(36,900,000)
House allowance	3,000,000	(36,900,000)
Committee recommendation	3,000,000	(36,900,000)

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

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

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation on direct loans	Limitation on guaranteed loans	Administrative expenses
Appropriations, 1995	$180,000,000	$100,000,000,000	$308,846,000
Budget estimate, 1996	200,000,000	110,000,000,000	341,595,000
House allowance	200,000,000	110,000,000,000	308,846,000
Committee recommendation	200,000,000	110,000,000,000	341,595,000

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation on direct loans	Limitation on guaranteed loans	Administrative expenses	Program costs
Appropriations, 1995	$220,000,000	$20,885,072,000	$197,470,000	$188,395,000
Budget estimate, 1996	120,000,000	17,400,000,000	197,470,000	188,395,000
House allowance	120,000,000	15,000,000,000	197,470,000	69,620,000
Committee recommendation	120,000,000	17,400,000,000	202,470,000	100,000,000

PROGRAM DESCRIPTION

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

Pursuant to the requirements for direct and guaranteed loan programs established in the Omnibus Budget Reconciliation Act of 1990 [OBRA], the administration is requesting a direct appropriation for administrative expenses in the "MMI/CMHI program" account of $341,595,000. Amounts to fund this direct appropriation are to be derived from offsetting receipts transferred to a "CMHI receipt" account. For the "GI/SRI program" account a direct appropriation of $197,470,000 is requested for administrative expenses, and $188,395,000 is requested for a credit subsidy to cover the value of expected long-run costs associated with fiscal year 1995 insurance commitments.

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

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

In addition, HUD proposes direct loan programs in 1995 for multifamily bridge loans and single family purchase money mortgages to finance the sale of certain properties owned by the Department. Temporary financing would be provided for the acquisition and rehabilitation of multifamily projects by purchasers who have obtained commitments for permanent financing from another lender. Purchase money mortgages would enable governmental and nonprofit intermediaries to acquire properties for resale to owner-occupants in areas undergoing revitalization. For the MMI Program, a loan limitation of $200,000,000 is requested. For the GI/SRI Program, $120,000,000 is requested as a loan limitation.

COMMITTEE RECOMMENDATION

The Committee has included the requested amounts for the "Mutual Mortgage Insurance Program" account: a limitation on guaranteed loans of $110,000,000,000, a limitation on direct loans of $200,000,000, and an appropriation of $341,595,000 for administrative expenses. The administrative expenses appropriation will be transferred and merged with the sums in the Department's "Salaries and expenses" account.

Single-family risk-sharing.—The Department has had under consideration a single-family risk-sharing program which would be undertaken in conjunction with Government-sponsored enterprises, housing finance agencies, and private mortgage insurers. This would be a significant alteration of FHA loan guarantee current policies, with potentially major repercussions on the fund. Although the Department has indicated it may have existing statutory authority for such a step, the Committee questions such a finding. Moreover, in view of the policy implications of such an expansion of activity, the Committee directs the Department to withhold a rulemaking action pending further congressional review.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995:	
Limitation on guaranteed loans	$142,000,000,000
Administrative expenses	8,824,000
Budget estimate, 1996:	
Limitation on guaranteed loans	110,000,000,000
Administrative expenses	9,101,000
House allowance:	
Limitation on guaranteed loans	110,000,000,000
Administrative expenses	8,824,000
Committee recommendation:	
Limitation on guaranteed loans	110,000,000,000
Administrative expenses	9,101,000

PROGRAM DESCRIPTION

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

In accord with the Omnibus Budget Reconciliation Act of 1990 [OBRA] requirements for direct and guaranteed loan programs, the administration is requesting $9,101,000 for administrative expenses in the mortgage-backed securities program. Amounts to fund this direct appropriation to the "MBS program" account are to be derived from offsetting receipts transferred from the "Mortgage-backed securities financing" account to a Treasury receipt account.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on new commitments of mortgage-backed securities of $110,000,000,000. This amount is the same level as proposed by the budget request and recommended by the House. The Committee has also included $9,101,000 for administrative expenses, the same as the budget request and $277,000 more than the level proposed by the House.

HOMELESS ASSISTANCE

HOMELESS ASSISTANCE GRANTS

Appropriations, 1995	$1,120,000,000
Budget estimate, 1996	[1] 1,120,000,000
House allowance	676,000,000
Committee recommendation	760,000,000

[1] Requested under new authorization.

PROGRAM DESCRIPTION

The proposed Homeless Assistance Grants Program is a restructuring of existing McKinney Act programs and would be authorized under an amendment to title IV of the McKinney Act. The existing programs and requirements would be replaced by a comprehensive continuum of care approach to homeless assistance. Under the new program, support would be provided to States, local governments, nonprofit organizations, and Indian tribes. A wide range of activities would be funded which are components of an innovative approach to assist homeless persons and to prevent future homelessness. The budget proposes $1,120,000,000 for the restructured program activities in 1996 in a new authorization proposal.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending funding for homeless assistance grants in the existing account. The amount recommended, $760,000,000, represents a reduction of $360,000,000 from the 1995 level for all HUD homeless programs and the budget estimate.

The rescission bill (Public Law 104–19) deferred $297,000,000 from fiscal year 1995 to fiscal year 1996. The Committee recommendation, therefore, will permit an increase in homeless activities in the new fiscal year. The Committee also recommends language to permit the allocation of these funds by the existing emergency shelter grant formula which will reduce administrative burdens and facilitate the utilization of these funds to assist needy families.

To the extent the Department intends to establish a block grant program with funds under the "Homeless assistance grants" heading, the Committee intends the Department to use the existing formula under the Emergency Shelter Grants Program as the method of allocating funds. Nevertheless, the Committee is worried that the block grant approach with funds less than $1,000,000,000 may disadvantage some areas with significant homeless problems and some homeless providers. Therefore, HUD is expected to promulgate rules through negotiated rulemaking, and include recommendations made by States and localities, as well as homeless assistance providers.

HUD is also directed to provide the Committee on recommendations for the possible merger of McKinney homeless assistance programs into the Home Program for purposes of more consolidated and effective decisionmaking.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

Appropriations, 1995	$4,600,000,000
Budget estimate, 1996	[1] 4,850,000,000
House allowance	4,600,000,000
Committee recommendation	4,600,000,000

[1] Requested under new community opportunity block grant.

PROGRAM DESCRIPTION

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. A wide range of physical, economic, and social development activities are eligible with spending priorities determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. Grant recipients are required to use at least 70 percent of their block grant funds for activities that benefit low- and moderate-income persons.

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

The budget also proposed funding, within the community development grants appropriation, to continue the Early Childhood Development Program in 1995 but does not include a set-aside for the Neighborhood Development Program. Instead, the latter program would be eligible for funding under the proposed community viability fund for which an appropriation is requested within the "Annual contributions" account. The community development grants request also includes $900,000 to fund management and administrative costs to be transferred to salaries and expenses.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $4,600,000,000 for the Community Development Block Grant Program in fiscal year 1996. This amount is the same as the 1995 enacted level for the regular CDBG Program and the House allowance.

The amounts for various activities within the CDBG appropriation in fiscal year 1996 are outlined in the following table:

Category	*Committee recommendation*
Entitlement cities and counties	$3,022,250,000
Nonentitlement (States and small cities)	1,295,250,000
Indian tribes	60,000,000
Special purpose grants (sec. 107)	22,500,000
Public housing supportive services	80,000,000
Youthbuild Program	40,000,000
Economic development initiative	80,000,000
Total	4,600,000,000

[1] Requested within proposed community viability fund in annual contributions for assisted housing.

The Committee recommends continuation of two specific grants for the Housing Assistance Council and for the Nation American Indian Housing Counsel which are development organizations which provide assistance to local housing entities on a nationwide basis. The Committee also recommends that the set-aside for Indian tribes be increased to $60,000,000 to reflect the serious and compelling needs of these areas. In addition, the Committee recommends an increase in the House allowance for grants authorized under section 107 of the act to permit the continuation of the Community Outreach Partnership program.

The Committee recommendation includes a set-aside of $80,000,000 for a new supportive services grant program to provide residents of public and assisted housing with necessary services to expand opportunities to become gainfully employed and self-sufficient, and to assist elderly and disabled residents to achieve maximum flexibility in obtaining living arrangements which provide independence and minimal institutional care.

This new grant program provides wide latitude in structuring effective and innovative approaches by recipient agencies, which are to be selected on the basis of merit competition. The Committee anticipates that applicants for services formerly provided through the congregate housing services and housing counseling assistance programs will participate in this consolidated supportive services grant program. These programs, formerly separately funded and administered are discussed below.

In addition the Committee notes the remarkable success of several individually sponsored activities within the categories of the tenant opportunity program, the service coordinators program, and the self-sufficiency program in meeting residents' needs and providing valuable opportunities for advancement and independence from Government assistance. These activities are similarly eligible for competitive award under the supportive services grant program.

The congregate housing services demonstration was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The intent was to avoid costly and premature or unnecessary institutionalization of individuals and to reduce Government outlays for institutional care.

Section 106 of the Housing and Urban Development Act of 1968, as amended, authorizes the Department to contract with public and private agencies to provide counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership.

The Youthbuild Program is authorized by title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992. This program provides resources to educate, train, and provide stipends for economically disadvantaged young adults to construct and rehabilitate housing for low-income and homeless persons. An earmark of $40,000,000 is provided to continue this activity.

The Committee also recommends the set-aside of $80,000,000 for the economic development initiatives [EDI] program which provides grant assistance to communities also eligible for section 108 loan guarantees. The combination of limited grant assistance along with the loan assistance provides maximum leverage capital assistance to communities with pressing economic development needs. There has been some questions over the process in which EDI grant awards have been made in the past, the Committee recommendation, therefore, includes a requirement that these funds be provided on a competitive basis only to assure that these funds are applied in the most effective manner possible.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

Appropriations, 1995	$42,000,000
Budget estimate, 1996	42,000,000
House allowance	34,000,000
Committee recommendation	34,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $34,000,000 for research and technology activities in fiscal year 1996. This amount is $8,000,000 less than the 1995 level and the budget request and the same as the House allowance.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Appropriations, 1995	$33,375,000
Budget estimate, 1996	45,000,000
House allowance	30,000,000
Committee recommendation	....

PROGRAM DESCRIPTION

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

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

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

COMMITTEE RECOMMENDATION

The Committee recommends transfer of this item to the Department of Justice which is discussed later in this report.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

	Appropriation	FHA funds by transfer	GNMA funds by transfer	CGDB funds by transfer	Total
Appropriations, 1995	$451,219,000	$495,355,000	$8,824,000	....	$955,398,000
Budget estimate, 1996	479,479,000	527,782,000	9,101,000	$900,000	1,017,262,000
House allowance	437,194,000	505,745,000	8,824,000	225,000	951,988,000
Committee recommendation	438,219,000	532,782,000	9,101,000	675,000	980,777,000

PROGRAM DESCRIPTION

The budget proposes a single "Salaries and expenses" account in 1996 to finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development. These include the following activities:

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

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

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

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $438,219,000 for salaries and expenses. This amount is $13,000,000 below the 1995 level, $41,260,000 less than the budget request, and $1,025,000 more than the House allowance. The appropriation includes the requested amount of $532,782,000 transferred from various funds from the Federal Housing Administration, $9,101,000 transferred from the Government National Mortgage Association, and $675,000 from the "Community development" appropriation.

The Committee recommends the following changes to the budget request:

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	FHA funds by transfer	Total
Appropriations, 1995	$36,427,000	$10,961,000	$47,388,000
Budget estimate, 1996	36,968,000	11,283,000	48,251,000
House allowance	36,427,000	10,961,000	47,388,000
Committee recommendation	36,968,000	11,283,000	48,251,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATIONS

The Committee recommends a funding level of $48,251,000 for the Office of Inspector General. This amount is $863,000 above the 1995 level, the same as the budget request, and $863,000 more than the House allowance. This funding level includes $11,283,000 by transfer from various FHA funds, the same level as proposed in the budget request.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$15,451,000
Budget estimate, 1996	14,895,000
House allowance	14,895,000
Committee recommendation	....

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends transfer of this function to the Department of the Treasury as discussed later in this report.

GENERAL PROVISIONS

EXTENDING PROVISIONS OF THE RESCISSIONS ACT

Section 201(a)(1) would permit a public housing authority [PHA] to use modernization assistance provided under section 14 for any eligible activity related to public housing which is currently authorized by the Housing Act of 1937 or applicable appropriations acts, including demolition, replacement, modernization, or development activities related to the public housing portion of housing developments held in partnership, or cooperation with nonpublic entities, and temporary relocation assistance, provided that the assistance provided under section 14 is principally used for the physical improvement or replacement of public housing and for associated management improvements, except as otherwise approved by the Secretary and provided the PHA consults with the appropriate local government officials (or Indian tribal officials) and with tenants of the public housing developments.

This authorization does not extend to use of funds for operating assistance. These are the same spending rules for modernization as were contained in the rescissions act with minor clarifications.

Section 201(a)(1) also would authorize PHA's to provide assistance in the form of a grant, loan, or other form of investment to a mixed income development, defined as a development that includes units for other than low-income families. Such assistance could be provided to the PHA or an affiliate controlled by it; a partnership, limited liability company or other legal entity in which the public housing agency or its affiliate is a general partner, managing member, or otherwise significantly directs the activities of such entity; or any entity which grants to the public housing agency the option to purchase the development within 20 years after initial occupancy in accordance with section 42(l)(7) of the Internal Revenue Code of 1986.

Such assistance could be provided only if units will be made available in the development for periods of not less than 20 years, by master contract or by individual lease, for occupancy by low-income families referred from time to time by the public housing agency. Public housing subsidy would continue for the usual time period (40 years) however, if the units are administered in compliance with the public housing program throughout that time period. The number of such units would be required to be either in the same proportion to the total number of units in the development that the financial assistance provided by the public housing agency bears to the total equity investment in the development or not be less than the number of units that could have been developed under the conventional public housing program with the assistance involved, or as may otherwise be approved by the Secretary.

Section 201(a)(1) would also authorize a mixed income development to elect to have all units subject only to the applicable local real estate taxes, notwithstanding that the low-income units assisted by public housing funds would otherwise be subject to section 6(d) of the Housing Act of 1937, which provides that public housing developments must be exempt from local and State taxes and PHA's must provide for payments in lieu of such taxes.

Section 201(a)(3) would make all the provisions of section 201(a) applicable to Indian housing authorities [IHA's].

Section 201(b) would amend section 1002(d) of the rescissions act so that its provisions regarding repeal of the 1-for-1 replacement requirement for public housing demolition and disposition and other related provisions would be applicable to applications for the demolition, disposition, or conversion to homeownership of public housing approved by the Secretary and other consolidation and relocation activities of public housing agencies undertaken on, before, or after September 30, 1995 and before September 30, 1996.

Section 201(b)(2) would provide that no one may rely on the provision in the rescissions act amending section 18(f) of the Housing Act of 1937 as the basis for reconsidering a final order of a court. The provision permits replacement of public housing units on the original site or in the same neighborhood if the number of such replacement units is significantly fewer than the number of units demolished.

Section 201(b)(3) would make the amendments made by this section and by the replacement provisions of the Rescissions Act applicable to Indian housing.

PUBLIC HOUSING RENTS AND INCOME TARGETING

Section 202(a) would require the Secretary to permit a PHA to charge a minimum rent of up to $25.

Section 202(b) would permit PHA's to adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the monthly costs to operate the housing of the agency, and to make a deposit to a replacement reserve (in the sole discretion of the PHA). This section would allow families to pay ceiling rents only when the ceiling rent established would exceed the amount payable as rent under the definition of rental payments in section 3(a)(1) of the United States Housing Act of 1937.

Section 202(c) would permit PHA's to utilize any other adjustments to earned income not otherwise authorized in the determination of the adjusted income of public housing families. If a PHA adopts other adjustments to income, the Secretary shall not take such adjustments into account when calculating operating subsidy.

Section 202(d) would repeal the Federal preference criteria for selection of tenants in public and Indian housing, section 8 existing and moderate rehabilitation, section 8 vouchers, section 8 new construction and substantial rehabilitation, the 202 program and the rent supplement program. For public housing, section 8 existing and moderate rehabilitation, and the section 8 voucher program, the PHA would be required to establish any system of preferences after public notice and an opportunity for public comment. The criteria would not be permitted to be inconsistent with the comprehensive housing affordability strategy under title I of the Cranston-Gonzalez National Affordable Housing Act.

CONVERSION OF CERTAIN PUBLIC HOUSING TO VOUCHERS

Section 203(a) would require the public housing authorities to identify developments of more than 600 units, or, in the case of high-rise family buildings or substantially vacant buildings, 300 units. For purposes of this identification, the developments would have at least a 10-percent vacancy rate among the units not in funded on-schedule modernization programs, would be identified as distressed housing that the PHA cannot assure the long-term viability as public housing through density reduction, achievement of a broader range of household income, or other measures, and for which the estimated cost of continued operation and modernization of the developments as public housing exceeds the cost of providing tenant-based assistance for all families in occupancy.

Section 203(b) would require the public housing agency to consult with public housing tenants and the unit of general local government.

Section 203(c) would require that developments identified under 203(a) be removed from the public housing inventory and the annual contributions contract within 5 years, except that the Secretary would be permitted to extend the deadline up to 5 more years if the initial deadline is impracticable. The plan must be approved by the relevant local official as consistent with the comprehensive housing affordability strategy, including a description of any disposition and demolition plan for the public housing units. To the extent approved in appropriations, the Secretary may establish requirements and provide funding under the Urban Revitalization Demonstration Program for demolition and disposition of public housing under this section.

Section 203(d) would require the Secretary to make authority available to a public housing agency to provide tenant-based assistance to families residing in any development that is removed from the inventory of the public housing agency and the annual contributions contract. Each conversion plan would require the agency to notify families residing in the development, consistent with any guidelines issued by the Secretary governing such notifications, that the development would be removed from the inventory of the public housing agency and the families would receive tenant-based or project-based assistance, and the agency would provide any necessary counseling for families. Each conversion plan would ensure that all tenants affected by the removal of a development from the inventory of the public housing agency would be offered tenant-based or project-based assistance and would be relocated to other decent, safe, sanitary, and affordable housing which would be, to the maximum extent practicable, housing of their choice.

Section 203(e) would require a public housing agency to provide such information as the Secretary considers necessary for the administration of this section, would define development to refer to a project or projects, or to portions of a project or projects, as appropriate, and would not apply section 18 of the United States Housing Act of 1937 to the demolition of developments removed from the inventory of the public housing agency under this section.

Provisions are included to clarify HUD's role generally and in the event that a housing authority does not complete the required evaluation of its large, distressed, costly developments. These provisions allow HUD to establish standards to permit implementation of this initiative in fiscal 1996, and provide that where HUD determines that a PHA has failed to complete the required identification in a timely manner, failed to identify development for conversion which should have been identified, identified developments which should not have been identified or is not expeditiously implementing the conversion plan, HUD can take any necessary action to designate the developments to be converted to certificates or assure the expeditious implementation of the conversion plan.

STREAMLINING SECTION 8 TENANT–BASED ASSISTANCE

Section 204(a) would repeal section 8(t) of the Housing Act of 1937, the so-called take-one, take-all provision, which prohibits an owner who has leased to one section 8 tenant from refusing to lease to additional tenants because of their status as certificate or voucher holders.

Section 204(b) would prohibit an owner who has received Federal housing assistance within the past 2 years (except for mortgage insurance), from refusing to lease a reasonable number of units to families participating in a program of section 8 tenant-based assistance unless the refusal is based on reasonable tenant selection criteria. Twenty percent would constitute a safe harbor in establishing a reasonable number.

Section 204(c) would revise section 8(c)(8) and (9) to eliminate the requirement that owners participating in the certificate or voucher programs provide 90 days notification of any rent increase or contract termination.

Section 204(d) would modify section 8(d)(1)(B) of the Housing Act of 1937, the so-called endless lease provision, to remove any limitations on termination of tenancy, other than during the term of the lease.

FAIR MARKET RENTALS

Section 205(a) would require the Secretary to establish fair market rentals for the section 8 certificate program at the 40th percentile rent of the rental distribution of standard quality rental housing units, considering only the rents for recent movers and excluding public housing units and newly constructed units.

Section 205(b) would limit annual rental adjustments in fiscal year 1995 in the section 8 new construction, substantial rehabilitation and moderate rehabilitation programs where the maximum monthly rent would exceed the rent for an existing dwelling unit in the market area. In such cases the rent would be limited to the amount demonstrated by the owner to be the rent of a comparable unassisted unit. The subsection would also limit the adjustment of rents for units occupied by the same family at the time of the last annual rental adjustment.

Section 205(c) would set the administrative fees for the certificate, voucher, and moderate rehabilitation programs not to exceed 7 percent of the fair market rental established for a 2-bedroom existing rental dwelling unit in the market area of the public housing agency.

Section 205(d) would delay reissuance of vouchers and certificates until October 1, 1996, and for 6 months, the use of any amounts of such assistance made available for the termination during fiscal year 1996 of such assistance on behalf of any family for any reason, but not later than October 1, 1996, with the exception of any certificates assigned or committed to project-based assistance as permitted otherwise by the act, accomplished prior to the effective date of this act.

PUBLIC HOUSING/SECTION 8 MOVING TO WORK DEMONSTRATION

Section 206 would establish a demonstration to give PHA's and the Secretary the flexibility to design and test various approaches for providing and administering housing assistance that give incentives to families with children whose heads are working and to families seeking work or preparing for work by participating in job training, educational programs, or programs that help people obtain employment. Up to 30 PHA's could be selected for participation, with training and technical assistance during the demonstration. The agencies would be permitted to combine operating subsidy, modernization funds, and assistance provided under section 8 on such terms and conditions as the agency may propose and the Secretary may approve.

Participating agencies would be required to hold a public hearing, prepare an agency plan, serve an income mix at least 75 percent very-low income and 50 percent under 30 percent of median, set reasonable rents designed to encourage employment and self-sufficiency, continue to assist the same total number of families and a comparable mix by size, and assure that the housing meets housing quality standards. The amount of assistance received by the agencies under sections 8, 9, and 14 would not be affected by their participation in the demonstration.

Section 207 is intended to clarify the effect of hortatory language contained in a recent housing act regarding the implementation of income-disregard provisions of existing law. This provisions simply reaffirms current legislative intent that such income-disregard provision should remain permissible subject to the prior enactment of specifically directed appropriations to permit implementation.

Section 208 extends authority to continue the highly successful multifamily housing demonstration through fiscal year 1996.

Section 209 provides the authority necessary to allow demonstrations utilizing a variety of types of participants involving insurance or reinsurance and the economic interests thereto.

Section 210 provides that, when HUD sells or transfers HUD held mortgages to State housing finance agencies during fiscal year 1996, the agencies can provide insurance on that portfolio under the risk-sharing program without counting against the unit limitations of the multifamily mortgage credit demonstrations for which authorization is extended in section 202.

Section 211. Transfer of section 8 authority

This provision adds a new subsection (bb) to section 8 of the 1937 act authorizing HUD to transfer budget authority from expired or terminated section 8 project-based assistance contracts to another housing assistance contract. This would enable the transferred authority to be used to provide continued assistance to eligible families, including eligible families who were receiving the benefit of the project-base assistance at the time the contract ended. The budget authority could be used for tenant-based or project-based assistance.

The Department currently has the authority to terminate HAP contracts for section 8 units that are: not decent, safe, and sanitary, for the admission of ineligible families, and for other contract violations. However, when HUD terminates the HAP contract, the budget authority is recaptured and must be treated in accordance with appropriation acts.

The objective of this proposal is to make it possible for HUD to terminate units for uncorrected violations, or to allow contracts to expire without renewal, without causing a net loss in assisted housing by permitting the Department to reuse the authority to assist tenants affected by contract terminations and expirations.

Section 212. Documentation of multifamily refinancing

This section would make permanent the 1995 amendment to section 223(a)(7) of the National Housing Act, which provides that refinancing under section 223(a)(7) will be documented through an amendment to the original mortgage and not structured as a new insurance contract.

Section 213. Demonstration authority

This section authorizes the Secretary, beginning in fiscal year 1996, to carry out one or more demonstration programs designed to test the feasibility of the mark to market proposal. Projects with mortgages insured under the National Housing Act and which are assisted under section 8 of the 1937 act would be eligible for the demonstration programs, which would evaluate the success of converting those properties to uninsured, unsubsidized status while providing continuing assistance in the form of tenant-based subsidies to the families currently benefiting from project-based assistance. In carrying out this authority, the Secretary may delegate, contract, or otherwise arrange to transfer some or all of the functions, obligations, and benefits of the Secretary to third parties.

Section 214. Contract renewals

Subsection (a) establishes the contract renewal term of 1 year.

The second subsection authorizes the Secretary to use amounts appropriated for section 8 renewals to provide tenant-based section 8 assistance to eligible families who are residing in affected properties when a project-based section 8 contract is terminated or expires. As project-based section 8 contracts expire or are terminated, the contracts will not be renewed. This proviso includes authority for the Secretary to allow section 8 loan management set-aside contracts to expire without being renewed, notwithstanding the current statutory requirement for renewal. The proviso limits the amount of tenant-based assistance to be provided at contract expiration to the number of eligible families currently assisted under the project-based contract.

The second proviso allows the Secretary discretion to renew section 8 loan management set-aside contracts where appropriate, but permits such renewals for one time only and limits the term of the contract to 1 year. In addition, the rents under such contracts can not exceed 120 percent of the fair-market rent for section 8 existing housing. Upon termination of the 1-year contract, eligible families would receive tenant-based assistance.

Under the third proviso, assistance reserved under the section 8 renewal account, as provided in the first proviso, would be available for use in connection with any Federal law subsequently enacted to authorize use of rental assistance amounts in connection with terminated or expired contracts.

The fourth proviso authorizes the Secretary during fiscal year 1996 to manage and dispose of HUD-owned multifamily properties and HUD-held multifamily mortgages without regard to other provisions of law.

The fifth proviso sets forth the Committee's intent to provide tenant-based assistance in order to protect the existing assisted families in a manner that is consistent with the objectives and priorities of various programs and authorities of the Department. These include the National Housing Act, the Housing Act of 1949, section 203 of the Housing and Community Development Amendments of 1978, the Multifamily Mortgage Foreclosure Act, and the United

States Housing Act of 1937. Section 211 permits delegation, by the Secretary, of mortgage foreclosure activities to a third party.

Preservation reform

The Committee recommends a new section 215 which amendments the existing LIHPRHA (preservation) statute by (i) permitting prepayment of the insured mortgage and (ii) establishing new capital grant/loan incentives. The basic structure of LIHPRHA is changed as little as possible so that LIHPRHA processing now in place can be easily converted for the capital grant/loan.

All section references herein are to those in the existing LIHPRHA statute.

The basic elements of the legislation are as follows:

Restoration of the right of the owner to prepay. (sec. 211)

Addition of two new incentives, a capital loan for owners who wish to extend low-income restrictions, and a capital grant to enable owners to sell their property to a qualified purchaser. As under LIHPRHA, the capital loan would be for a maximum of 70 percent of preservation equity, and the capital grant for 100 percent of preservation equity. Both the loan and the grant would also cover necessary rehabilitation expenses for the project. The loan would be repaid after the first mortgage has been paid off. An owner receiving incentives to retain ownership would also receive a return equal to 8 percent of the remaining 30 percent of equity in the property, or in the case of a purchaser, 8 percent on the actual cash investment made to acquire the project. (secs. 219(b)(8) and 220(d)(2)

Except where a Federal cost limit was approved under LIHPRHA processing, the loan or grant would be limited to 60 times the applicable monthly fair market rent for the project. (sec. 215)

Tenant-based assistance will be provided to very low-income tenants when an owner prepays the mortgage. Also, HUD will pay relocation assistance up to $1,500 for certain low-income tenants who do not receive tenant-based assistance. (sec. 223)

The definition of eligible housing is changed to include only those properties which were time-eligible on December 31, 1994, and filed a notice of intent prior to February 28, 1995, and properties not time-eligible on December 31, 1994, but file a notice of intent no later than March 1, 1996. A minimum preservation equity threshold is established at the lesser of $5,000 per unit or $500,000 per property or eight times fair market rents. (sec. 229)

To ensure an expeditious start of the new program, HUD is directed to process capital grants and loans without issuing regulations and without reprocessing approvals or LIHPRHA milestones such as form 9607, Federal cost limits, et cetera. The capital grant would be paid in full in the case of an acquisition. However, to ease the financial burden on the Federal Government the capital loan would be paid in five equal installments. The owner shall receive interest at the applicable Federal rate at plan approval on the unpaid installments. (sec. 236) However, if the Government fails to meet its installment obligations, the owner may prepay and retain past installment payments.

SECTION-BY-SECTION ANALYSIS

New section 202. The new provisions will be applicable to those projects which have not received funding for a plan of action under LIHPRHA before October 1, 1995.

Section 211. These amendments permit an owner to prepay at any time or in the alternative, file a plan of action for a capital loan or grant.

Section 212. This section is amended to remove the reference to section 218, setting forth criteria for prepayment, which will be deleted in its entirety.

Section 214. This section dealing with the annual authorized return is deleted in its entirety, as this concept would not be relevant to capital grants.

Section 215. A new Federal cost limit is inserted providing that a permissible capital loan or grant should not exceed 60 times the applicable fair market rent for the unit involved. The Secretary is granted the discretion to approve capital grants or loans in excess of the new cost limit.

Section 216. This section deletes information from the Secretary that would not be applicable under the capital grant procedures, as well as references to section 221, the mandatory sales section.

Section 217. This section is amended to delete references to criteria for voluntary termination in section 218 as the reference is no longer applicable.

Section 218. This section dealing with prepayment or voluntary termination is deleted in its entirety as it is no longer applicable.

Section 219. Obsolete language is deleted and a new incentive, the direct loan (70 percent of preservation equity) is inserted in lieu thereof. Repayment of the loan shall commence when the first mortgage loan on the project is paid in full; the owner shall then utilize the same amount of the first mortgage payments to make payments on the equity loan. This section also provides for an annual return to an owner equal to 8 percent of the remaining 30 percent of equity in the property. Also, 236 excess income is no longer required to be remitted to HUD.

Section 220. This section is amended to omit reference to the present Federal cost limits provision and authorizes a capital grant of 100 percent of preservation equity. The section also establishes various classes of priority purchasers. The section also provides that the purchaser may choose to receive a loan rather than a grant because of tax considerations. The incentives provision for priority purchasers is deleted as it does not conform to the new grant program. Qualified purchasers are entitled to an 8 percent return on actual cash invested. This section is also amended to make clear that the residual receipts account is released to the owner but the replacement reserves stay with the project in a sale and a priority purchaser will receive section 236 excess income.

Section 221. This section dealing with mandatory sales is deleted in its entirety.

Section 222. This section is changed to remove references to the phase-in of section 8 rent contributions and the requirement that new tenants be at the same proportion of very low, low, and moderate incomes as existing tenants, although to the extent subsidies are available, the current income mix between very low, low, and moderate income will be maintained. These provisions would not be applicable or practical in the absence of section 8.

In addition, the LIHPRHA methodology of rent adjustment, the operating cost adjustment factor, would be deleted and replaced by the current rent adjustment mechanism generally in effect for section 221(d)(3) and 236 projects. HUD is required to process rent adjustments during LIHPRHA processing. References are also deleted to annual authorized return. Further, the sanction enabling the Secretary to declare a rehab loan in default is deleted as there is no rehab loan per se.

Section 223. This section is amended to provide that HUD will provide tenant-based assistance to all very low-income tenants when the owner prepays. Further, HUD will provide relocation assistance not to exceed $1,500 for rent-burdened low income tenants.

Section 224. This section setting forth permissible prepayment events is deleted as it is no longer needed in view of the unfettered prepayment right.

Section 225. This section is amended to require HUD to pay an owner 8 percent interest on preservation equity if it fails to meet its processing timetables, a penalty similar to that in current law.

Also there is a technical change removing the word, "district" so as to give an aggrieved party the right to sue in the court of Federal claims.

Section 229. This section changes the requirements for eligibility to limit participation to any project which was time-eligible as of December 31, 1994, and filed a notice of intent prior to February 28, 1995, or was not time-eligible on December 31, 1994, but files a notice no later than March 1, 1996. Also, a minimum preservation equity threshold is set at the lesser of $5,000 per unit or $500,000 per project or eight times fair market rents. Conforming changes are made in the definition of preservation equity to conform to the new capital grant language. Also, new definitions are added for the terms "community-based nonprofit organization" and "mutual housing association."

Section 231. This section is amended to expand the class of priority purchasers to include a resident council, community-based nonprofit, mutual housing association or affiliates that act as a general partner in a limited partnership.

Section 232. This section dealing with Federal preemption is amended to remove the language on annual authorized return and to state that local laws cannot preempt any benefit provided under the new act.

New section 236. This section is added to provide that the capital grant and loan provisions are self-executing without need for regulations, or reprocessing LIHPRHA approvals or including but not limited to form 9607, calculation of Federal cost limits, bona fide offers and the like. The capital grant to a qualified purchaser shall be funded in full. In addition, HUD may pay the capital loan over five installments, with interest at the applicable Federal rate. If HUD defaults on any of the installments, the owner may keep the installment and prepay. An owner processing under the Emergency Low Income Housing Preservation Act of 1987 [ELIHPA] may choose to apply for a capital grant/loan or prepay under the new provisions.

Section 216 provides for a 1-year extension of the home equity conversion mortgage program which is growing in popularity as a mean for older Americans to use reverse mortgages to secure funds from accumulated equity in their homes.

Section 217 changes the timing in which assessments are collected by the Office of Federal Housing Enterprise Oversight.

Section 218 of the bill prohibits the use of any funds by HUD for any activity pertaining to property insurance. Such activities are unwarranted and unnecessary. Every State and the District of Columbia have laws and regulations addressing unfair discrimination in property insurance and are actively investigating and addressing discrimination where it is found to occur. HUD's insurance-related activities do no more than add an unnecessary layer of Federal bureaucracy.

Moreover, the Fair Housing Act makes no mention of discrimination in property insurance. The act expressly governs home sales and rentals and the services that home sellers, landlords, mortgage lenders, and real estate brokers provide. Neither it nor its legislative history suggests that Congress intended it also to apply to the provision of property insurance. Indeed, Congress' intention, as expressly stated in the McCarran-Ferguson Act of 1945 and repeatedly reaffirmed thereafter, is that, unless a Federal law specifically relates to the business of insurance, the law shall not apply where it would interfere with State insurance regulation. HUD's assertion of authority regarding property insurance contradicts this statutory mandate.

The language recommended by the Committee will permit the Department to complete ongoing studies and analyses regarding the availability of property insurance and its relationship to housing opportunities.

Section 219 caps the number of noncareer Senior Executive Service employees in the Department. This is similar to a restriction contained in this bill 3 years ago.

Section 220 modifies the designation of an earmark contained in the appropriations bill for fiscal year 1992. This modification is necessary to permit the utilization of previously obligated funds.

PERMISSIBLE ADJUSTMENT TO MODERNIZATION FORMULA

Section 221 would allow the Secretary to provide additional weighting to backlog needs in the public housing modernization formula subject to applicable rulemaking procedures.

The Committee recommends a new section 222 which clarifies the provision governing the use of lead-based paint abatement funding. Recently, the Federal task force on lead-based paint abatement recommended model strategies and protocols to maximize the effectiveness of abatement activities. The Committee believes that these consensus recommendations should be broadly tested and considered in addressing this serious human health concern in a manner which targets limited available resources toward the most efficient mechanisms in reducing hazardous lead exposure.

COST SAVINGS WITH PHA'S

Section 223 would make the current cost-sharing provision between HUD and PHA's where the PHA's initiative has saved money, permanent rather than limited to 6 years.

Section 224 extends current law which permits the Department to dispose of performing mortgages which bear below-market interest rates without receiving these notes into FHA inventory. This provision is effective only for fiscal year 1996.

TITLE III—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

Appropriations, 1995	$20,265,000
Budget estimate, 1996	20,265,000
House allowance	20,265,000
Committee recommendation	20,265,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $20,265,000 for the American Battle Monuments Commission, as requested by the administration and provided by the House.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Appropriations, 1995	$125,000,000
Budget estimate, 1996	123,650,000
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

The community development financial institutions [CDFI] fund would provide grants, loans, and technical assistance to new and existing community development financial institutions such as community development banks, community development credit unions, revolving loan funds, and microloan funds. Recipient institutions would be required to support mortgage, small business, and economic development lending in currently underserved, distressed neighborhoods.

COMMITTEE RECOMMENDATION

The Committee recommends no funding for the community development financial institutions fund program account. No funds were included in the House-passed bill for this purpose. The administration requested $123,650,000 for this agency, in addition to $20,000,000 for loan subsidies and $350,000 to establish an inspector general.

Public Law 104–19, the Rescission Act for Fiscal Year 1995, reduced previously appropriated funding for this purpose to $50,000,000, and directed that this amount be administered by the Department of the Treasury rather than in a new independent agency. The Committee supports the laudatory goal of assisting neighborhood development banks with additional capital, as was envisioned under the Bank Enterprise Act portion of this account. The utilization of these funds during fiscal year 1996 will be monitored by the Committee, and consideration will be given to a budget request for fiscal year 1997, for continuation of this activity in that Department.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Appropriations, 1995	$42,509,000
Budget estimate, 1996	44,000,000
House allowance	40,000,000
Committee recommendation	40,000,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing $40,000,000 for the Consumer Product Safety Commission, a reduction of $4,000,000 below the budget estimate and $2,509,000 below the current level. The reduction is to be taken at the discretion of the Commission, subject to normal reprogramming procedures.

The fiscal year 1995 budget provided $1,200,000 for the Fire Safe Cigarette Act upon authorization. The legislation was not enacted, therefore, these funds were not used in fiscal year 1995 and will be returned to the Treasury. Consequently, the fiscal year 1995 budget was in effect $41,309,000 and the amount provided represents a real decrease of only $1,309,000 below fiscal year 1995.

It is noted that agency management currently comprises 19 percent of the budget and could absorb budget reductions without impacting agency programs. Such a reduction would be in keeping with the CPSC Chairman's organizational restructuring which was recently initiated. According to the agency, the restructuring will reduce management layers and reduce administrative costs associated with personnel, procurement, space, and other support services. If accelerated, the Committee believes the restructuring could effectuate budgetary savings in fiscal year 1996. The Committee wishes to be kept apprised of all restructuring activities on a regular basis.

The Committee notes that the Commission's budget request includes a 60-percent increase in travel costs. The Commission is directed to maintain travel costs at or below the fiscal year 1995 level.

Corporation for National and Community Service

NATIONAL AND COMMUNITY SERVICE PROGRAMS

OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$575,000,000
Budget estimate, 1996	817,476,000
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends no appropriation for the Corporation for National and Community Service. The House-passed bill also provides for termination of this entity.

In concurring with the House recommendation that no funding be provided for the Corporation for National Service, the Committee notes that the Government Accounting Office has concluded that the cost per participant in the Americorps Program exceeds $26,000 per year, a level which cannot be sustained in the current budget environment.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1995	$2,000,000
Budget estimate, 1996	2,000,000
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends termination of the Office of the Inspector General, along with discontinuation of the Corporation as a whole.

U.S. COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

Appropriations, 1995	$9,429,000
Budget estimate, 1996	9,820,000
House allowance	9,000,000
Committee recommendation	9,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing $9,000,000 for the U.S. Court of Veterans Appeals. This amount represents a decrease of $820,000 below the budget request and $429,000 below the current levels. As requested by COVA, the full $678,000 has been included for the pro bono representation program.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

Appropriations, 1995	$12,017,000
Budget estimate, 1996	14,124,000
House allowance	11,296,000
Committee recommendation	11,946,000

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1992, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 246,023 persons and comprised a total of approximately 628 acres. There were 3,056 interments and 1,583 inurnments in fiscal year 1993; 3,500 interments and 1,500 inurnments are estimated for the current fiscal year; and 3,500 interments and 1,500 inurnments are estimated for fiscal year 1995.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $11,946,000 for the Army's cemeterial expenses. This amount is $2,188,000 less than the budget request and $650,000 more than the House allowance and will allow the Army to initiate construction of phase III of the Columbarium expected to cost $4,260,000. The Army may apply $2,188,000 of the potential savings associated with the memorial amphitheater restoration project to offset the reductions in the program.

ENVIRONMENTAL PROTECTION AGENCY

Appropriations, 1995	[1] $6,641,445,000
Budget estimate, 1996	7,359,409,000
House allowance	4,892,430,000
Committee recommendation	5,661,927,000

[1] Reflects rescission of $599,442,000 in Public Law 104–19.

GENERAL DESCRIPTION

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

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

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

Water quality.—The Clean Water Act [CWA], as amended in 1977, 1981, and 1987, provides the framework for protection of the Nation's surface waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water pollution. The States determine the desired uses for their waters, set standards, identify current uses and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal waste water treatment works, and nonpoint source control practices. The CWA also regulates discharge of dredge or fill material into waters of the United States, including wetlands.

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

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

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

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

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

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

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

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

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

COMMITTEE RECOMMENDATION

The Committee has provided a total of $5,661,927,000 for EPA. This is a decrease of $1,697,482,000 below the budget request, an increase of $769,497,000 above the House, and a decrease of $979,518,000 below the current budget.

While the Committee has provided a significant increase over the House amount, its action is not intended to suggest that the status quo is acceptable. Rather, the Committee's recommendation is intended to bring about systemic changes to EPA, including streamlining its operations; eliminating duplication of other agencies, State and local efforts; providing full support and flexibility to States to comply with environmental mandates; and adopting a flexible and cooperative approach to working with industry to achieve environmental standards.

The Committee's appropriation for EPA closely parallels recommendations made by the National Academy of Public Administration in a report to this Committee entitled: "Setting Priorities, Getting Results: A New Direction for EPA," released in April of this year. At a May 17, 1995, hearing conducted by the Committee on EPA reform issues, a variety of witnesses from State and local government and the private sector concurred in the NAPA recommendations.

In particular, NAPA recommended: "EPA needs to hand more responsibility and decisionmaking authority over to the States and localities * * * [A] new partnership needs to be formed, one based on 'accountable devolution' of national programs and on a reduction in EPA oversight when it is not needed." Reductions to EPA operating programs are to be achieved in part by reductions to EPA oversight of states.

In addition, NAPA recommended that flexibility be provided to local government and the private sector to meet environmental standards. Again, the Committee strongly supports this recommendation, and directs the Agency to develop and submit legislation to address the need for statutory authority to provide such flexibility if required.

NAPA also recommended important management changes to EPA, including the need to establish specific environmental goals and develop strategies to attain them; using comparative risk analyses to inform the selection of priorities and the development of specific program strategies; using the budget process to allocate resources to the Agency's priorities; establishing accountability by setting and tracking benchmarks; and evaluating performance.

The Committee has identified for budgetary reduction a number of initiatives which reflect low priorities based on comparative risk analysis, such as the environmental technology initiative. The Committee believes risk-based analysis must provide the basis for budgetary decisionmaking. Any general reductions should be accommodated by the elimination of low-risk activities, and the Committee expects the fiscal year 1997 budget submission to be based on a thorough comparative risk assessment of EPA activities.

The Committee is directing EPA's Science Advisory Board to update its 1990 comparative risk analysis to help guide future agency decisionmaking.

NAPA also recommended that: "the Agency should begin work on a reorganization plan that would break down the internal walls between the Agency's major media program offices for air, water, waste, and toxic substances." Such a reorganization would result in management efficiencies and a more coordinated approach to environmental protection. Given budgetary reductions anticipated over the next several years as we move toward a balanced budget, the time is ripe for reorganizing the Agency to make better use of its resources. The Committee expects the Agency to prepare a reorganization proposal and submit its plans to the Committee by January 1, 1996.

Major reductions to EPA come primarily from the Superfund Program, which is reduced by approximately $300,000,000 below current levels, and the elimination of earmarks for sewer treatment construction. Superfund activities are limited to ongoing projects and meeting immediate human health risks, pending enactment of comprehensive reauthorization legislation. Superfund is a program in need of major reform; to continue funding the current program at the requested level is a waste of trust fund and taxpayer dollars.

Other significant reductions are taken to lower priority programs which duplicate private sector activities or are not critical to the Agency's core mission. These include the climate change action plan program, primarily including the green programs; the environmental technology initiative; and the Montreal Protocol Facilitation Fund.

The Committee recommendation includes a restructuring of EPA's appropriation accounts. This is intended to accomplish several objectives: first, to ensure that State grants are protected from budget cuts, a separate account has been created entitled: "Program and infrastructure assistance." This account includes all categorical grants as well as State revolving funds. The account totals $2,034,000,000, and represents more than 40 percent of the entire EPA appropriation. The amount provided for the States represents an increase of approximately $300,000,000 over current funding levels.

Second, to provide flexibility to the Agency in meeting budgetary reductions, the former "Program and research operations" account is merged with the other operating accounts which fund primarily contractual support activities. Two new accounts are created in lieu of research and development and abatement, control and compliance: the "Science and technology" account funds all science activities, and the "Program administration and management" account provides for regulatory, technical assistance, education, and enforcement activities.

The new "Science and technology" account includes funding for all EPA laboratories, except the regional laboratories which conduct routine monitoring and testing activities as well as technical assistance and support. The new "Science and technology" account is intended to ensure a coordinated, disciplined, consistent approach to EPA research. Sound science must play a critical role in EPA decisionmaking. Therefore, high quality, peer-reviewed research in support of Agency activities should be among the highest priorities for EPA. Currently research activities are not adequately coordinated and peer review procedures are inconsistent. The Committee supports ongoing reorganization efforts within the Office of Research and Development, and anticipates that those efforts will correct current shortfalls in the research program.

RESEARCH AND DEVELOPMENT

Appropriations, 1995 [1]	$335,365,000
Budget estimate, 1996	426,661,000
House allowance	384,052,000
Committee recommendation	

[1] Includes rescission of $14,635,000 in Public Law 104–19.

The Committee has not provided funds for the "Research and development" account. Instead, the Committee has created a new account, detailed below.

SCIENCE AND TECHNOLOGY

Appropriations, 1995	....
Budget estimate, 1996	....
House allowance	....
Committee recommendation	$500,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $500,000,000 for science and technology. The Committee has replaced the "Research and development" account with a new "Science and technology" account which will fund all EPA science and technology activities, including personnel costs, laboratory costs (except the Environmental Service Division laboratories), and all activities formerly funded in the "Research and development" account. Therefore, this account provides funding for the National Air and Radiation Environmental Laboratory in Montgomery, AL; the Office of Radiation and Indoor Air Laboratory in Las Vegas, NV; Office of Groundwater and Drinking Water Technical Support Division in Cincinnati, OH; the National Enforcement Investigations Center in Denver, CO; the National Vehicle and Fuel Emissions Laboratory in Ann Arbor, MI; the Environmental Chemistry Laboratory in Bay St. Louis, MS; and the Analytical Chemistry Laboratory and Microbiology Laboratory in Beltsville, MD, in addition to the laboratories currently under the Office of Research and Development.

The "Science and technology" account is intended to bring together most science-related activities in the agency into one appropriation account. Due to questions over the function of the Environmental Service Division [ESD] labs, the costs associated with those labs were excluded from the new account. However, the Committee directs the agency to submit an analysis of whether the ESD labs should also be included under this account when it submits the fiscal year 1997 budget.

The new account structure also will provide the Agency with more flexibility in determining where and how to make budgetary reductions. The Committee's normal reprogramming guidelines, however, will continue to apply.

The Committee believes that sound science should provide the basis for all EPA policies, priority setting, and decisionmaking. EPA has begun to make progress to improve the quality of its research products in several key areas, such as implementing an agencywide peer review policy and reorganizing its Office of Research and Development. However, many of these efforts are in the very early stages and much more needs to be done. The Committee will be following closely these initiatives.

EPA recently announced a reorganization of its research and development laboratories along risk-based lines in an effort to improve the management, coordination, quality, and prioritization of EPA research activities. The Committee supports that effort, and believes that all EPA science and technology activities should be included in this initiative. The Committee is concerned that the reorganization excludes the program office laboratories and the Environmental Service Division labs. These labs operate independently of the Office of Research and Development, leading to possible overlap, duplication, and quality control problems.

Furthermore, the Committee is disappointed that the agency's reorganization plans do not involve eliminating any of the current laboratory facilities, and encourages the agency to study whether any of the laboratories, including ESD labs, could be combined or eliminated. In view of declining resources, along with the deteriorating infrastructure of many of the labs, the Committee believes consolidations could result in a more prudent use of limited resources.

Along with reorganization efforts, ORD has been developing a long-range strategic plan. The Committee directs the Science Advisory Board to assess both of these efforts and to report to the Committee its findings within 6 months of enactment of this act.

Last year, the Committee directed the National Research Council to undertake a review of EPA's research program and its peer review procedures in particular. The Committee is keenly interested in receiving the results of this study, expected late this year, and anticipates ORD will incorporate the findings and recommendations into its strategic planning efforts.

The Committee has made the following changes to the budget request for research and development:

+$150,000,000 for personnel and travel costs, transferred from the former "Program and research operations" account. This amount includes personnel for all laboratories specified above, and represents a reduction of approximately $24,000,000 below the budget request. The Committee would be willing to consider a reprogramming request as part of the operating plan should this amount prove to be insufficient.

+$35,000,000 for the program office laboratories (nonpersonnel costs), transferred from the former "Abatement, control, and compliance" account. This represents a reduction of approximately $12,000,000 below the request, and is $3,000,000 above the 1995 level. The Committee would be willing to consider a reprogramming request as part of the operating plan should this amount prove to be insufficient.

−$31,645,700 from the working capital fund. This fund has not been approved.

−$59,200,000 from the environmental technology initiative, in order to fund higher priority activities. Remaining funds should be targeted to technology verification activities and other critical efforts which do not duplicate private sector initiatives.

+$1,000,000 for the experimental program to stimulate competitive research [EPSCoR]. EPA is urged to make EPSCoR a permanent part of the science to achieve results [STAR] initiative.

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

+$1,700,000 for drinking water research through the American Water Works Association Research Foundation.

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

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

−$26,515,300 as a general reduction, subject to normal reprogramming guidelines.

The Committee directs EPA to submit the disinfectants/disinfection byproducts proposed rule, plus all substantive scientific and technical comments the agency has received on the proposed rule, to its Science Advisory Board. SAB is to review and comment on the scientific and technical basis for the proposed rule, identify important data gaps that substantially limit the characterizations of the microbial versus chemical byproducts risks, and identify research activities that will be needed to fill identified data gaps. EPA is to respond in writing to the SAB and this Committee regarding its comments and findings at least 90 days prior to issuing the final rule.

In 1990 EPA's Science Advisory Board produced a report entitled "Reducing Risk: Setting Priorities and Strategies for Environmental Protection." This report provided a relative risk analysis of environmental issues, and requires updating. Therefore, the Committee directs SAB to provide a revised analysis of environmental issues based on relative risk and opportunities for risk reduction. SAB should solicit and incorporate the views of nonscientific organizations wherever appropriate, such as the National Academy of Public Administration, in view of the fact that a risk ranking cannot be based on scientific data alone. This report should be subject to a thorough peer review process, and when complete, should provide the basis for EPA activities. Its findings also should be incorporated into the Office of Research and Development strategic planning efforts.

The Committee understands it is widely held in the scientific community that EPA's draft dioxin risk characterization document (chapter 9) which presents the agency's major conclusion that dioxins may produce a broad spectrum of effects in humans at or near current background levels, does not accurately reflect the science on exposures to dioxins and their potential health effects.

Further, the Committee is concerned that EPA selected and presented scientific data and interpretations of that data that are heavily dependent upon assumptions and hypotheses that deserve careful scrutiny by the scientific community. The Committee also understands that inaccuracies and omissions in the risk characterization chapter, which have been noted and criticized by EPA's Science Advisory Board and the general scientific community, were the result of the agency's failure to consult with and utilize the assistance of the outside community in writing chapter 9.

EPA is directed to ensure that the concerns and recommendations of the SAB are properly accounted for in rewriting chapters 8 and 9, and involve as appropriate the participation of scientists from other relevant agencies and those scientists who originally authored the other reassessment chapters in rewriting chapter 9 in the aforementioned draft.

The Committee supports the scientific analysis that is accomplished at the Robert S. Kerr Environmental Research Laboratory in Ada, OK, and encourages their continued research in ground water quality and remediation procedures.

The Committee directs the Agency to cease any further hiring under the contractor conversion program and provide a report to the Committee by January 1, 1996, on staffing plans including the use of Federal and contract employees.

ABATEMENT, CONTROL, AND COMPLIANCE

Appropriations, 1995[1]	$1,407,193,000
Budget estimate, 1996	1,748,823,000
House allowance	....
Committee recommendation	....

[1] Includes rescission of $9,807,000 in Public Law 104–19.

The Committee has deleted this account. Activities formerly funded in this account are funded in the "Program administration and management," "Science and technology," and "Program and infrastructure assistance" accounts.

PROGRAM AND RESEARCH OPERATIONS

Appropriations, 1995	$922,000,000
Budget estimate, 1996	1,017,298,000
House allowance	....
Committee recommendation	....

The Committee has deleted this account. Activities formerly funded in this account are funded in the "Program administration and management" and "Science and technology" accounts.

ENVIRONMENTAL PROGRAMS AND COMPLIANCE

The House created a new account, "Environmental programs and compliance," consisting of the former "Program and research operations" and "Abatement, control, and compliance" accounts. The Committee has not agreed to this account structure.

PROGRAM ADMINISTRATION AND MANAGEMENT

Appropriations, 1995	....
Budget estimate, 1996	....
House allowance	....
Committee recommendation	$1,670,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee created a new account, which includes activities formerly funded in the "Abatement, control, and compliance" and "Program and research operations" accounts, with the following exceptions: resources associated with the program office laboratories and resources associated with the Office of Research and Development personnel are funded in the "Science and technology" account, and all State grants are shifted to the "Program and infrastructure assistance" account.

The Committee has provided $1,670,000,000 for program administration and management, and has made the following changes to the budget request for abatement, control, and compliance and program and research operations:

− $81,474,300 for program office laboratory costs (funded in the "Science and technology" account).

− $140,080,200 for ORD personnel costs (funded in the "Science and technology" account).

− $683,466,200 from State and tribal capacity grants (these grants are funded in the "Program and infrastructure assistance" account).

− $40,600,000 from the environmental technology initiative.

− $90,000,000 from the climate change action plan programs. The amount provided is approximately the same as the fiscal year 1994 level of $40,000,000. Funds for the green programs have been eliminated. The Committee notes that these programs overlap and conflict with statutory authority provided to the Department of Energy in the Energy Policy Act of 1992. For example, the Secretary of Energy was given a mandate to develop labeling and advertising rules for lighting, equipment, and appliances. Therefore, EPA should transfer to DOE those energy efficiency and energy supply programs which DOE, not EPA, is authorized to carry out. Future appropriations for these programs should be requested as part of the DOE budget submission.

− $24,000,000 from the Montreal Protocol facilitation fund. The Committee notes that a total of $116,000,000 has been provided to date (EPA and State Department appropriations) for the Montreal Protocol.

+ $31,645,700 for the working capital fund, transferred from the "Research and development" account. This new fund has not been approved.

− $1,800,000 from lower priority environmental education activities. This is the same as fiscal year 1995.

− $3,000,000 from lower priority activities in the Office of International Activities. This is the same level as fiscal year 1995.

− $405,000 from the Building Air Quality Alliance.

− $350,000 from activities related to electromagnetic fields. Section 2118 of the Energy Policy Act of 1992 established a Federal program to investigate and report on human health effects from electromagnetic fields [EMF]. Congress mandated that this program of research and public communication be managed jointly by the Department of Health and Human Services and the Department of Energy. No programmatic role was assigned to EPA, yet EPA has pursued a number of unintegrated activities on EMF that are of questionable value. Therefore, the Committee believes EPA should not engage in EMF activities.

− $2,000,000 from the national service initiative.

− $1,000,000 from the GLOBE Program.

− $20,000,000 from enforcement activities.

− $25,000,000 from regional and State oversight. The Committee concurs with the National Academy of Public Administration's recommendation that regional offices should focus on building

States' capacity to manage environmental problems, and reduce their oversight of States that demonstrate their ability and willingness to meet Federal standards. Emphasis should be placed on results rather than process. The Committee believes that regional offices may be overstaffed, and that EPA should complete an analysis of the activities of regional office staff to provide a firm basis for determining the proper size and composition of those offices, as NAPA recommended. This reduction is intended to eliminate duplicative efforts and overfiling. The Committee supports all efforts to create a positive partnership with States and the regulated community.

+ $8,500,000 for rural water training and technical assistance activities through the National Rural Water Association, the Rural Community Assistance Program, the Small Flows Clearinghouse, and the National Underground Injection Council.
+ $2,000,000 for the Southwest Center for Environmental Research and Policy.
+ $1,700,000 for waste water operator training grants under section 104(g) of the Clean Water Act.
+ $350,000 for Long Island Sound.
+ $900,000 to remediate the consequences of former and abandoned lead/zinc mining in southern and southeastern Missouri. This will focus remediation efforts on the area where much of the lead/zinc mining historically occurred.
+ $250,000 for an evaluation of ground water quality in Missouri, where evidence is mounting that ground water quality is being threatened by anthropological activities. The evaluation will include the vulnerability of wells to microbiological contaminants, pollution prevention alternatives, and treatment alternatives available to assure safe drinking water supplies.
+ $400,000 for the Small Public Water Systems Technology Assistance Center.
+ $200,000 for a feasibility study for the delivery of water from the Tiber Reservoir to Rocky Boy Reservation.
+ $75,000 for the Rocky Mountain Regional Water Center's model watershed planning effort.
+ $1,000,000 for the National Environmental Training Center for Small Communities.
+ $150,000 for the National Groundwater Foundation to continue the ground water guardian program and develop electronic ground water educational services.
+ $500,000 to continue the methane energy and agricultural development demonstration project.
+ $185,000 for the Columbia River Gorge Commission for monitoring implementation pursuant to Public Law 99–663.
+ $1,000,000 for environmental review and basin planning for a sewer separation demonstration project for Tanner Creek.
+ $300,000 to continue the Small Business Pollution Prevention Center managed by the Iowa Waste Reduction Center.
+ $1,500,000 for the final year of the Alternative Fuel Vehicle Training Program.
+ $1,000,000 for the Adirondack Destruction Assessment Program, as authorized by the Clean Air Act Amendments, to assess the effects of acid deposition on ecosystems.

+$750,000 for the Lake Pontchartrain management conference.
+$750,000 for the Lake Champlain basin plan. The Committee rejects the House report language regarding Lake Champlain.
+$750,000 to continue the solar aquatic waste water demonstration program in Vermont.
+$1,000,000 to continue the onsite waste water treatment demonstration through the small flows clearinghouse.
+$235,000 for a model program in the Cheney Reservoir to assess water quality improvement practices related to agricultural runoff. The Cheney Reservoir is a major and critical part of the water supply of Wichita, KS. Agricultural runoff, particularly phosphates, and sedimentation from soil erosion threaten the water quality and longevity of the reservoir. Wichita has committed $1,200,000 to begin implementation of soil conservation and other water quality improvement practices at identified pollution sites in the watershed above the reservoir.
+$500,000 to continue the coordinated model tribal water quality program initiative in Washington State. The Committee directs the agency to work with affected tribes to incorporate these funds into the tribes' base programs and urges adequate support for this activity.
+$250,000 for the Ala Wai Canal watershed improvement project.
+$200,000 for the Sokaogon Cheppewa Community to continue to assess the environmental impacts of a proposed underground sulfide mine near the reservation.
+$2,000,000 for a demonstration program to remediate leaking above ground storage tanks in the State of Alaska.
−$41,036,000 as a general reduction, subject to normal reprogramming guidelines.

The Committee supports the full budget request for the Chesapeake Bay Program, the Everglades restoration activities, the National Estuary Program, and the Great Lakes Program. These amounts are not subject to any general reduction. The National Estuary Program funding shall include a grant for Sarasota County, FL, to support the implementation of its conservation and management plan for Sarasota Bay, as authorized by section 320(g)(2) of the Federal Water Pollution Control Act, as amended.

The Committee supports the full budget request for small business compliance assistance centers.

The Committee supports EPA's Environmental Finance Center network whose goal is to find ways to achieve more efficient and effective environmental infrastructure at less cost. The EFC's provide technical assistance, expertise, and information to public officials and small business about environmental financing opportunities. EPA is urged to provide $2,500,000 for the environmental finance centers.

The Committee strongly disagrees with report language contained in House Report 104–201 with respect to EPA's reformulated gasoline oxygenate standard.

A recent study conducted by EPA and the four Lake Michigan States found that significant portions of ozone-causing air pollution are entering the Lake Michigan region from other regions, but the study did not address the sources of the pollution or the national air transport patterns exacerbating the problem. Therefore, the Committee urges EPA to conduct a study of the transport of ozone and ozone precursors on a national scale, as long as such a study would build upon and not duplicate existing studies.

The Committee strongly supports recommendations made by the National Academy of Public Administration in its April 1995 report to the Committee entitled "Setting Priorities, Getting Results: A New Direction for EPA." In particular, NAPA recommended that EPA turn more decisionmaking and provide more flexibility to State and local governments and the private sector; EPA should refine its use of risk and cost-benefit analyses in making decisions; and EPA should undertake major management reforms including a reorganization to eliminate the media-specific fragmentation—all recommendations with which the Committee strongly concurs. EPA has convened a task force to devise an implementation plan for the recommendations and the Committee expects to be kept apprised of the progress in this area. In addition to management and organizational reforms, the Committee expects EPA to submit a legislative proposal to implement needed statutory changes.

The Committee continues to be concerned with the imbalance of costs and benefits to be derived from EPA's proposed cluster rule for the pulp and paper industry. As directed in last year's Committee report, the Committee is expecting that prior to issuance of a final rule, the agency will review all data and information provided by industry, reassess the costs and benefits which will be obtained, and demonstrate that the regulations will produce benefits which will not be exceeded by the costs. EPA's assessment should include all industry data on bleach and unbleached pulp and paper mills, including the advisability of establishing separate air subcategories such as the unbleached semi-chemical and sulfite subcategories.

The Committee encourages EPA to continue to fund the Potomac North Branch acid mine drainage remediation project in fiscal year 1996 at current levels.

The Committee concurs with language included in House Report 104–201 with respect to the Tellus Institute study of costs and benefits of bottle bills. Considering that so many States have adopted bottle legislation, additional studies were not warranted. This type of study should be declined in the future.

The Committee supports House report language regarding air pollution in the United States-Mexico border region, particularly in El Paso, TX. Because of its proximity to Ciudad Juarez, Mexico, El Paso has little control over its air quality and needs full cooperation from EPA to comply with the Clean Air Act as applied to border communities by section 179B of the Clean Air Act.

In May of this year, EPA issued a rule to control ozone and carbon monoxide related emissions from a broad range of small nonroad engines of 25 horsepower or less that power such consumer products as lawn mowers, snow blowers, and chain saws, beginning in 1997. While the rule was being prepared, EPA initiated a regulatory negotiation process for a second rule to be promulgated in April 1997, just when the first rule will come into force. The May rule expressly found that it reflects the greatest degree of emission reduction achievable with available technology, considering costs and the degree of emission reduction achievable with available technology, considering costs and other statutory factors.

In light of this, the Committee believes EPA should move to modify the consent decree, to at a minimum defer the second rule, unless the regulatory negotiation achieves a cost-effective consensus rule that provides adequate lead time, does not include automobile-like measures such as in-use testing and recall, and preserves the availability of lower cost lawn equipment and the associated manufacturing jobs.

EPA is to report by February 1, 1996, on whether there is an air quality need to impose a second rule establishing requirements beyond what could be reached by a consensus of the interested parties before the costs and benefits of the first rule are apparent.

The Committee has concerns that EPA has pursued activities which exceed the Agency's legal authority in the regulation of lead by seeking to regulate lead uses that pose no significant risks to human health or the environment.

Specific examples include: (1) proposed rulemaking on the regulation of lead and zinc fishing sinkers, notwithstanding a May 24, 1994, sense of the Senate resolution on the matter and notwithstanding EPA's admission in the proposed rule that an accurate number of waterbirds lethally exposed to lead and zinc cannot be estimated; (2) an advanced notice of proposed rulemaking regarding significant new uses of lead which includes racing car fuel and lead shot for ammunition, which is exempt from TSCA regulation (15 U.S.C. S. 2602 (2)(B)(v)); (3) engaging in activities to promote a council act on lead risk reduction through the Organization for Economic Cooperation and Development, which encourages regulation beyond the authority provided EPA by Congress.

In keeping with the Committee's direction to maximize public health and environmental benefits, EPA should focus on true and significant risks of lead, such as lead paint abatement, and refrain from misallocating Agency resources on issues of secondary importance and/or activities which are not authorized under law.

The Committee believes that sound science should provide the basis for all EPA policies and that all regulations should be based on accurate and up-to-date information on the activities to be regulated. EPA should not implement programs or exercise Agency discretion in a manner inconsistent with the intent of Congress. In this regard, the Committee is concerned with EPA's establishment of standards for maximum achievable control technology [MACT] required by the Clean Air Act amendments.

The Committee does not believe EPA is in all instances using accurate and current data in setting MACT standards. In particular, the Committee is aware that in the MACT standard for the refinery industry, key emissions data are based on 1980 data that do not reflect controls which facilities have adopted in the past 15 years. The Committee understands that while EPA was aware that this methodology overstates emissions, the Agency made no attempt to adjust or modify their estimates.

Therefore, the standard may convey a misleading impression as to the level of health risks associated with refinery emissions and the value of the proposed regulations. The Committee strongly encourages EPA to reevaluate the refinery MACT and other MACT standards which are not based on sound science.

The Committee has serious concerns over the Agency's treatment of volatile organic compounds [VOC's] under Clean Air Act section 183(e), which addresses the role in ozone nonattainment of VOC's emitted from consumer and commercial products. The law required EPA to consider reactivity and the potential to contribute to ozone nonattainment in assessing various VOC's emitted from consumer and commercial products. According to a March 15, 1995, study released by EPA, this was not done.

In addition, EPA has stated that small paint manufacturers could experience significant adverse economic impacts. The Committee urges EPA to follow the requirements of section 183(e) by conducting a study to determine the potential of VOC's from each category of consumer and commercial products to contribute to ozone levels which violate the national ambient air quality standard for ozone.

The Committee is concerned that silver, used in a variety of services and industries including, but not limited to, photographic materials and electrical and electronic manufacturing, is still listed as a toxic characteristic hazardous waste under RCRA. The Committee believes that the economic consequences associated with this listing do not justify the benefits. The Agency has deleted the primary drinking water standard for silver in 1991 and studies have concluded that silver discharge pose no significant threat to human health or the environment. Therefore, the Committee urges the EPA to remove this outdated, burdensome toxic characteristic listing on silver.

The Committee is dismayed that EPA is not taking final action on its proposed lamp management regulation which would conditionally exempt spent mercury-containing lamps from the existing hazardous waste requirements. EPA's failure to act on the lamp management rule will impose additional costs that create a disincentive for implementation of energy efficient lighting upgrades.

This has the perverse effect of delaying reductions in emissions of mercury and greenhouse gases from electric power generation that would far outweigh any potential emissions from mismanagement of spent lamps. In the absence of guidance from EPA, States are adopting conflicting regulations which is leading to significant confusion among generators. The Committee urges EPA to finalize this rule by the end of calendar year 1995, taking into consideration the costs and benefits of mercury waste management and importance of State flexibility in setting environmental priorities. This is not intended in any way to prohibit EPA from approving the authorization of State programs consistent with the Federal universal waste rule.

The Committee is aware that the State of Washington has raised concerns regarding EPA's proposed designation of the Eastern Columbia Plateau as a sole source aquifer. The State's concerns are based on the science being used and the potential economic impacts. EPA is urged to work with the State to address these concerns.

The Lower Columbia River, in Oregon and Washington, was designated as part of the National Estuary Program in July. The Committee understands that since 1990, the two States have had in place the Columbia River Bi-State Program to study water quality issues in the Lower Columbia. The Bi-State Program is made up of a diverse coalition of local officials, river users, local business and industry, environmentalists, and port officials. The Committee urges the EPA to closely follow the makeup of the Bi-State Program in the process of establishing the planning committee to develop the implementation plan for the Lower Columbia estuary.

The Committee notes EPA was more than 15 months late in meeting a statutory deadline for issuing proposed criteria for the Waste Isolation Pilot Plant in Carlsbad, NM, despite the fact that the deadline was formulated in consultation with the agency. EPA still has not issued final criteria which were due almost 1 year ago. No funds should be taken from the $6,800,000 requested for the Waste Isolation Pilot Plant compliance criteria.

Title V of the Clean Air Act Amendments of 1990 was intended to create a permitting system for gathering together all of the applicable Federal requirements for air pollution sources into one document. In concept, such a system could provide more clarity and certainty to an area of regulation that is currently complicated and vague. EPA has promulgated a rule to implement title V as well as two subsequent proposed rules which were intended to clarify the original rule. EPA also has issued guidance documents and policy statements recently to further explain its implementation scheme. However, instead of clarifying requirements and helping States and businesses comply with the law, EPA has created confusion and chaos. While the Committee supports the goals of EPA's recent efforts to streamline this program, the Committee is very concerned about the level of confusion and uncertainty surrounding it. Therefore, the Committee urges EPA to delay enforcement of title V for 1 year. Such a delay would be consistent with the original intent of the Clean Air Act Amendments of 1990 which provided 2 years before States were required to submit permit programs to EPA, and would shield States and employers from sanctions for actions pursuant to an EPA program which is still evolving.

Unless stated otherwise, the Committee does not concur with language in House Report 104–201 affecting a variety of regulatory issues.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$44,595,000
Budget estimate, 1996	47,838,000
House allowance	33,968,000
Committee recommendation	40,000,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee has provided $40,000,000 for the Office of Inspector General, a reduction of $7,838,000 below the budget request and an increase of $6,032,000 above the House. The reduction is a general reduction, subject to normal reprogramming guidelines. The appropriation includes $27,700,000 from the general fund in this account, $11,700,000 from the Superfund trust fund, and $600,000 from the LUST trust fund. The trust fund resources will be transferred to the inspector general "General fund" account with an expenditure transfer.

BUILDINGS AND FACILITIES

Appropriations, 1995	$43,870,000
Budget estimate, 1996	112,820,000
House allowance	28,820,000
Committee recommendation	60,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $60,000,000 for buildings and facilities. This includes $33,000,000 to complete the Fort Meade Science Center (region III laboratory), as requested by the administration. The balance is provided for the new headquarters project and repairs and improvements, reflecting a general reduction of $2,820,000 below the request.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995 [1]	$1,335,000,000
Budget estimate, 1996	1,507,937,000
House allowance	1,003,400,000
Committee recommendation	1,003,400,000

[1] Includes rescission of $100,000,000 in Public Law 104–19.

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $1,003,400,000 for Superfund, as in the House. This represents a decrease of $331,600,000 below the current budget and $504,537,000 below the budget request. The amount provided includes $250,000,000 from general revenues, as authorized, and the balance from the trust fund.

It is widely agreed that the Superfund Program needs to be overhauled substantially. Fiscal year 1996 will be a transition year for the Superfund Program, pending enactment and full-scale implementation of reauthorization legislation. Rather than continuing to fund the program at current levels, the Committee believes it prudent to limit funding to cleanup activities that address immediate risks and risks based on current land uses until changes which will be authorized can be implemented.

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

−$309,659,000 from response actions, to be derived from planned new starts for site cleanups which pose health risks under future land use only. The Committee directs that all removal actions, which address immediate risks to human health, be fully funded. EPA anticipates this will require approximately $200,000,000.

−$40,000,000 from new research contracts.

−$65,000,000 from enforcement.

−$50,000,000 from management and support.

−$2,378,000 from the inspector general.

−$6,000,000 from the Department of Justice interagency transfer.

−$18,000,000 from the National Institutes for Environmental Health Sciences research, leaving $16,000,000. This amount is consistent with the amount provided for the EPA Superfund research program.

−$2,000,000 from NIEHS worker training grants.

−$14,000,000 from the Agency for Toxic Substances and Disease Registry. ATSDR will have fewer requirements in fiscal year 1996 since the Superfund Program is being slowed significantly. Within the amount provided, ATSDR is urged to fund the minority health professions schools [AMHPS] cooperative agreement at the requested level of $4,000,000.

+$2,500,000 for the Gulf Coast Hazardous Substance Research Center.

Administrative expenses should be limited to $290,000,000, subject to normal reprogramming guidelines.

In light of the transitional nature of fiscal year 1996 and the decrease in available funds, the Committee directs that the Agency prioritize its limited resources on the most serious sites. In the past, EPA has completely failed to prioritize Superfund remedical action resources to address the worst sites first. This lack of risk-based prioritization can no longer be tolerated.

A recent General Accounting Office report examined EPA data from 225 records of decision signed between 1991 and mid-1993, and found that over one-half of the sites did not pose human health risks requiring cleanup today, but might pose risks in the future if land use patterns change. EPA is to afford the highest priority to protecting against immediate health risks and health risks posed at sites under current land uses, as described in the GAO report, and target funds accordingly. This direction in no way impacts the removal program, or limits EPA from conducting preliminary assessments and site investigations.

Finally, EPA is directed to modify its use of risk assessment practices to reflect accurately the condition of the site factoring in any actions taken under removal authorities and any voluntary measures. The decision to move forward to the signing of the ROD and the RD/RA phase should be undertaken based on all relevant data including EPA's risk assessment of the site, ATSDR's determination of whether a completed pathway of exposure exists and whether the site is classified as a health hazard or urgent hazard site, and any impact of removal or other voluntary actions.

The Committee is aware that EPA in anticipation of funding limitations is developing contingent action plans to issue stop work orders under existing Superfund cleanup contracts; to delay issuance of new work orders; to delay negotiation and award of new response action contracts [RAC's]; and to possibly terminate existing RAC's for convenience of the Government. The Committee is concerned about the potential for disruption and urges EPA to do everything it can to minimize restrictions on current and future work orders and disruption.

Recognizing that funding for Superfund activities will be constrained by decreasing budget resources, the Committee is disappointed that EPA has not taken greater initiative to develop and implement internal reforms associated with the administration and management of Superfund to assure more effective resource application and greater productivity. Among these reforms are development of a clear priority-based process for allocating funds to site-specific cleanup activities; development of results-oriented statements of work and performance-based criteria and measures for use in all contracts; increased use of fixed-price contracts; and indemnification of response action contractors in those instance when adequate insurance at fair and reasonable prices is not available. The Committee directs EPA to conduct a study of these and other internal reform initiatives which may be appropriate for the Superfund Program, and report back to the Committee by March 1, 1996. In conducting this study, EPA is encouraged to consult with the Departments of Defense and Energy with regard to environmental restoration and management program and contract reform initiatives underway in those Departments, as well as with industry.

The Committee directs EPA to continue supporting the Mine Waste Technology Program, an existing research program conducted through the Superfund Innovative Technology Evaluation Program with $3,000,000 in fiscal year 1996.

The Committee is aware that the 29th and Mead Superfund site in Wichita, KS, is to be deleted from the national priorities list [NPL]. The Committee is concerned with the amount of time it is taking to delist the site, leading to frustration and uncertainty in the community. The delisting is to occur by the end of the calendar year.

The Committee is greatly concerned over the actions of EPA at the Tulalip landfill site in Marysville, WA, listed on the Superfund NPL. The site was placed on the NPL immediately prior to the enactment of the prohibition on further listings included in the Fiscal Year 1995 Rescission Act. The Committee is concerned that a comprehensive baseline risk assessment was not used as the basis for the remedy selection at the site.

The Committee understands that the remedy selection proposed for the site is estimated to cost site potentially responsible parties [PRP's] a total of nearly $40,000,000. Given the exorbitant cost of the proposed remedy selection, and the lack of a comprehensive baseline risk assessment to support the remedy selection, the Committee directs the EPA to reevaluate all proposed remedial action options.

The Committee directs the Agency to conduct a comprehensive baseline risk assessment and an alternative dispute resolution procedure prior to adopting a final remedial action plan. The alternative dispute resolution procedure should utilize a neutral third-party mediator, agreeable to both the PRP's and the Agency.

The Committee supports the continuation of the Superfund innovative technology evaluation [SITE] and the Hazardous Substance Research Center programs. The Committee directs EPA to determine, after ensuring that priority is afforded to funding cleanup activities to meet immediate health risks and health risks posed under current land uses, whether additional funds can be reprogrammed to SITE and the hazardous substance research centers. EPA should propose such a reprogramming, if possible, as part of its fiscal year 1996 operating plan.

Bill language has been included prohibiting EPA from spending funds to add sites to the national priorities list or propose sites for listing, unless requested by the Governor or appropriate tribal leader of the State in which the site is located. EPA faces significant obstacles in completing cleanups at facilities already listed on the NPL. In view of the reduction in funding and ongoing reauthorization effort, EPA should concentrate its efforts on existing NPL facilities. The Committee notes that neither the delisting of facilities nor removal actions are affected by this legislation and should continue wherever warranted.

Language contained in the House bill prohibiting the expenditure of funds for the Superfund Program after December 31, 1995, unless CERCLA is reauthorized, has been deleted.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$70,000,000
Budget estimate, 1996	77,723,000
House allowance	45,827,000
Committee recommendation	45,827,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends a budget of $45,827,000 for the Leaking Underground Storage Tank Program, as provided by the House. This is a decrease of $24,173,000 below the current estimate and $31,446,000 below the request. Bill language limits administrative expenses to $8,000,000.

OILSPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$20,000,000
Budget estimate, 1996	23,047,000
House allowance	20,000,000
Committee recommendation	15,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $15,000,000 for the oilspill response trust fund a reduction of $8,047,000 below the request and $5,000,000 below the current level and the House amount. The

Committee included bill language limiting administrative expenses to $8,000,000.

WATER INFRASTRUCTURE/STATE REVOLVING FUNDS

Appropriations, 1995	$2,262,000,000
Budget estimate, 1996	2,365,000,000
House allowance	1,500,175,000
Committee recommendation	....

This account has been eliminated. The Committee has provided funding for water infrastructure/State revolving funds in a new account, "Program and infrastructure assistance."

PROGRAM AND INFRASTRUCTURE ASSISTANCE

Appropriations, 1995	....
Budget estimate, 1996	....
House allowance	....
Committee recommendation	$2,340,000,000

PROGRAM DESCRIPTION

The "Program and infrastructure" account funds grants to support the State revolving fund programs; State, tribal, regional, and local environmental programs; and special projects to address critical waste water treatment needs. This account couples the former "Water infrastructure/SRF" account with 16 categorical grant programs previously funded in the "Abatement, control, and compliance" account. In addition, the funds provided in this account, exclusive of the funds for the SRF and the special waste water treatment projects, may be used by the Agency to enter into performance partnerships with States and tribes rather than media-specific categorical program grants, if requested by the States and tribes.

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

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

COMMITTEE RECOMMENDATION

The Committee has created a new account for grants to State and tribal governments for the implementation of environmental programs. Providing appropriations for State and tribal capacity grants in one account will enhance the agency's ability to provide performance partnerships, or block grants, to the States. Current agency plans do not call for the inclusion of State revolving funds in the performance partnerships; however, the agency, with the advice and consultation of the States and the committees of jurisdiction, should consider whether State revolving funds should be included in block grants in the future.

The Committee has provided $2,340,000,000 for program and infrastructure assistance. Therefore, the amount provided for State and tribal assistance represents more than 40 percent of the entire EPA appropriation. The appropriation includes $1,500,000,000 for State revolving funds; $675,000,000 for State grants (an increase of $10,000,000 over fiscal year 1995) of which $15,000,000 is for general assistance to tribes; $100,000,000 for Mexico border water and waste water treatment construction activities; $50,000,000 for grants to the Texas colonias; and $15,000,000 for waste water treatment construction in native Alaskan villages. The Committee's recommendation includes grants for Mexico border/colonias projects and the Alaskan native villages owing to the unique regional needs in these areas, and to address the significant health problems which result from extremely rudimentary sanitary systems in these areas.

Of the amount provided for State revolving funds, $500,000,000 shall be held in reserve for drinking water State revolving funds until legislation authorizing drinking water SRF's is enacted, but no later than December 31, 1995. Should authorization not occur by that date, these funds shall immediately become available for waste water SRFs, along with the $225,000,000 previously appropriated for drinking water SRF's.

The amount provided for State revolving funds represents an increase of $500,000,000 over the House amount. The following table compares the State allotment for State revolving funds under the Committee's recommendation, compared with the fiscal year 1995 amount, the budget request, and the House allowance:

State	Fiscal year 1995 allotment	President's fiscal year 1996 budget	House allowance	Committee recommendation
Alabama	$13,911,900	$17,874,200	$11,262,900	$16,894,400
Alaska	7,446,200,	9,567,000	6,028,300	9,042,500
Arizona	8,403,300	10,796,600	6,803,200	10,204,700
Arkansas	8,138,800	10,456,800	6,589,000	9,883,600
California	88,981,600	114,324,600	72,038,200	108,057,300
Colorado	9,952,000	12,786,500	8,057,000	12,085,500
Connecticut	15,241,800	19,582,800	12,339,500	18,509,300
Delaware	6,107,800	7,847,300	4,944,800	7,417,100
District of Columbia	6,107,800	7,847,300	4,944,800	7,417,100
Florida	41,996,600	53,957,800	33,999,900	50,999,800
Georgia	21,035,800	27,027,100	17,030,300	25,545,500
Hawaii	9,635,900	12,380,300	7,801,100	11,701,600
Idaho	6,107,800	7,847,300	4,944,800	7,417,100
Illinois	56,269,000	72,295,100	45,554,600	68,331,900
Indiana	29,984,100	38,523,900	24,274,700	36,412,000
Iowa	16,838,500	21,634,300	13,632,200	20,448,300
Kansas	11,230,200	14,428,700	9,091,800	13,637,700
Kentucky	15,834,700	20,344,600	12,819,500	19,229,300
Louisiana	13,677,000	17,572,400	11,072,700	16,609,000
Maine	9,631,000	12,374,000	7,797,100	11,695,600
Maryland	30,091,100	38,661,400	24,361,300	36,542,000

State	Fiscal year 1995 allotment	President's fiscal year 1996 budget	House allowance	Committee recommendation
Massachusetts	42,241,400	54,272,300	34,198,000	51,297,100
Michigan	53,496,200	68,732,600	43,309,800	64,964,600
Minnesota	22,867,500	29,380,500	18,513,200	27,769,900
Mississippi	11,209,300	14,401,800	9,074,900	13,612,300
Missouri	34,490,200	44,313,400	27,922,700	41,884,100
Montana	6,107,800	7,847,300	4,944,800	7,417,100
Nebraska	6,363,600	8,176,100	5,151,900	7,727,900
Nevada	6,107,800	7,847,300	4,944,800	7,417,100
New Hampshire	12,433,300	15,974,400	10,065,800	15,098,700
New Jersey	50,841,500	65,321,800	41,160,600	61,740,800
New Mexico	6,107,800	7,847,300	4,944,800	7,417,100
New York	137,325,400	176,438,000	111,176,700	166,765,600
North Carolina	22,454,200	28,849,400	18,178,600	27,267,900
North Dakota	6,107,800	7,847,300	4,944,800	7,417,100
Ohio	70,040,700	89,989,200	56,703,900	85,055,900
Oklahoma	10,051,700	12,914,500	8,137,700	12,206,500
Oregon	14,054,600	18,057,600	11,378,400	17,067,700
Pennsylvania	49,282,900	63,319,300	39,898,700	59,848,100
Rhode Island	8,354,100	10,733,400	6,763,300	10,145,000
South Carolina	12,745,700	16,375,900	10,318,800	16,478,200
South Dakota	6,107,800	7,847,300	4,944,800	7,417,100
Tennessee	18,073,600	23,221,200	14,632,100	21,948,200
Texas	56,855,600	73,061,700	46,037,600	69,056,400
Utah	6,555,600	8,422,700	5,307,300	7,960,900
Vermont	6,107,800	7,847,300	4,944,800	7,417,100
Virginia	25,462,000	32,713,800	20,613,600	30,920,500
Washington	21,636,200	27,798,400	17,515,300	26,274,500
West Virginia	19,394,800	24,918,700	15,701,700	23,552,600
Wisconsin	33,635,200	43,214,900	27,230,600	40,845,800
Wyoming	6,107,800	7,847,300	4,944,800	7,417,100
American Samoa	1,117,000	1,435,100	904,300	1,356,400
Guam	808,200	1,038,400	654,300	981,500
Northern Marianas	519,100	667,000	420,300	630,400
Puerto Rico	16,227,100	20,848,800	13,137,200	19,705,900
Trust Territory of Palau	451,500	580,100	365,500	548,300
Virgin Islands	648,300	832,900	524,900	787,300
Total	1,229,024,000	1,579,065,000	995,000,000	1,492,500,000
Indian tribes	6,176,000	7,935,000	5,000,000	7,500,000
Total	1,235,200,000	1,587,000,000	1,000,000,000	1,500,000,000

EPA's performance partnership agreement with the States calls for curtailing EPA's oversight of well-established, effective State environmental programs; the expanded use of environmental goals and indicators; greater reliance on self-assessment by the States; and the development of new environmental performance agreements. The Committee strongly supports this agreement and all efforts to eliminate unnecessary, redundant oversight of the States. The Committee has provided $665,000,000 for State grants, the same as the current level of funding for EPA's categorical grant programs. The Committee has provided bill language enabling EPA to enter into performance partnership agreements with States, replacing the individual media grants with a single multimedia grant. EPA is to provide maximum flexibility to the States through these performance partnerships.

ADMINISTRATIVE PROVISIONS

A provision has been included which prevents EPA from requiring that States adopt a centralized inspection and maintenance program as part of their State implementation plan under the Clean Air Act, although the States retain the flexibility to adopt such a program should they desire. EPA is to review each State's SIP and should not automatically assign a discount for test-and-repair programs. Similar language has been included in earlier legislation.

A provision has been included, as in the House bill and in previous legislation, preventing EPA from requiring States to implement trip reduction plans as part of their State implementation plan.

The Committee has included a provision which prevents EPA from establishing any new standards under the Safe Drinking Water Act for arsenic, sulfate, radon, ground water disinfection, and a variety of contaminants referred to as phase VI–B, except for the disinfection/disinfection byproducts rulemaking which includes cryptosporidium, until the drinking water act is reauthorized. This provision shall not preclude work on, or finalization of, the information collection rule which is necessary to collect information to possibly regulate cryptosporidium. The provision does not preclude the Agency from carrying out research into the health effects from low-level exposure to arsenic, and the Committee has provided $1,000,000 for that purpose. This action focuses EPA resources on the contaminant of most immediate concern to public health, cryptosporidium, while recognizing that scarce resources will not be well spent by establishing standards for contaminants for which there is little scientific data on health risks or for which the health risk is considered to be relatively low. The Committee's provision is consistent with EPA's own action to seek relief from the court-ordered deadlines for establishing these standards.

As in the Fiscal Year 1995 VA, HUD, and Independent Agencies Appropriations Act, a provision has been included prohibiting EPA from implementing a proposed rulemaking issued last April concerning foreign refinery baseline requirements for reformulated gasoline.

A provision has been included prohibiting EPA from administering subsection 404(c) of the Clean Water Act, which provides EPA veto authority over proposed Corps of Engineers wetlands permits. The Committee's intent is to eliminate duplicative activities and streamline the wetlands permitting process. The Corps has the authority and expertise to administer the wetlands program. That the same law be administered by two separate Federal agencies cannot be justified, particularly in view of budgetary constraints. The Committee notes that this provision does not impact EPA's role in granting States authority to administer their own wetlands program or its enforcement authority under section 404 of the Clean Water Act.

A provision has been included exempting an industrial discharger to the Kalamazoo, MI, Water Reclamation Plant from categorical pretreatment standards under section 307(b) of the Federal Water Pollution Control Act if certain criteria are met. The provision ensures that water quality standards are met without requiring duplicative and costly wastewater treatment plant construction.

An administrative provision has been included prohibiting the use of funds by EPA to regulate fuel additives in certain instances. This provision was included in the fiscal year 1994 VA-HUD appropriation bill. The purpose of this limitation is to deal with a possible health problem in Alaska said to be caused by the use of methyl tertiary butyl ether [MTBE] in nonattainment areas of Alaska. The limitation precludes enforcement of section 211(m)(2) of the Clean Air Act to require the use of MTBE. The Committee urges EPA to complete any ongoing studies on the health effects of MTBE in cold climates as expeditiously as possible.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Appropriations, 1995	$4,981,000
Budget estimate, 1996	4,981,000
House allowance	4,981,000
Committee recommendation	4,981,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $4,981,000 for the Office of Science and Technology Policy. This amount is the same as the 1995 enacted level, the budget request, and the House allowance.

The Committee is deeply concerned about lack of effective interagency management and integration of the U.S. Global Change Research Program. The success of this program depends on the coherent utilization of the unique scientific and technical capabilities that each of the participating agencies brings to the program in observations, process research, modeling, prediction, information management and assessment. The Committee strongly urges OSTP to take the necessary action to strengthen the collaboration and cooperation required among the Federal agencies especially as budgetary reductions and competing priorities force agencies to reduce their contributions. This action should reflect the concerns raised in the recent program review conducted by the National Academy of Sciences. A response by OSTP should accompany the OSTP fiscal year 1997 budget request.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Appropriations, 1995	$997,000
Budget estimate, 1996	2,188,000
House allowance	1,000,000
Committee recommendation	1,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided $1,000,000 for the Council on Environmental Quality, a reduction of $1,188,000 below the request and an increase of $3,000 above the current level. While the amount provided will not enable CEQ to employ the number of FTE's requested in the budget, the Committee believes the amount provided will permit CEQ to carry out its primary statutory functions, without duplicating other agencies efforts.

The Committee has deleted House bill language terminating CEQ. The Committee believes that CEQ performs a useful role and should continue to exist, but all activities which duplicate or more efficiently could be performed by other agencies should be eliminated.

According to the Code of Federal Regulations (section 1515.2), the Council's responsibilities include: (1) reviewing and evaluating the programs and activities of the Federal Government to determine how they are contributing to the attainment of the national environmental policy; (2) assisting Federal agencies and departments in appraising the effectiveness of their existing and proposed facilities, programs, policies, and activities affecting environmental quality; (3) developing and recommending to the President policies to improve environmental quality; (4) advising and assisting the President in achieving international cooperation for dealing with environmental problems; (5) assisting in coordinating among Federal agencies and departments those programs which affect, protect, and improve environmental quality; (6) fostering research relating to environmental quality and the impacts of new or changing technologies; and (7) analyzing environmental problems and trends and assisting in preparing an annual environmental quality report.

The Committee finds that many of CEQ's activities duplicate those of EPA and other agencies, a luxury which can no longer be afforded. Moreover, the Committee believes most if not all of the activities detailed above could be carried out, if they are not already, by EPA or other agencies.

The administration is urged to consider the value and utility of CEQ's annual environmental trends report, and determine whether the report should be continued.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Appropriations, 1995 [1]	$828,907,000
Budget estimate, 1996	806,119,000
House allowance	694,937,000
Committee recommendation	463,437,000

[1] Does not include $6,550,000,000 in emergency funding. Includes supplemental of $7,000,000 in Public Law 104–19.

GENERAL DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has provided a total of $463,437,000 for the Federal Emergency Management Agency. The amount provided is a reduction of $342,682,000 below the budget request.

The Committee's recommendation for the Federal Emergency Management Agency provides funding to continue most programs and activities at current levels, to ensure a capable and efficient Federal emergency preparedness and response system. No funds are provided to the disaster relief fund because current balances, including the recent supplemental appropriation of $6,550,000,000, are approximately $8,000,000,000. This amount far surpasses average annual disaster relief fund requirements, and will enable the Agency to continue meeting disaster assistance needs arising from previous disasters. Owing to budgetary constraints, the Committee was forced to reduce funding for the emergency food and shelter program.

DISASTER RELIEF

Appropriations, 1995	$320,000,000
Emergency funding, 1995	6,550,000,000
Budget estimate, 1996	320,000,000
House allowance	235,500,000
Committee recommendation	....

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has not provided any funds for disaster relief, nor has the Committee approved the administration's request for a disaster relief contingency fund, owing to the fact that there is currently a balance of approximately $8,000,000,000 in the disaster relief fund. This amount includes the recent appropriation of $6,550,000,000 in fiscal year 1995 supplemental appropriations and previous year appropriations.

A recent audit conducted by FEMA's inspector general of the disaster relief fund revealed some disturbing information. The inspector general found that in fiscal year 1995, charges to the disaster relief funding totaling approximately $87,000,000 were not for specific disasters and may not be appropriate charges to the fund. The problem stems in part from FEMA's lack of explicit guidelines defining activities which are appropriately charged to the fund. At a time when budgets are constrained throughout the rest of the Agency, there is a significant temptation to define more and more activities as appropriately funded by the "Disaster relief" account.

The inspector general also found that disaster relief fund financial data are often unreliable; grants and loans management is inadequate; and FEMA's policies do not always appear to encourage the prudent use of disaster dollars. The Committee expects the Director to exercise discipline and financial controls in the use of disaster relief funds, and anticipates that the findings and recommendations of the inspector general will be adopted by the Agency. In particular, FEMA should act quickly in developing appropriate and explict guidelines for the use of disaster relief funds, and such guidelines should be reviewed by the inspector general. FEMA is to notify the Committee of the actions it is taking to respond to concerns raised by the inspector general, and its timeframe for implementing the recommendations, within 30 days of enactment of this act.

A similar review is underway by the General Accounting Office. When complete, FEMA is to respond to the Committee within 30 days of receipt outlining its plans for implementing GAO's recommendations.

The Committee also notes the recent inspector general report detailing options for reducing public assistance program costs. FEMA is to respond to the Committee within 30 days of enactment of this act on its plans and proposals for reducing disaster relief costs such as limiting eligibility for public assistance for certain categories of recipients or terminating certain programs which may not be effectively meeting the needs of disaster victims.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

(LIMITATION ON DIRECT LOANS)

STATE SHARE LOAN

	Limitation on direct loans	Administrative expenses
Appropriations, 1995	$175,000,000	$95,000
Budget estimate, 1996	25,000,000	95,000
House allowance	25,000,000	95,000
Committee recommendation	25,000,000	95,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

For the State Share Loan Program, the Committee has provided $25,000,000 in loan authority and $95,000 in administrative expenses. For the cost of subsidizing the appropriation, the bill includes $2,155,000.

The Committee notes that the city of Miami requested additional disaster loan funds in 1994 due to the widespread damage inflicted by Hurricane Andrew and the revenue shortfalls which have resulted. FEMA should reconsider its denial of the city's request for additional loan funding in view of the city's continuing needs.

SALARIES AND EXPENSES

Appropriations, 1995 [1]	$165,523,000
Budget estimate, 1996 [2]	172,331,000
House allowance	162,000,000
Committee recommendation	166,000,000

[1] Includes supplemental of $3,523,000 in Public Law 104–19.
[2] Reflects budget amendment of $2,922,000, proposed July 17, 1995.

PROGRAM DESCRIPTION

The salaries and expenses appropriation comprises two activities:

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

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

COMMITTEE RECOMMENDATION

The Committee has provided $166,000,000 for FEMA salaries and expenses. This represents an increase of $4,000,000 above the House, $477,000 above the current budget, and a decrease of $6,331,000 below the budget request.

The Committee notes a budget amendment of $2,922,000 was submitted on July 17, 1995, for security personnel and activities related to responding to terrorist attacks. The Committee supports these activities and urges FEMA to reprogram funds for them in its operating plan.

The Committee believes budgetary savings could be made through reductions to the regional offices. The Committee understands that as part of the ''National Performance Review,'' FEMA is evaluating the purpose, roles, authorities, risk areas, customer needs, and mission of field offices and regions. FEMA should accelerate this review in view of future anticipated budgetary reductions, and closely examine whether cost savings and efficiencies could be achieved, without compromising effectiveness of disaster response and recovery, through the closure or downsizing of regional offices. In a February 1993 report to this Committee, the National Academy of Public Administration found: ''* * * the four-region organization used by the Continental U.S. Army more closely approximates the incidence of disasters and may represent a better way to restructure FEMA with minimum disruption.''

The Committee has provided the full amount requested ($1,000,000) for the financial management system enhancements.

The Committee has not provided bill language requested by the administration providing an advance appropriation for fiscal year 1997.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1995	$4,400,000
Budget estimate, 1996	4,673,000
House allowance	4,400,000
Committee recommendation	4,400,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $4,400,000 for the Office of the Inspector General, the same amount as provided by the House and the same as the current budget.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Appropriations, 1995[1]	$219,437,000
Budget estimate, 1996[2]	210,122,000
House allowance	203,044,000
Committee recommendation	203,044,000

[1] Includes supplemental of $3,477,000 in Public Law 104–19.
[2] Reflects budget amendment of $7,078,000, proposed July 17, 1995.

PROGRAM DESCRIPTION

The emergency management planning and assistance appropriation provides resources for the following activities which were described previously: Response and recovery; preparedness, training, and exercises; fire prevention and training; operations support; mitigation programs; and executive direction. Flood plain management activity and flood insurance operations are funded by transfer from the national flood insurance fund in fiscal year 1994.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing $203,044,000 for FEMA emergency management planning and assistance. This is $7,078,000 below the amount requested.

The Committee notes the administration submitted on July 17, 1995, a budget amendment of $7,078,000 for emergency management planning and assistance to enable FEMA to develop plans and procedures for an efficient Federal response to terrorism, and to increase the preparedness capability of State and local responders. The Committee supports these activities, and suggests that FEMA reprogram funds from within the amount provided, subject to normal reprogramming procedures, for critical terrorism response-related activities. In general, however, terrorism response-related activities should be part of the Agency's all-hazards approach to disasters and should not require separate funding.

The Committee notes that as part of the "National Performance Review," FEMA has proposed several initiatives which, if implemented, would result in $2,400,000 in savings to this account in fiscal year 1996 and 5 year savings of $13,400,000. These initiatives include consolidating the mobile emergency response system [MERS] unit, which would save $1,500,000. The Committee supports these cost-savings initiatives and suggest they be implemented to help offset the general reduction to this account.

The Committee supports the Agency's plans for performance partnerships agreements with the States, which would integrate FEMA's categorical grant programs into block grants, and make funding available based on the State's risk of hazards and the State's performance. The Committee wishes to be kept apprised of the Agency's efforts to develop these agreements and the specific performance measures.

The Committee understands FEMA is currently evaluating the capabilities of federally sponsored civilian urban search and rescue task forces to determine their readiness for response to earthquakes and other disasters, and may decide to award new task forces.

The Committee directs FEMA to include in the study an analysis of the current status of personnel, equipment, and training; to compare and contrast current status with task force status when designated for Federal sponsorship; and to measure progress of personnel, resource and training toward Agency-recommended levels. The study also should include an analysis of the geographic distribution of task force locations and a history of activation to date. The study shall be provided to the Committee by January 1, 1996.

The Committee urges FEMA to give strong consideration to adding USAR task forces in Columbia, MO, and Portland, OR, as vacancies occur.

To support the National Earthquake Hazards Reduction Program, FEMA's budget includes $16,180,000. The Committee supports the full request for this program.

FEMA is directed to provide funds from within this program to continue at current levels the earthquake hazard mitigation program with the city of Portland and the Oregon Department of Geology and Mineral Industries, to develop earthquake hazard maps and information to assist local emergency planners, land use planners, public officials, utilities, and businesses in reducing potential loss of life and property in the event of a major earthquake.

The Committee encourages FEMA to work with the Department of the Army to further the Federal emergency management information system developed by the Army and FEMA for the Chemical Stockpile Emergency Preparedness Program [CSEPP/FEMIS].

The Committee urges FEMA to support the Pittsford, VT, Fire Academy to enable it to expand training to rail and toxic material accidents. FEMA should also consider funding a regional dispatch for Chittenden County, VT.

FEMA is urged to reimburse Cameron Parish, LA, for eligible costs incurred as a result of their request for a revision of flood insurance rate maps.

The Committee has not provided bill language requested by the administration providing an advance appropriation for fiscal year 1997.

EMERGENCY FOOD AND SHELTER

Appropriations, 1995	$130,000,000
Budget estimate, 1996	130,000,000
House allowance	100,000,000
Committee recommendation	100,000,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends $100,000,000 for the Emergency Food and Shelter Program, the same level proposed by the House. This is $30,000,000 less than the budget request and the fiscal year 1995 level.

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes. In 1994, the budget assumes collection of all the administrative and program costs associated with flood insurance activities from policyholders.

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

COMMITTEE RECOMMENDATION

The Committee has provided bill language enabling the Agency to transfer $20,562,000 for administrative costs from the Flood Insurance Program to the salaries and expenses appropriation. The Committee has also included bill language enabling the transfer of $70,464,000 to the emergency management planning and assistance appropriation for flood mitigation activities including up to $12,000,000 for expenses under section 1366 of the National Flood Insurance Act.

The Committee has not included House bill language related to flood insurance rate maps for the city of Stockton, CA.

The Committee has not included bill language requested by the administration with respect to flood insurance rate premiums.

The Committee believes FEMA should not suspend, revoke, or in any way limit the participation of St. Charles County, MO, in the National Flood Insurance Program solely due to that county, or communities in that county, permitting levee improvements to a public-sponsored levee district as permitted by the U.S. Army Corps of Engineers.

ADMINISTRATIVE PROVISIONS

The Committee has included an administrative provision, as in the past, authorizing FEMA to collect fees in support of the Radiological Emergency Preparedness Program, which are treated as offsetting collections to the appropriation for this activity.

The Committee has not approved FEMA's proposal to establish a working capital fund in fiscal year 1996. FEMA is to pilot such a program in fiscal year 1996, and report to the Committee on its progress.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Appropriations, 1995	$2,004,000
Budget estimate, 1996	2,061,000
House allowance	2,061,000
Committee recommendation	2,061,000

PROGRAM DESCRIPTION

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

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

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

COMMITTEE RECOMMENDATION

The Committee has provided $2,061,000 for the Consumer Information Center, as requested by the administration and provided by the House an administrative expense limitation of $2,602,000.

The Committee notes that it has transferred to the Consumer Information Center certain functions currently performed by the Office of Consumer Affairs, which is to be terminated. These functions include production of the Consumer Resource Handbook and organizing the Consumer Resource Exposition. The Committee believes CIC will be able to undertake these activities within the amount appropriated.

The Committee has provided CIC with an increase of $100,000 in its administrative expense limitation over the budget request to enable CIC to cover the costs of updating the Consumer Resource Handbook.

More than one-half of the appropriated amount that the Committee has provided to CIC is for personnel compensation and benefits. Maintenance of a high-quality staff is critical to the continued success of the Center. Therefore, CIC is encouraged to utilize all sources to recruit and fill positions funded by this Committee.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

U.S. OFFICE OF CONSUMER AFFAIRS

Appropriations, 1995	$2,166,000
Budget estimate, 1996	1,811,000
House allowance	1,811,000
Committee recommendation	....

PROGRAM DESCRIPTION

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

The Office also provides administrative support to the Consumer Affairs Council. The functions of the Council are to provide leadership and coordination to insure that agency consumer programs are implemented effectively, promote efficiency and interagency cooperation, and to eliminate duplication and inconsistency among agency consumer programs.

COMMITTEE RECOMMENDATION

The Committee has eliminated funding for the Office of Consumer Affairs, owing to budgetary constraints. The Committee has transferred OCA's functions of producing the Consumer Resource Handbook and organizing the Constituent Resource Exposition to the Consumer Information Center.

The Committee notes that OCA has not been a priority within the administration. Its proposed fiscal year 1996 budget represents a reduction of 27 percent in staff, and the administration has yet to appoint a new director almost 1 year after the former Director's departure.

As part of the Department of Health and Human Services, OCA career staff may be transferred to other positions within HHS. The Committee recommends inclusion of bill language to facilitate this transfer of personnel and responsibilities associated with closure of this Office.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Appropriations, 1995	$14,376,684,000
Budget estimate, 1996	14,260,000,000
House allowance	13,671,800,000
Committee recommendation	13,798,500,000

GENERAL DESCRIPTION

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

The fiscal year 1996 budget for NASA reflects the budget accounting restructuring that was adopted in fiscal year 1995. The three restructured accounts are: Human space flight; science, aeronautics, and technology; and mission support.

COMMITTEE RECOMMENDATION

The Committee recommends $13,798,500,000 for the National Aeronautics and Space Administration for fiscal year 1996. This amount is $461,500,000 below the budget request and $126,700,000 above the House allowance. When adjusting the 1995 enacted level for the $92,000,000 rescission and the $365,000,000 deferral contained in Public Laws 104–19 and 104–6, respectively, the recommended budget for NASA for fiscal year 1996 is $121,184,000 or 1 percent below the adjusted 1995 level.

NASA DOWNSIZING

NASA has recently completed a comprehensive zero-base review which aims to achieve $4,000,000,000 in savings over 4 years in order to comply with the administration's fiscal year 1997–2000 out-year budget plans. NASA has focused the downsizing on operations and infrastructure while seeking to maintain its essential ground research and flight programs. The Committee is pleased that NASA is taking these steps to downsize and increase the efficiency of its operations. The Committee emphasizes, however, that the very survival of NASA's major programs may depend upon the successful implementation of this effort.

The recommended fiscal year 1996 budget builds on the recommendations of the zero-base review, namely, it identifies savings in operational and institutional activities while avoiding reductions to major programs. The recommended agency budget fully funds the request for aeronautics, space science, space station development, and the Mission to Planet Earth Flight Program. Over 70 percent of the recommended savings are from operational and institutional activities with the remainder taken from lower priority activities.

The Committee shares the House concern that the difficult budget outlook for fiscal year 1997 and beyond could require that NASA examine major changes to NASA programs and the further restructuring of its field center activities. However, recognizing the 30 percent reduction in its multiyear plan NASA has already absorbed over the past 3 years, the Committee believes that NASA's successful achievement of the $4,000,000,000 in savings identified through the zero-base review requires a period of stability for institutional self assessment and program revision. Consequently, the Committee does not concur with the House direction that NASA undertake yet another study of additional restructuring or closing of field centers at this time and recommends deletion of the bill language proposed by the House. The Committee instead directs NASA to submit to the House and Senate Committees on Appropriations by May 15, 1996, a report on the agency's progress in implementing the recommendations of the zero-base review for use by the Committee in consideration of the fiscal year 1997 budget request.

HUMAN SPACE FLIGHT

Appropriations, 1995	$5,514,897,000
Budget estimate, 1996	5,509,600,000
House allowance	5,449,600,000
Committee recommendation	5,337,600,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $5,337,600,000 for human space flight activities. This amount is $172,000,000 below the budget request, and $112,000,000 below the House allowance.

The Committee recommends the following changes to the budget request:

- $53,000,000 from the closure of the Yellow Creek facility at Iuka, MS. The Committee concurs with bill language included by the House that allows for the transfer of the Yellow Creek facility to the State of Mississippi.
- $97,000,000 from space shuttle activities to be taken as a general reduction subject to normal reprogramming guidelines. The Committee urges implementation of program reforms that maximize budget savings while continuing to place safety first. These reforms as recommended by the independent review led

by Christopher Kraft include freezing the shuttle configuration, reducing personnel support, scrubbing requirements, streamlining payload integration, and instituting a prime contractor management structure. The zero-base review projects up to $1,300,000,000 in savings from these reforms over 4 years. The Committee urges the expeditious implementation of a comprehensive space shuttle contract approach which maintains system safety, achieves program requirements at lower cost, and supports a robust and competitive supplier base. NASA should consider modifications in flight activity scheduling if the budgetary reductions recommended by the Committee cannot be achieved through greater efficiencies alone.

– $17,000,000 from the engineering and technical base, to be taken as a general reduction subject to normal reprogramming guidelines.
– $5,000,000 from advanced projects.

SPACE STATION

The Committee has provided the full amount requested, $1,833,600,000, in the "Human space flight" account for space station development, operations, and utilization support. The Committee strongly endorses a robust and vigorous human space flight program with space station as the most critical element. The space station promises to be a world-class orbital laboratory that will enable exciting new research that can only be conducted in space. Benefits in medical research, materials and life sciences, technology, engineering, and robotics will improve life here on Earth. With the first launch in only 26 months, the space station will ensure a new era of peaceful international cooperation and U.S. preeminence in space.

The Committee has transferred bill language that delays $390,000,000 from obligation from space station until August 1, 1996. Delay of obligations has been enacted in previous acts as an effective means for exerting budgetary discipline and oversight. With assurances that the delay will have no adverse program consequences, the Committee recommends this language be included for fiscal year 1996 as a new administrative provision. The Committee expects the program to remain on schedule for initiation of on-orbit assembly in November 1997, and to remain within the program budget cap of $17,400,000,000 for assembly complete by June 2002.

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

SCIENCE, AERONAUTICS, AND TECHNOLOGY

Appropriations, 1995	$5,891,200,000
Budget estimate, 1996	6,006,900,000
House allowance	5,588,000,000
Committee recommendation	5,960,700,000

PROGRAM DESCRIPTION

The objectives of the NASA program of research and development are to extend knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to provide technology for improving the performance of aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology and education of future generations necessary to accomplish national goals.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $5,960,700,000 for science, aeronautics, and technology activities. This amount is $46,200,000 below the budget request, and $372,700,000 above the House allowance.

SPACE SCIENCE

The Committee recommends $2,054,400,000 for fiscal year 1996, an increase of $95,500,000 to the budget request. The Committee recommends the following changes to the budget request:

− $5,000,000 from the space infrared telescope facility [SIRTF]. The remaining $10,000,000 in funding should be sufficient for NASA to conduct phase A/B definition studies. The Committee is concerned about the large total program cost given anticipated future budget constraints. A decision by the Committee whether to approve phase C/D development will be considered based on future NASA requests and funding availability.

+ $51,500,000 for gravity probe-B [GP-B]. In October 1994, NASA requested that the National Academy of Sciences validate the technical feasibility and scientific merit of GP-B relative to other science priorities within the NASA budget. NASA has spent $220,000,000 on the program thus far with another $340,000,000 needed for completion. The academy found, the GP-B project well worth its remaining cost to completion. Consequently, the Committee recommends the program proceed as planned.

+ $46,000,000 for initiation of the Solar-Terrestrial Probes [STP] Program. Consistent with the NASA Office of Space Science strategic plan and Senate Report 103–311, the Committee again directs that NASA proceed with the STP Program of which TIMED is the first mission. The Committee recommends $41,000,000 to initiate this mission which is capped at $100,000,000 (in fiscal year 1994 dollars) for spacecraft development. The Committee also recommends $5,000,000 for design studies toward full development of the inner magnetospheric imager, the second in the STP series of missions recommended by the science community.

+$3,000,000 for university explorer [UNEX], a university-led program to develop small inexpensive spacecraft for astronomy and space physics missions.

NEW MILLENNIUM INITIATIVE

The Committee commends NASA for the new millennium initiative that could revolutionize the way the agency designs, builds, launches, and operates small spacecraft. The initiative includes 495,000,000 dollars' worth of programs such as discovery, Mars surveyor, explorer, small spacecraft technology initiative, new millennium spacecraft, et cetera, and is managed by various NASA offices. The Committee is concerned, however, that the various programs be properly coordinated and that the management method reflect a focus of reducing life-cycle costs. As a result, NASA is directed to undertake development of a comprehensive program plan that at a minimum describes how programs are selected, managed, and coordinated within NASA and with industry and other Government agencies; what are the priorities, procurement processes, and budget plans; and what performance measures will be used to insure that the programs are succeeding and the technologies are being effectively transferred into commercial and other Government programs.

The plan should also identify technical and programmatic strategies that promise the highest payoff in reducing life-cycle costs including development, launch, operations, and data analysis. The Committee urges NASA to utilize the Critical Technologies Institute to conduct a comparative analysis of programs at NASA, the Department of Defense, other Government agencies, and the commercial sector that are pursuing methods that reduce life-cycle costs.

LIFE AND MICROGRAVITY SCIENCES

The Committee recommends $467,000,000 for fiscal year 1996, a decrease of $37,000,000 to the budget request. The Committee recommends the reduction be made to space station payload facilities. NASA should seek to replace development of one or two of these facilities through in-kind contributions from the space station international partners. NASA should continue the development of the space station furnace facility given its level of development maturity.

The Committee directs NASA to conduct an investigation in cooperation with the National Center for Sleep Disorders Research of the National Institutes of Health [NIH] into the effect of sleep disorders, circadian rhythm disruptions, and physiological fatigue on human health and performance in the operation of vehicles. NASA and NIH should also review studies ongoing and completed by the Federal Highway Administration on driver fatigue to assess the study methodology and conclusions, and compare these results with the other NASA and NIH research. NASA and NIH should jointly report back to the Committee by September 30, 1996.

MISSION TO PLANET EARTH

The Committee recommends $1,280,100,000 for fiscal year 1996, a decrease of $61,000,000 to the budget request. The National Academy of Sciences recently reviewed the Earth observing system [EOS] Program and reaffirmed the program goal and overall approach of providing scientific understanding of Earth as an integrated system. The National Academy, however, suggested significant potential reforms to the EOS data information system [EOSDIS].

As a result, the Committee recommends a $60,000,000 reduction to EOSDIS which would freeze it at the fiscal year 1995 budget level. It is the Committee's understanding that this reduction will not have a significant adverse effect on the objectives of the EOS Program. As NASA reexamines the EOSDIS, the Committee expects that the distributed active archive centers at Goddard Space Flight Center and the Earth Resources Observation System Data Center will remain core elements of a revamped EOSDIS. NASA should submit a report to the Committee with its fiscal year 1997 budget request, on its plans to implement the National Academy recommendations.

The Committee also strongly urges that NASA seek greater commercial, international, and Government participation in the program with the goal of reducing program costs. Examples include closer cooperation with the Department of Defense and the National Oceanic and Atmospheric Administration, data buys from the commercial sector, and in-kind contributions from space station international partners for flight of opportunity missions. The Committee encourages NASA to seek additional out-year budget savings through the introduction of smaller spacecraft and advanced ground and space technologies. Accordingly, the Committee views the planned Earth System Science Pathfinder Program as an important component of such a strategy and urges NASA to demonstrate missions that could dramatically lower costs. To initiate the program in fiscal year 1996, the Committee recommends $5,000,000 toward full development of a windsat mission.

The Committee concurs with the House recommendation deleting the $6,000,000 request from the consortium for international Earth science information network. The Committee urges NASA to integrate CIESIN activities within its EOS plan for fiscal year 1996.

AERONAUTICAL RESEARCH AND TECHNOLOGY

The Committee recommends the budget request of $917,300,000 for fiscal year 1996. Aeronautics is a vital factor in the economic well being of the United States and in assuring a strong national defense. This sector is associated with more than 8.5 million American jobs and provides $25,000,000,000 in exports annually, exceeding that of any other manufacturing sector. The current position that the United States enjoys as a world leader is a direct consequence of past investments made by NASA, the Department of Defense, and the U.S. commercial aeronautics industry. Continued Federal investments will be required to sustain U.S. leadership given increasing competition in the international marketplace. The Committee strongly believes that aeronautics research is one of

NASA's highest priority activities. Hence, the Committee fully funds the budget request including the critical programs in high speed research and advanced subsonic technology and two important initiatives in affordable design and manufacturing and advanced air traffic technology.

SPACE ACCESS AND TECHNOLOGY

The Committee recommends $678,400,000 for fiscal year 1996, a decrease of $27,200,000 to the budget request. The Committee recommends the following changes to the budget request:

−$7,000,000 from partnership for next generation vehicle.

−$7,200,000 from advanced space transportation to be taken as a general reduction subject to normal reprogramming guidelines. None of the reduction should be taken from the Reusable Launch Vehicle Program.

−$20,000,000 from flight programs to be taken as a general reduction subject to normal reprogramming guidelines. None of the reduction should be taken from the Commercial Mid-deck Augmentation Module Program and IN–STEP projects in phase C/D development.

−$13,000,000 from commercial technology programs to be taken as a general reduction subject to normal reprogramming guidelines. The recommended budget will maintain the program at the fiscal year 1994 funding level. The Committee notes the successful progress being achieved by the National Technology Transfer Center and Adanet. The Committee recommends a review be undertaken by the National Academy of Public Administration to determine the overall effectiveness of NASA's technology transfer program and recommendations to improve it. The review should also examine the effectiveness of NASA's Small Business Innovative Research Program. A final report should be submitted to the Committee in April 1996.

The Committee strongly supports the Medlite procurement by NASA which reflects a commercial approach to the procurement of launch services which hold significant promise in reducing Government cost and stimulating private investment in economically viable space-based enterprises.

REUSABLE LAUNCH VEHICLE

The Committee strongly supports the goal of the Reusable Launch Vehicle [RLV] Program to develop new technologies in partnership with industry that are targeted to dramatically reduce development and operational launch costs. The Committee recommends an additional $20,000,000 for the X–33 Program. The additional funding proposed will help ensure meeting the schedule for the first flight by providing for requirements such as long lead items.

ACADEMIC PROGRAMS

The Committee recommends $102,200,000 for fiscal year 1996, a decrease of $16,500,000 to the budget request and no change from the fiscal year 1995 appropriation level. The education programs in the aggregate should be at a minimum at the fiscal year 1995 level.

The Committee urges NASA to consider funding the Discovery Center project in Sioux Falls, SD, pending authorization. This proposed center is aimed at significantly enhancing science, educational, and outreach services for an undeserved region of the country. From within the available funds, $1,000,000 shall be made available to support a Rural Teacher Resource Center and an additional $1,000,000 to support the Experimental Program to Stimulate Competitive Research [EPSCoR]. Given projected fiscal constraints, the Committee believes that future annual funding for agencywide education programs should not exceed its proportion of the overall NASA appropriated budget for fiscal year 1996.

NATIONAL AERONAUTICAL FACILITIES

Appropriations, 1995	$400,000,000
Budget estimate, 1996	
House allowance	
Committee recommendation	

PROGRAM DESCRIPTION

The objective of the national aeronautical facilities appropriation is to support a decision whether to construct a national wind tunnel complex [NWTC] that consists of two new wind tunnels for testing future commercial jet transports and military aircraft. These tunnels, one subsonic and one transonic, would provide a combination of flight condition simulation and testing efficiency unmatched in the world. These tunnels should be available by the turn of the century to provide the United States with the competitive edge needed for future generations of wide-body commercial transport competition.

COMMITTEE RECOMMENDATION

The Committee has provided no additional funds for the NWTC in anticipation of a proposal from the administration for its construction, and a request for fiscal year 1997.

The Committee continues to support strongly the NWTC as a strategic investment and a critical element of an integrated national aeronautics research and test plan. Although NASA and the industry team have made substantial progress, it is apparent that active Department of Defense financial participation is required if the NWTC is to be developed. Toward that end, the Committee urges NASA, the industry partners, and the administration to enlist DOD financial support in the development and utilization of the NWTC and to submit a proposal with this included for consideration by the Congress as part of the fiscal year 1997 budget request.

The Committee is well aware of the fiscal constraints that face both NASA and DOD. However, the Committee believes that a phased NASA/DOD/industry financing plan could address some of these concerns. The Committee also believes that development of the NWTC would permit greater economy and efficiency in aeronautical research and test activities which should produce budget savings in the out-years.

The Committee urges the expeditious completion of the administration program plan and financing proposal for a NWTC, to permit timely release of available fiscal year 1995 NASA NWTC funds and the initiation of siting activities.

MISSION SUPPORT

Appropriations, 1995	$2,554,587,000
Budget estimate, 1996	2,726,200,000
House allowance	2,618,200,000
Committee recommendation	2,484,200,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $2,484,200,000 for mission support. This amount is $242,000,000 below the budget request, and $134,000,000 below the House allowance. The Committee recommends the following changes to the budget request:

—$108,000,000 in salaries and related expenses resulting from the voluntary retirements during the current year which had not been anticipated when the fiscal year 1996 budget was submitted.

—$47,000,000 from research and operations support, subject to reprogramming guidelines.

—$56,000,000 from space communications, to be applied at the agency's discretion subject to reprogramming guidelines. The NASA zero-base review estimates savings up to $600,000,000 over 4 years from services similar to the tracking and data relay satellite [TDRS] system. The Committee requests a review be undertaken by NASA that compares the technical, schedule, and budget of the current plan for a firm buy of three TDRS replenishment spacecraft against an alternative strategy. The alternative would include a firm buy of only one replenishment spacecraft to meet near-term needs and defer a decision on long-term needs whether to buy additional replenishment spacecrafts or utilize advanced technologies and planned commercial systems. The study should be submitted to the Committee by December 1, 1995.

—$31,000,000 from construction of facilities, to be taken as a general reduction subject to normal reprogramming guidelines. The recommended funding level is the same as the fiscal year 1995 appropriation level.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1995	$16,000,000
Budget estimate, 1996	17,300,000
House allowance	16,000,000
Committee recommendation	16,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends $16,000,000 for fiscal year 1996, a decrease of $1,300,000 to the budget request and no change from the fiscal year 1995 appropriation level.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

The Committee recommendation includes a series of provisions, proposed by the administration and included by the House, which are largely technical in nature, concerning the availability of funds, and the restructured appropriation account structure proposed for NASA in fiscal year 1995. These provisions have been carried in prior-year appropriation acts.

As noted earlier in this report, the Committee recommends bill language, included in the House-passed bill, to ensure clear conveyance of title to the property known as the Yellow Creek facility to the State of Mississippi.

The Committee recommends deletion of House bill language regarding use of appropriated funds for the lease or construction of a new contractor-funded facility. Nonetheless, the Committee expects NASA will continue to adhere to the policy intent of avoiding excessive future-year funding commitments.

The Committee recommends a new administrative provision delaying the availability of $390,000,000 for development of the international space station. This provision is discussed earlier in this report.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	Administrative expenses
Appropriations, 1995	($600,000,000)	($901,000)
Budget estimate, 1996	(600,000,000)	(560,000)
House allowance	(600,000,000)	(560,000)
Committee recommendation	(600,000,000)	(560,000)

PROGRAM DESCRIPTION

The National Credit Union Administration [NCUA] Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95–630) as a mixed-ownership Government corporation within the National Credit Union

Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

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

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

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

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the administration's proposed limitation of $600,000,000 in loans from the central liquidity facility for fiscal year 1996. In addition, the Committee recommends the budget request of limiting administrative expenses for the CLF to $560,000 in fiscal year 1996, the same as proposed in the House.

NATIONAL SCIENCE FOUNDATION

Appropriations, 1995	[1] $3,228,653,000
Budget estimate, 1996	3,360,000,000
House allowance	3,160,000,000
Committee recommendation	3,200,000,000

[1] Reflects rescission of $131,867,000 in Public Law 104–19.

GENERAL DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends $3,200,000,000 for the National Science Foundation for fiscal year 1996. This amount is $28,653,000 below the 1995 level, $160,000,000 below the budget request, and $40,000,000 above the House allowance.

RESEARCH AND RELATED ACTIVITIES

Appropriations, 1995	$2,245,000,000
Budget estimate, 1996	2,454,000,000
House allowance	2,254,000,000
Committee recommendation	2,294,000,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $2,294,000,000 for research and related activities. This amount is $49,000,000 above the fiscal year 1995 level, $160,000,000 below the budget request, and $40,000,000 above the House allowance. The reduction recommended by the Committee is a general reduction to be applied at the Foundation's discretion, subject to normal reprogramming guidelines. The Committee urges NSF to consider actions it might take to enhance the linkages between research and education at both the graduate and undergraduate level.

NSF-supported centers.—NSF currently manages a multitude of centers including the science and technology centers, engineering research centers, materials research centers, and so on. The Committee recommends an independent review to determine NSF's effectiveness in managing these various center programs. The review should build on the review completed by the National Academy of Public Administration and examine methods used for evaluating performance, discontinuing weak centers, and encouraging centers to seek financial independence where appropriate. The review should also recommend ways to strengthen coordination between programs and opportunities for restructuring or consolidating programs.

Optical and infrared astronomy.—The report from National Academy of Sciences on ground-based optical and infrared astronomy recommends that a modest level of Federal funds for facilities instrumentation be allocated only to independent observatories that agree to provide national access to their facilities in proportion to the funds provided. Although current budget restraints make funding this activity difficult, the Committee believes that the Foundation should explore other sources to initiate this innovative concept. One possibility is the ''Academic research infrastructure'' account. In that connection, the Committee strongly urges that the NSF modify current programmatic guidelines as necessary to enable astronomy facility proposals to compete for an increased share of the academic research infrastructure funds.

Opportunity fund.—Last year the Committee provided the Foundation with encouragement to create an opportunity fund to assist the Foundation in responding quickly to emerging or unique opportunities in science and engineering. The Committee also supported the Foundation's proposal to create an office of multidisciplinary activities within the mathematical and physical sciences activity. This office was created, in part, as a way to more strategically leverage the directorate's resources. The Committee reiterates its support for the use of these management tools and expects the Foundation to provide an update as part of its current plan submission, and include a description of the use of these authorities in the justification accompanying the NSF budget request.

Arctic research vessel.—The Committee understands that the National Academy of Sciences is currently preparing a report on arctic research issues due out shortly. The General Accounting Office recently released a report questioning the need for an additional arctic research vessel. The Committee requests that the Foundation provide a response to the Academy and the GAO reports and determine the need for an arctic research vessel given scientific and budgetary considerations. Preprocurement activities may proceed as necessary to support the Foundation's response and could include examination of purchase options. The response should be submitted along with the Foundation's response to the results of the Antarctic review discussed below.

U.S. ANTARCTIC PROGRAM

Presidential Memorandum 6646 issued in 1982 calls on NSF to be the lead agency for the U.S. Antarctic Program. That policy directive calls for this Nation to maintain a year-round active presence on the continent and to maintain three stations: McMurdo, Palmer, and South Pole. The cost to maintain a U.S. presence in Antarctic is expensive due to the remote location and severe weather conditions. The NSF required $166,770,000 in logistics and operations support in fiscal year 1995 to support $29,060,000 in scientific research activities.

The Committee is very concerned about the ability for NSF to continue to fund a U.S. permanent presence on the continent given severe budget constraints. This situation is exacerbated by the need for NSF to upgrade or replace its aging facilities such as $200,000,000 estimated to replace the deteriorating South Pole station. The Committee questions whether the 1982 policy to maintain a presence in the Antarctic is still valid.

As a result, the Committee directs the National Science and Technology Council to undertake a Governmentwide policy review of the U.S. presence in the Antarctic. The review should examine the validity of the policy contained in Memorandum 6646, namely, the need for a year-round presence, the need for three stations, and the roles of the NSF, Department of Defense, and other Government agencies. The review should examine the policy in the context of the value of the science performed in Antarctica and other U.S. interests. Finally, the review should address the affordability of continued U.S. presence in Antarctica in light of the severe budget environment and examine options for reducing annual logistical and operational budget needs. At a minimum, budget saving options should include greater international cooperation, less than a year-round human presence, and closing of one or more of the stations. The results of the review should be submitted to the Committee by March 31, 1996.

MAJOR RESEARCH EQUIPMENT

Appropriations, 1995	$126,000,000
Budget estimate, 1996	70,000,000
House allowance	70,000,000
Committee recommendation	70,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $70,000,000 for major research equipment. This amount is $56,000,000 below the fiscal year 1995 level, the same as the House allowance, and will provide for the total amount requested in the President's budget for construction of the Laser Interferometer Gravitational Wave Observatory [LIGO].

ACADEMIC RESEARCH INFRASTRUCTURE

Appropriations, 1995	[1] $118,133,000
Budget estimate, 1996	100,000,000
House allowance	100,000,000
Committee recommendation	100,000,000

[1] Reflects rescission of $131,867,000 in Public Law 104–19.

PROGRAM DESCRIPTION

The goal of the Academic Research Infrastructure Program is to improve the research infrastructure by funding, on a cost-sharing basis, the development and acquisition of major instruments, and the repair and renovation of academic research facilities. The program will support the acquisition of the major modern scientific instruments for our Nation's laboratories and advance the Nation's research and research training efforts. This also provides competitively awarded grants for the repair, renovation, or, in exceptional cases, replacement of facilities used for research and research training at academic and other nonprofit institutions.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $100,000,000 for academic research infrastructure. This amount is $18,133,000 below the fiscal year 1995 level, and the same as the House allowance and the President's budget request. The Committee expects these funds to continue to apply to both facilities and instrumentation modernization.

EDUCATION AND HUMAN RESOURCES

Appropriations, 1995	$605,974,000
Budget estimate, 1996	599,000,000
House allowance	599,000,000
Committee recommendation	599,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $599,000,000 for education and human resources. This amount is $6,974,000 below the fiscal year 1995 level, and equal to the House allowance and President's budget request.

The Committee has provided the budget request for the Experimental Program to Stimulate Competitive Research [EPSCoR]. This competitive-based program allows for smaller universities to conduct research and provide better educational opportunities for students. The EPSCoR is vital in providing research dollars to a broad array of capable institutions in a more equitable geographical distribution. In order to ensure that NSF continue to support nationally competitive academic research, maintaining funding for EPSCoR is critical.

The Committee strongly urges the National Science Foundation to continue the competitive, merit-based program to support the efforts of States to develop electronic libraries. These libraries shall provide delivery of and access to a variety of data bases, computer programs, and interactive multimedia presentations, including educational materials, research information, statistics, and reports developed by Federal, State and local governments, and other information and information services which can be carried over computer networks.

SALARIES AND EXPENSES

Appropriations, 1995	$123,966,000
Budget estimate, 1996	127,310,000
House allowance	127,310,000
Committee recommendation	127,310,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $127,310,000 for salaries and expenses. This amount is $3,344,000 above the fiscal year 1995 level, and is the same as the House allowance and the total amount requested in the President's budget.

OFFICE OF INSPECTOR GENERAL

Appropriations, 1995	$4,380,000
Budget estimate, 1996	4,490,000
House allowance	4,490,000
Committee recommendation	4,490,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $4,490,000 for the Office of Inspector General in fiscal year 1996. This amount is $110,000 above the fiscal year 1995 level, and is the same as the House allowance and the amount requested in the President's budget.

NATIONAL SCIENCE FOUNDATION HEADQUARTERS RELOCATION

Appropriations, 1995	$5,200,000
Budget estimate, 1996	5,200,000
House allowance	5,200,000
Committee recommendation	5,200,000

PROGRAM DESCRIPTION

The NSF headquarters relocation appropriation provides reimbursement to the General Services Administration for expenses incurred by GSA pursuant to the relocation of NSF.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $5,200,000 for NSF headquarters relocation. This amount is the same as the fiscal year 1995 level, House allowance, and the amount in the President's budget request.

NEIGHBORHOOD REINVESTMENT CORPORATION

Appropriations, 1995	$38,667,000
Budget estimate, 1996	55,000,000
House allowance	38,667,000
Committee recommendation	38,667,000

PROGRAM DESCRIPTION

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95–557, October 31, 1978). Neighborhood reinvestment helps local communities establish working partnerships between residents and representatives of the public and private sectors. The partnership-based organizations are independent, tax-exempt, nonprofit entities: Neighborhood housing services [NHS], mutual housing associations, and apartment improvement programs. Collectively, these organizations are known as the NeighborWorks® network.

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

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

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

COMMITTEE RECOMMENDATION

The Committee proposes $38,667,000 for the Neighborhood Reinvestment Corporation. This amount is the same as the 1995 enacted level and the House allowance. The recommended level is $16,333,000 less than the budget request. Funds should be allocated consistent with the plans submitted as part of the budget request.

The Committee remains highly supportive of this agency's programs and activities. Budgetary constraints prevent granting the requested increase, and this action is taken without prejudice.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Appropriations, 1995	$22,930,000
Budget estimate, 1996	23,304,000
House allowance	22,930,000
Committee recommendation	22,930,000

PROGRAM DESCRIPTION

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $22,930,000 for the Selective Service System. This amount is the same as the House allowance and the fiscal year 1995 appropriation.

DEPARTMENT OF JUSTICE

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Appropriations, 1995	$33,375,000
Budget estimate, 1996	45,000,000
House allowance	30,000,000
Committee recommendation	30,000,000

PROGRAM DESCRIPTION

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

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

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $30,000,000 for fair housing activities. This amount is $3,375,000 below the 1995 level and the same as the House allowance. The Committee recommendation is $15,000,000 less than the budget request.

The Committee recommendation relocates all responsibilities for fair housing issues currently housed in the Department of Housing and Urban Development, including the Fair Housing Assistance Program and the Fair Housing Initiatives Program, to the Department of Justice. There has been substantial testimony relating to the Department's inability to effectively administer many of its core programs, and the Committee emphasizes that the Department needs to focus on ensuring the effective administration of its many programs.

Moreover, the intent of this provision is not to minimize the importance of addressing housing discrimination in this Nation; instead, the Department of Justice with its own significant responsibilities to address all forms of discrimination represents a good place to consolidate and to provide consistency for the Federal Government to combat discrimination, including discrimination relating to fair housing. This type of consolidation is critical to effective government. It is expected that HUD will provide the necessary assistance to ensure the orderly transfer of authority. Nothing in this provision is intended to provide Justice with authority to promulgate property insurance regulations.

DEPARTMENT OF THE TREASURY

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 1995	$15,451,000
Budget estimate, 1996	14,895,000
House allowance	14,895,000
Committee recommendation	14,895,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $14,895,000 for the Office of Federal Housing Enterprise Oversight. This amount is $556,000 below the 1995 enacted level and the same as the budget request and the House allowance. These costs will be offset through assessments of the relevant Government-sponsored enterprises.

The Committee recommendation appropriates funds to the Department of the Treasury for the Office of Federal Housing Enterprise Oversight [OFHEO] which was authorized in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to provide meaningful financial regulation to substantially reduce for the public any potential risk of exposure to the over $1,000,000,000,000 of GSE liabilities. Heretofore, OFHEO was close aligned with the Department of Housing and Urban Development.

The Federal Government is in the process of reassessing its responsibilities and consolidating many of its functions and responsibilities. As part of this process, it is appropriate that OFHEO as a financial regulator be made an office in the Department of the Treasury and that all powers, rights, and authority of the Director of OFHEO be transferred to the Secretary of the Treasury. It is the belief of the Committee that the expertise and experience of the Treasury will assist OFHEO in carrying out its responsibilities and increase the ability of OFHEO to establish in a timely manner a risk-based capital test, as required under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, to ensure the financial well-being of the GSE's.

TITLE IV

CORPORATION

FEDERAL DEPOSIT INSURANCE CORPORATION

FSLIC RESOLUTION FUND

Appropriations, 1995	$827,000,000
Budget estimate, 1996	....
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

Section 215 of the Financial Institutions Reform, Recovery and Enforcement Act [FIRREA] of 1989 (Public Law 101–73) establishes the FSLIC resolution fund as a separate fund under the management of the Federal Deposit Insurance Corporation [FDIC]. It assumes all assets and liabilities of the Federal Savings and Loan Insurance Corporation [FSLIC] except those expressly assumed by the Resolution Trust Corporation [RTC] under FIRREA.

To meet its obligations arising from past transactions of the FSLIC and other administrative expenses, the FSLIC resolution fund may use funds available to it from: income earned on its assets, or from the proceeds of their sale and subsequent returns from receiverships. To the extent such funds are insufficient to meet the obligations of the FSLIC resolution fund, FIRREA authorizes to be appropriated to the Secretary of the Treasury such funds as may be necessary to cover the shortfall.

COMMITTEE RECOMMENDATION

No additional capitalization is necessary at this time for activities of the fund. Amounts made available in prior years remain available to cover all anticipated financial requirements.

FDIC AFFORDABLE HOUSING PROGRAM

Appropriations, 1995	$15,000,000
Budget estimate, 1996	15,000,000
House allowance	....
Committee recommendation	....

PROGRAM DESCRIPTION

Section 241 of the FDIC Improvement Act of 1991 authorized an FDIC affordable housing program. The proposed program is designed to provide homeownership and rental housing opportunities for very low-income, low-income, and moderate-income families by allowing the FDIC to acquire a title to, and dispose of, single-family and multifamily housing properties. Program funding would be provided through two Federal appropriations for administrative and loss funds.

COMMITTEE RECOMMENDATION

The Committee has deleted funds for the FDIC affordable housing program. The Committee commends the proponents of this program for their commitment to the expansion of affordable housing opportunities for low- and moderate-income families. Given the plethora of housing programs already in existance through HUD and other Federal agencies, however, the Committee questions the value of yet another program, no matter the merit of its intent.

RESOLUTION TRUST CORPORATION

OFFICE OF INSPECTOR GENERAL

Appropriations, 1995	$32,000,000
Budget estimate, 1996	11,400,000
House allowance	11,400,000
Committee recommendation	11,400,000

PROGRAM DESCRIPTION

The Office of Inspector General provides independent oversight of the savings and loan cleanup efforts of the Resolution Trust Corporation. The Office primarily conducts audits and investigations of RTC operations and contractors in order to detect and prevent fraud, waste, and mismanagement in the disposition of insolvent savings and loan institutions and their assets by the RTC. The Office of Inspector General was established in April 1990 in accordance with the Inspector General Act of 1978, as amended, and the Financial Institutions Reform, Recovery, and Enforcement Act.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $11,400,000 for the Office of Inspector General. This amount is the same as the administration's request and the House allowance and a decrease of $20,600,000 below the fiscal year 1995 appropriation.

The Office of Inspector General of the RTC will be merged with the FDIC OIG when the RTC terminates operations at the end of this calendar year.

TITLE V—GENERAL PROVISIONS

The Committee has included 18 of the 19 general provisions proposed by the House. They are standard limitations which have been carried for many years in the VA, HUD, and Independent Agencies appropriations bill.

The Committee has deleted a general provision included by the House regarding EPA contractor conversion. This issue has been addressed by the Committee in the report under the EPA "Science and technology" account.

The Committee has added a general provision providing for the termination of the Office of Consumer Affairs. Any termination costs are to be absorbed within the Department of Health and Human Services fiscal year 1996 appropriation.

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

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Annual contributions for assisted housing: $5,594,358,000.

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

Section 8 contract renewals: $4,350,862,000.

Public housing operating subsidies: $2,800,000,000.

Severely distressed public housing: $500,000,000.

Drug elimination grants: $290,000,000.

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

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

Homeless assistance grants: $760,000,000.

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

Research and technology: $34,000,000.

ENVIRONMENTAL PROTECTION AGENCY

Program administration and management: $1,670,000,000.

Science and technology: $500,000,000.

Buildings and facilities: $60,000,000.

Program and infrastructure assistance: $2,340,000,000.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Salaries and expenses: $166,000,000.

Emergency management planning and assistance: $203,044,000.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Human space flight: $5,337,000,000.
Science, aeronautics, and technology: $5,960,700,000.
Mission support: $2,484,200,000.

NATIONAL SCIENCE FOUNDATION

Research and related activities: $2,294,000,000.
Major research equipment: $70,000,000.
Academic research infrastructure: $100,000,000.
Salaries and expenses: $127,300,000.
Education and human resources: $599,000,000.

DEPARTMENT OF JUSTICE

Fair housing activities: $30,000,000.

DEPARTMENT OF THE TREASURY

Office of Federal Housing Enterprise Oversight: $14,895,000.

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

Pursuant to paragraph 7(c) of rule XXVI, the accompanying bill was ordered reported from the Committee, subject to amendment and subject to the subcommittee allocation, by recorded vote of 17–11.

Yeas	Nays
Chairman Hatfield	Mr. Byrd
Mr. Stevens	Mr. Inouye
Mr. Cochran	Mr. Hollings
Mr. Specter	Mr. Leahy
Mr. Domenici	Mr. Bumpers
Mr. Gramm	Mr. Lautenberg
Mr. Bond	Mr. Harkin
Mr. Gorton	Ms. Mikulski
Mr. McConnell	Mr. Reid
Mr. Mack	Mr. Kohl
Mr. Burns	Mrs. Murray
Mr. Shelby	
Mr. Jeffords	
Mr. Gregg	
Mr. Bennett	
Mr. Johnston	
Mr. Kerrey	

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

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee.''

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

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

BUDGETARY IMPACT OF BILL

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

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with Committee allocations to its subcommittees of amounts in the First Concurrent Resolution for 1996: Subcommittee on VA, HUD, and Independent Agencies:				
Discretionary	190	153	189	[1] 169
Nondefense discretionary	61,500	61,464	74,642	[1] 74,625
Violent crime reduction fund	....	....	....	....
Mandatory	19,138	19,362	17,688	[1] 17,347
Projection of outlays associated with the recommendation:				
1996	....	....	....	[2] 46,268
1997	....	....	....	19,552
1998	....	....	....	7,226
1999	....	....	....	2,880
2000 and future years	....	....	....	3,852
Financial assistance to State and local governments for 1996 in bill	NA	18,583	NA	2,799

[1] Includes outlays from prior-year budget authority.
[2] Excludes outlays from prior-year budget authority.

NA: Not applicable.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
TITLE I							
DEPARTMENT OF VETERANS AFFAIRS							
Veterans Benefits Administration							
Compensation and pensions	$17,626,892,000	$17,649,972,000	$17,649,972,000	$17,649,972,000	+$23,080,000		
Readjustment benefits	1,286,600,000	1,345,300,000	1,345,300,000	1,345,300,000	+58,700,000		
Veterans insurance and indemnities	24,760,000	24,890,000	24,890,000	24,890,000	+130,000		
Guaranty and indemnity program account (indefinite)	507,095,000	504,122,000	504,122,000	504,122,000	−2,973,000		
Negative subsidy for guaranteed loans		−185,500,000	−185,500,000	−185,500,000	−185,500,000		
Administrative expenses	65,226,000	78,085,000	65,226,000	65,226,000		−$12,859,000	
Loan guaranty program account (indefinite)	43,939,000	22,950,000	22,950,000	22,950,000	−20,989,000		
Administrative expenses	59,371,000	52,138,000	52,138,000	52,138,000	−7,233,000		
Direct loan program account (indefinite)	25,000	28,000	28,000	28,000	+3,000		
(Limitation on direct loans)	(1,000,000)	(300,000)	(300,000)	(300,000)	(−700,000)		
Administrative expenses	1,020,000	459,000	459,000	459,000	−561,000		
(Loan level)	(97,000)	(99,000)	(99,000)	(99,000)	(+2,000)		
Education loan fund program account	1,061	1,093	1,000	1,000	−61	−93	
(Limitation on direct loans)	(4,034)	(4,120)	(4,000)	(4,000)	(−34)	(−120)	
Administrative expenses	195,000	203,000	195,000	195,000		−8,000	
Vocational rehabilitation loans program account	54,000	56,000	54,000	54,000		−2,000	
(Limitation on direct loans)	(1,964,000)	(2,022,000)	(1,964,000)	(1,964,000)		(−58,000)	
Administrative expenses	767,000	377,000	377,000	377,000	−390,000		
Native American Veteran Housing Loan Program Account	218,000	455,000	205,000	205,000	−13,000	−250,000	
Total, Veterans Benefits Administration	19,616,163,061	19,493,536,093	19,480,417,000	19,480,417,000	−135,746,061	−13,119,093	
Veterans Health Administration							
Medical care	16,214,684,000	16,961,487,000	16,777,474,000	16,450,000,000	+235,316,000	−511,487,000	−$327,474,000
Legislative offsets			−170,000,000	−170,000,000	−170,000,000	−170,000,000	
Total	16,214,684,000	16,961,487,000	16,607,474,000	16,280,000,000	+65,316,000	−681,487,000	−327,474,000
Medical and prosthetic research	251,743,000	257,000,000	251,743,000	257,000,000	+5,257,000		+5,257,000
Health professional scholarship program	10,386,000	10,386,000	10,386,000		−10,386,000	−10,386,000	−10,386,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996—Continued

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
Medical administration and miscellaneous operating expenses	69,789,000	72,262,000	63,602,000	63,602,000	−6,187,000	−8,660,000	
Grants to the Republic of the Philippines	500,000				−500,000		
Transitional housing loan program:							
Loan program account (by transfer)	(7,000)	(7,000)	(7,000)	(7,000)			
Administrative expenses (by transfer)	(54,000)	(56,000)	(54,000)	(54,000)		(−2,000)	
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)	(70,000)			
General post fund (transfer out)	(−61,000)	(−63,000)	(−61,000)	(−61,000)		(+2,000)	
Total, Veterans Health Administration	16,547,102,000	17,301,135,000	16,933,205,000	16,600,602,000	+53,500,000	−700,533,000	−332,603,000
Departmental Administration							
General operating expenses	890,193,000	915,643,000	821,487,000	880,000,000	−10,193,000	−35,643,000	+58,513,000
Offsetting receipts			(32,000,000)	(32,000,000)	(+32,000,000)	(+32,000,000)	
Total, Program Level	(890,193,000)	(915,643,000)	(853,487,000)	(912,000,000)	(+21,807,000)	(−3,643,000)	(+58,513,000)
National Cemetery System	72,604,000	75,308,000	72,604,000	72,604,000		−2,704,000	
Office of Inspector General	31,815,000	33,500,000	30,900,000	30,900,000	−915,000	−2,600,000	
Construction, major projects	354,294,000	513,755,000	183,455,000	35,785,000	−318,509,000	−477,970,000	−147,670,000
(Transfer out)			(−7,000,000)	(−7,000,000)	(−7,000,000)	(−7,000,000)	
Construction, minor projects	152,934,000	229,145,000	152,934,000	190,000,000	+37,066,000	−39,145,000	+37,066,000
Parking revolving fund	16,300,000				−16,300,000		
(By transfer)			(7,000,000)	(7,000,000)	(+7,000,000)	(+7,000,000)	
Grants for construction of state extended care facilities	47,397,000	43,740,000	47,397,000	47,397,000		+3,657,000	
Grants for the construction of state veterans cemeteries	5,378,000	1,000,000	1,000,000	1,000,000	−4,378,000		
Total, Departmental Administration	1,570,915,000	1,812,091,000	1,309,777,000	1,257,686,000	−313,229,000	−554,405,000	−52,091,000
Total, title I, Department of Veterans Affairs	37,734,180,061	38,606,762,093	37,723,399,000	37,338,705,000	−395,475,061	−1,268,057,093	−384,694,000
(By transfer)	(61,000)	(63,000)	(7,061,000)	(7,061,000)	(+7,000,000)	(+6,998,000)	
(Limitation on direct loans)	(3,135,034)	(2,495,120)	(2,437,000)	(2,437,000)	(−698,034)	(−58,120)	

Consisting of:							
Mandatory	(19,489,311,000)	(19,361,762,000)	(19,361,762,000)	(19,361,762,000)	(−127,549,000)		
Discretionary	(18,244,869,061)	(19,245,000,093)	(18,361,637,000)	(17,976,943,000)	(−267,926,061)	(−1,268,057,093)	(−384,694,000)
TITLE II							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Selected Housing Programs							
Housing certificates for families and individuals performance funds		6,509,955,000				−6,509,955,000	
Public and Indian housing capital performance funds		4,884,000,000				−4,884,000,000	
Annual contributions for assisted housing	11,083,000,000		10,182,359,000	5,594,358,000	−5,488,642,000	+5,594,358,000	−4,588,001,000
Transfer from UDAG	(100,000,000)				(−100,000,000)		
Severely distressed public housing	500,000,000			500,000,000		+500,000,000	+500,000,000
Assistance for the renewal of expiring section 8 subsidy contracts	2,536,000,000			4,350,862,000	+1,814,862,000	+4,350,862,000	+4,350,862,000
Flexible subsidy fund	50,000,000				−50,000,000		
Housing opportunities for persons with AIDS		186,000,000				−186,000,000	
Congregate services	25,000,000				−25,000,000		
Rental housing assistance:							
Rescission of budget authority, indefinite	−38,000,000	−35,119,000	−35,119,000	−35,119,000	+2,881,000		
(Limitation on annual contract authority, indefinite)	(−2,000,000)	(−2,000,000)	(−2,000,000)	(−2,000,000)			
Rescission of prepayment recaptures	−66,000,000	−163,000,000	−163,000,000	−163,000,000	−97,000,000		
Homeownership assistance	6,875,000				−6,875,000		
Rescission of budget authority, indefinite	−184,000,000				+184,000,000		
Public and Indian housing operation performance funds		3,220,000,000				−3,220,000,000	
Payments for operation of low-income housing projects	2,900,000,000		2,500,000,000	2,800,000,000	−100,000,000	+2,800,000,000	+300,000,000
Drug elimination grants for low-income housing	290,000,000			290,000,000		+290,000,000	+290,000,000
Affordable housing performance funds		3,339,000,000				−3,339,000,000	
HOME investment partnerships program	1,400,000,000		1,400,000,000	1,400,000,000		+1,400,000,000	
Homeownership and opportunity for people everywhere grants (HOPE grants)	50,000,000				−50,000,000		
National homeownership trust demonstration program	50,000,000				−50,000,000		
Youthbuild program	50,000,000				−50,000,000		
Housing counseling assistance	50,000,000		12,000,000		−50,000,000		−12,000,000
Indian housing loan guarantee fund program account	3,000,000	3,000,000	3,000,000	3,000,000			
(Limitation on guarantee loans)	(22,388,000)	(36,900,000)	(36,900,000)	(36,900,000)	(+14,512,000)		
Violent crime reduction program		3,000,000				−3,000,000	
Total, Selected housing programs (net)	18,705,875,000	17,946,836,000	13,899,240,000	14,740,101,000	−3,965,774,000	−3,206,735,000	+840,861,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996—Continued

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
Homeless Assistance							
Homeless assistance fund		1,120,000,000				−1,120,000,000	
Homeless assistance grants	1,120,000,000		676,000,000	760,000,000	−360,000,000	+760,000,000	+84,000,000
Community Planning and Development							
Community opportunity fund		4,850,000,000				−4,850,000,000	
Community opportunity performance program account		21,000,000				−21,000,000	
Administrative expenses		900,000				−900,000	
Community development grants	4,600,000,000		4,600,000,000	4,600,000,000		+4,600,000,000	
Section 108 loan guarantees:							
(Limitation on guaranteed loans)	(2,054,000,000)		(1,000,000,000)	(1,500,000,000)	(−554,000,000)	(+1,500,000,000)	(+500,000,000)
Credit subsidy			10,500,000	15,750,000	+15,750,000	+15,750,000	+5,250,000
Administrative expenses			225,000	675,000	+675,000	+675,000	+450,000
Policy Development and Research							
Research and technology	42,000,000	42,000,000	34,000,000	34,000,000	−8,000,000	−8,000,000	
Fair Housing and Equal Opportunity							
Fair housing activities	33,375,000	45,000,000	30,000,000		−33,375,000	−45,000,000	−30,000,000
Management and Administration							
Salaries and expenses	451,219,000	479,479,000	437,194,000	438,219,000	−13,000,000	−41,260,000	+1,025,000
(By transfer, limitation on FHA corporate funds)	(495,355,000)	(527,782,000)	(505,745,000)	(532,782,000)	(+37,427,000)	(+5,000,000)	(+27,037,000)
(By transfer, GNMA)	(8,824,000)	(9,101,000)	(8,824,000)	(9,101,000)	(+277,000)		(+277,000)
(By transfer, Community Planning and Development)		(900,000)	(225,000)	(675,000)	(+675,000)	(−225,000)	(+450,000)
Total, Salaries and expenses	(955,398,000)	(1,017,262,000)	(951,988,000)	(980,777,000)	(+25,379,000)	(−36,485,000)	(+28,789,000)
Office of Inspector General	36,427,000	36,968,000	36,427,000	36,968,000	+541,000		+541,000
(By transfer, limitation on FHA corporate funds)	(10,961,000)	(11,283,000)	(10,961,000)	(11,283,000)	(+322,000)		(+322,000)
Total, Office of Inspector General	(47,388,000)	(48,251,000)	(47,388,000)	(48,251,000)	(+863,000)		(+863,000)
Office of federal housing enterprise oversight	15,451,000	14,895,000	14,895,000		−15,451,000	−14,895,000	−14,895,000
Offsetting receipts	−15,451,000	−14,895,000	−14,895,000		+15,451,000	+14,895,000	+14,895,000

Federal Housing Administration							
FHA—Mutual mortgage insurance program account:							
(Limitation on guaranteed loans)	(100,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(+10,000,000,000)		
(Limitation on direct loans)	(180,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(+20,000,000)		
Administrative expenses	308,846,000	341,595,000	308,846,000	341,595,000	+32,749,000		+32,749,000
Offsetting receipts	−308,846,000	−341,595,000	−308,846,000	−341,595,000	−32,749,000		−32,749,000
FHA—General and special risk program account:							
(Limitation on guaranteed loans)	(20,885,072,000)	(17,400,000,000)	(15,000,000,000)	(17,400,000,000)	(−3,485,072,000)		(+2,400,000,000)
(Limitation on direct loans)	(220,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(−100,000,000)		
Administrative expenses	197,470,000	197,470,000	197,470,000	202,470,000	+5,000,000	+5,000,000	+5,000,000
Program costs	188,395,000	188,395,000	69,620,000	100,000,000	−88,395,000	−88,395,000	+30,380,000
Subsidy:							
Multifamily	−134,096,000	−37,996,000	−37,996,000	−37,996,000	+96,100,000		
Single family	−81,673,000	−27,044,000	−27,044,000	−27,044,000	+54,629,000		
Title I	−24,460,000	−23,777,000	−23,777,000	−23,777,000	+683,000		
Total, Federal Housing Administration	145,636,000	297,048,000	178,273,000	213,653,000	+68,017,000	−83,395,000	+35,380,000
Government National Mortgage Association							
Guarantees of mortgage-backed securities loan guarantee program account:							
(Limitation on guaranteed loans)	(142,000,000,000)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	(−32,000,000,000)		
Administrative expenses	8,824,000	9,101,000	8,824,000	9,101,000	+277,000		+277,000
Offsetting receipts	−262,700,000	−508,300,000	−508,300,000	−508,300,000	−245,600,000		
Administrative Provisions							
Procurement savings	−3,538,000				+3,538,000		
FHA mortgage insurance limits	−3,000,000				+3,000,000		
GNMA REMICs	−180,000,000				+180,000,000		
GNMA REMICs II	−30,600,000				+30,600,000		
1-year extension of HECM's demonstration			−11,000,000	−11,000,000	−11,000,000	−11,000,000	
Non-judicial foreclosure	−10,000,000				+10,000,000		
Total, title II, Department of Housing and Urban Development (net)	24,653,518,000	24,340,032,000	19,391,383,000	20,329,167,000	−4,324,351,000	−4,010,865,000	+937,784,000
Appropriations	(24,941,518,000)	(24,538,151,000)	(19,589,502,000)	(20,527,286,000)	(−4,414,232,000)	(−4,010,865,000)	(+937,784,000)
Rescissions	(−288,000,000)	(−198,119,000)	(−198,119,000)	(−198,119,000)	(+89,881,000)		
(Limitation on annual contract authority, indefinite)	(−2,000,000)	(−2,000,000)	(−2,000,000)	(−2,000,000)			
(Limitation on guaranteed loans)	(264,939,072,000)	(237,400,000,000)	(236,000,000,000)	(238,900,000,000)	(−26,039,072,000)	(+1,500,000,000)	(+2,900,000,000)
(Limitation on corporate funds)	(515,140,000)	(549,066,000)	(525,755,000)	(553,841,000)	(+38,701,000)	(+4,775,000)	(+28,086,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996—Continued

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
Consisting of:							
Advance appropriation available	800,000,000				−800,000,000		
Appropriations available from this bill	24,653,518,000	24,340,032,000	19,391,383,000	20,329,167,000	−4,324,351,000	−4,010,865,000	+937,784,000
Total, title II	25,453,518,000	24,340,032,000	19,391,383,000	20,329,167,000	−5,124,351,000	−4,010,865,000	+937,784,000
TITLE III							
INDEPENDENT AGENCIES							
American Battle Monuments Commission							
Salaries and expenses	20,265,000	20,265,000	20,265,000	20,265,000			
Chemical Safety and Hazard Investigation Board							
Salaries and expenses	500,000				−500,000		
Community Development Financial Institutions							
Community development financial institutions fund program account	125,000,000	123,650,000			−125,000,000	−123,650,000	
Loan subsidy		20,000,000				−20,000,000	
Office of Inspector General		350,000				−350,000	
Consumer Product Safety Commission							
Salaries and expenses	42,509,000	44,000,000	40,000,000	40,000,000	−2,509,000	−4,000,000	
Corporation for National and Community Service							
National and community service programs operating expenses	575,000,000	817,476,000			−575,000,000	−817,476,000	
Delay of obligation							
Office of Inspector General	2,000,000	2,000,000			−2,000,000	−2,000,000	
Total	577,000,000	819,476,000			−577,000,000	−819,476,000	
Court of Veterans Appeals							
Salaries and expenses	9,429,000	9,820,000	9,000,000	9,000,000	−429,000	−820,000	

Department of Defense—Civil							
Cemeterial Expenses, Army							
Salaries and expenses	12,017,000	14,134,000	11,296,000	11,946,000	−71,000	−2,188,000	+650,000
Environmental Protection Agency							
Research and development	350,000,000	426,661,000	384,052,000	....	−350,000,000	−426,661,000	−384,052,000
Science and Technology	....	....	....	500,000,000	+500,000,000	+500,000,000	+500,000,000
Environmental programs and compliance	....	....	1,881,614,000	....	....	....	−1,881,614,000
Abatement, control, and compliance	1,417,000,000	1,748,823,000	....	....	−1,417,000,000	−1,748,823,000	....
(Limitation on administrative expenses)	(296,722,500)	....	....	....	(−296,722,500)	....	....
Program and research operations	922,000,000	1,017,298,000	....	....	−922,000,000	−1,017,298,000	....
Program Administration and Management	....	....	....	1,670,000,000	+1,670,000,000	+1,670,000,000	+1,670,000,000
Office of Inspector General	28,542,000	33,050,000	28,542,000	27,700,000	−842,000	−5,350,000	−842,000
Transfer from Hazardous Substance Superfund	15,384,000	14,078,000	5,000,000	11,700,000	−3,684,000	−2,378,000	+6,700,000
Transfer from Leaking Underground Storage Tanks	669,000	710,000	426,000	600,000	−69,000	−110,000	+174,000
Subtotal, OIG	44,595,000	47,838,000	33,968,000	40,000,000	−4,595,000	−7,838,000	+6,032,000
Buildings and facilities	43,870,000	112,820,000	28,820,000	60,000,000	+16,130,000	−52,820,000	+31,180,000
Hazardous substance superfund	1,435,000,000	1,507,937,000	1,003,400,000	1,003,400,000	−431,600,000	−504,537,000	....
Legislative proposals—reforms	....	55,000,000	....	....	....	−55,000,000	....
Transfer to OIG	−15,384,000	−14,078,000	−5,000,000	−11,700,000	+3,684,000	+2,378,000	−6,700,000
(Limitation on administrative expenses)	(308,000,000)	....	....	....	(−308,000,000)	....	....
Subtotal, Hazardous substance superfund	1,419,616,000	1,548,859,000	998,400,000	991,700,000	−427,916,000	−557,159,000	−6,700,000
Leaking underground storage tank trust fund	70,000,000	77,273,000	45,827,000	45,827,000	−24,173,000	−31,446,000	....
Transfer to OIG	−669,000	−710,000	−426,000	−600,000	+69,000	+110,000	−174,000
(Limitation on administrative expenses)	(8,150,000)	....	(5,285,000)	(8,000,000)	(−150,000)	(+8,000,000)	(+2,715,000)
Subtotal, LUST	69,331,000	76,563,000	45,401,000	45,227,000	−24,104,000	−31,336,000	−174,000
Oil spill response	20,000,000	23,047,000	20,000,000	15,000,000	−5,000,000	−8,047,000	−5,000,000
(Limitation on administrative expenses)	(8,420,000)	....	(8,420,000)	(8,000,000)	(−420,000)	(+8,000,000)	(−420,000)
Water infrastructure/State revolving fund	2,262,000,000	1,865,000,000	1,500,175,000	....	−2,262,000,000	−1,865,000,000	−1,500,175,000
Safe drinking water State revolving fund	700,000,000	500,000,000	....	....	−700,000,000	−500,000,000	....
Program and infrastructure assistance	....	....	....	2,340,000,000	+2,340,000,000	+2,340,000,000	+2,340,000,000
Environmental services—user fees	....	−7,500,000	....	....	....	+7,500,000	....
Procurement savings	−7,525,000	....	....	....	+7,525,000	....	....
Total, EPA	7,240,887,000	7,359,409,000	4,892,430,000	5,661,927,000	−1,578,960,000	−1,697,482,000	+769,497,000
Executive Office of the President							
Office of Science and Technology Policy	4,981,000	4,981,000	4,981,000	4,981,000	....	....	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996—Continued

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
Council on Environmental Quality and Office of Environmental Quality	997,000	2,188,000	1,000,000	1,000,000	+3,000	−1,188,000	
Total	5,978,000	7,169,000	5,981,000	5,981,000	+3,000	−1,188,000	
Federal Emergency Management Agency							
Disaster relief	320,000,000	320,000,000	235,500,000		−320,000,000	−320,000,000	−235,500,000
Disaster assistance direct loan program account:							
State share loan	2,418,000	2,155,000	2,155,000	2,155,000	−263,000		
(Limitation on direct loans)	(175,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(−150,000,000)		
Administrative expenses	95,000	95,000	95,000	95,000			
Salaries and expenses	162,000,000	172,331,000	162,000,000	166,000,000	+4,000,000	−6,331,000	+4,000,000
Office of Inspector General	4,400,000	4,673,000	4,400,000	4,400,000		−273,000	
Emergency management planning and assistance	215,960,000	210,122,000	203,044,000	203,044,000	−12,916,000	−7,078,000	
Emergency food and shelter program	130,000,000	130,000,000	100,000,000	100,000,000	−30,000,000	−30,000,000	
Administrative provision REP savings	−11,525,000	−12,257,000	−12,257,000	−12,257,000	−732,000		
Procurement savings	−1,441,000				+1,441,000		
National Flood Insurance:							
Salaries and expenses		(20,562,000)	(20,562,000)	(20,562,000)	(+20,562,000)		
Flood mitigation		(70,464,000)	(70,464,000)	(70,464,000)	(+70,464,000)		
Premium increase		−21,000,000				+21,000,000	
Total, Federal Emergency Management Agency	821,907,000	806,119,000	694,937,000	463,437,000	−358,470,000	−342,682,000	−231,500,000
General Services Administration							
Consumer Information Center	2,004,000	2,061,000	2,061,000	2,061,000	+57,000		
(Limitation on administrative expenses)	(2,454,000)	(2,502,000)	(2,502,000)	(2,606,000)	(+152,000)	(+104,000)	(+104,000)
Department of Health and Human Services							
Office of Consumer Affairs	2,166,000	1,811,000	1,811,000		−2,166,000	−1,811,000	−1,811,000
National Aeronautics and Space Administration							
Human space flight	5,514,897,000	5,509,600,000	5,449,600,000	5,337,600,000	−177,297,000	−172,000,000	−112,000,000
Science, aeronautics and technology	5,901,200,000	6,006,900,000	5,588,000,000	5,960,700,000	+59,500,000	−46,200,000	+372,700,000

Rescission	−10,000,000				+10,000,000		
National aeronautical facilities	400,000,000				−400,000,000		
Mission support	2,554,587,000	2,726,200,000	2,618,200,000	2,484,200,000	−70,387,000	−242,000,000	−134,000,000
Office of Inspector General	16,000,000	17,300,000	16,000,000	16,000,000		−1,300,000	
Total, NASA (net)	14,376,684,000	14,260,000,000	13,671,800,000	13,798,500,000	−578,184,000	−461,500,000	+126,700,000
National Credit Union Administration							
Central liquidity facility:							
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)			
(Limitation on administrative expenses, corporate funds)	(901,000)	(560,000)	(560,000)	(560,000)	(−341,000)		
National Science Foundation							
Research and related activities	2,280,000,000	2,454,000,000	2,254,000,000	2,294,000,000	+14,000,000	−160,000,000	+40,000,000
Rescission	−35,000,000				+35,000,000		
Major research equipment	126,000,000	70,000,000	70,000,000	70,000,000	−56,000,000		
Academic research infrastructure	250,000,000	100,000,000	100,000,000	100,000,000	−150,000,000		
Education and human resources	605,974,000	599,000,000	599,000,000	599,000,000	−6,974,000		
Salaries and expenses	123,966,000	127,310,000	127,310,000	127,310,000	+3,344,000		
Office of Inspector General	4,380,000	4,490,000	4,490,000	4,490,000	+110,000		
National Science Foundation headquarters relocation	5,200,000	5,200,000	5,200,000	5,200,000			
Total, NSF (net)	3,360,520,000	3,360,000,000	3,160,000,000	3,200,000,000	−160,520,000	−160,000,000	+40,000,000
Neighborhood Reinvestment Corporation							
Payment to the Neighborhood Reinvestment Corporation	38,667,000	55,000,000	38,667,000	38,667,000		−16,333,000	
Selective Service System							
Salaries and expenses	22,930,000	23,304,000	22,930,000	22,930,000		−374,000	
DEPARTMENT OF JUSTICE							
Fair Housing and Equal Opportunity							
Fair Housing activities				30,000,000	+30,000,000	+30,000,000	+30,000,000
Department of the Treasury							
Office of Federal Housing Enterprise oversight				14,895,000	+14,895,000	+14,895,000	+14,895,000
Offsetting receipts				−14,895,000	−14,895,000	−14,895,000	−14,895,000
Total, Department of the Treasury							
Total, title III, Independent agencies (net)	26,658,463,000	26,926,568,000	22,571,178,000	23,304,714,000	−3,353,749,000	−3,621,854,000	+733,536,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1995 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1996—Continued

Item	1995 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or −)		
					1995 appropriation	Budget estimate	House allowance
Appropriations	(26,710,988,000)	(26,926,568,000)	(22,571,178,000)	(23,304,714,000)	(−3,406,274,000)	(−3,621,854,000)	(+733,536,000)
Rescissions	(−45,000,000)				(+45,000,000)		
(Limitation on administrative expenses)	(623,746,500)	(2,502,000)	(16,207,000)	(18,606,000)	(−605,140,500)	(+16,104,000)	(+2,399,000)
(Limitation on direct loans)	(775,000,000)	(716,026,000)	(716,026,000)	(716,026,000)	(−58,974,000)		
(Limitation on corporate funds)	(901,000)	(560,000)	(560,000)	(560,000)	(−341,000)		
TITLE IV							
CORPORATIONS							
Federal Deposit Insurance Corporation:							
FSLIC Resolution Fund	827,000,000				−827,000,000		
FDIC affordable housing program	15,000,000	15,000,000			−15,000,000	−15,000,000	
Total	842,000,000	15,000,000			−842,000,000	−15,000,000	
Resolution Trust Corporation: Office of Inspector General	32,000,000	11,400,000	11,400,000	11,400,000	−20,600,000		
Total, title IV, Corporations	874,000,000	26,400,000	11,400,000	11,400,000	−862,600,000	−15,000,000	
Grand total (net)	89,920,161,061	89,899,762,093	79,697,360,000	80,983,986,000	−8,936,175,061	−8,915,776,093	+1,286,626,000
Appropriations	(90,260,686,061)	(90,097,881,093)	(79,895,479,000)	(81,182,105,000)	(−9,078,581,061)	(−8,915,776,093)	(+1,286,626,000)
Rescissions	(−333,000,000)	(−198,119,000)	(−198,119,000)	(−198,119,000)	(+134,881,000)		
(By transfer)	(100,061,000)	(63,000)	(7,061,000)	(7,061,000)	(−93,000,000)	(+6,998,000)	
(Limitation on administrative expenses)	(623,746,500)	(2,502,000)	(16,207,000)	(18,606,000)	(−605,140,500)	(+16,104,000)	(+2,399,000)
(Limitation on annual contract authority, indefinite)	(−2,000,000)	(−2,000,000)	(−2,000,000)	(−2,000,000)			
(Limitation on direct loans)	(1,200,523,034)	(1,075,421,120)	(1,075,363,000)	(1,075,363,000)	(−125,160,034)	(−58,120)	
(Limitation on guaranteed loans)	(264,939,072,000)	(237,400,000,000)	(236,000,000,000)	(238,900,000,000)	(−26,039,072,000)	(+1,500,000,000)	(+2,900,000,000)
(Limitation on corporate funds)	(516,041,000)	(549,626,000)	(526,315,000)	(554,401,000)	(+38,360,000)	(+4,775,000)	(+28,086,000)

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