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REPORT
105–175

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1998

JULY 11, 1997.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2158]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes.

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41–989

Summary of the Bill

The Committee recommends $91,692,867,000 in new budget (obligational) authority for the Departments of Veterans Affairs and Housing and Urban Development, and 17 independent agencies and offices. This is $9,629,463,558 above the 1997 appropriations level.

The following table summarizes the amounts recommended in the bill in comparison with the appropriations for fiscal year 1997 and budget estimates for fiscal year 1998.

SUMMARY OF BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL

	Fiscal year—		House	House compared with enacted	House compared with estimates
	1997 enacted	1998 estimates			
American Battle Monuments Commission	$22,265,000	$23,897,000	$26,897,000	+$4,632,000	+$3,000,000
Cemeterial Expenses, Army	11,600,000	11,815,000	11,815,000	+215,000	0
Community Development Financial Institutions	50,000,000	125,000,000	125,000,000	+75,000,000	0
Consumer Information Center	2,260,000	2,119,000	2,419,000	+159,000	+300,000
Consumer Product Safety Commission	42,500,000	45,000,000	44,000,000	+1,500,000	−1,000,000
Corporation for National and Community Service	402,500,000	549,000,000	402,500,000	0	−146,500,000
Council on Environmental Quality	2,436,000	3,020,000	2,506,000	+70,000	−514,000
Court of Veterans Appeals	9,229,000	9,380,000	9,319,000	+90,000	−61,000
Department of Housing and Urban Development	16,303,809,442	24,573,255,000	25,123,255,000	+8,819,445,558	+550,000,000
Department of Veterans Affairs	40,086,493,000	40,216,150,000	40,359,576,000	+273,083,000	+143,426,000
Environmental Protection Agency	6,799,393,000	7,645,493,000	7,232,077,000	+432,684,000	−413,416,000
Federal Deposit Insurance Corporation	0	(34,365,000)	(34,365,000)	(+34,365,000)	0
Federal Emergency Management Agency	5,103,556,000	838,558,000	1,088,058,000	−4,015,498,000	+249,500,000
National Aeronautics and Space Administration	13,709,200,000	13,500,000,000	13,648,000,000	−61,200,000	+148,000,000
National Credit Union Administration	1,000,000	0	0	−1,000,000	0
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	0	0
National Science Foundation	3,270,000,000	3,367,000,000	3,487,000,000	+217,000,000	+120,000,000
Neighborhood Reinvestment Corporation	49,900,000	50,000,000	70,000,000	+20,100,000	+20,000,000
Office of Consumer Affairs	1,500,000	1,800,000	0	−1,500,000	−1,800,000
Office of Science and Technology Policy	4,932,000	4,932,000	4,932,000	0	0
Selective Service System	22,930,000	23,919,000	23,413,000	+483,000	−506,000
Budget scorekeeping adjustments	−3,832,100,000	32,100,000	32,100,000	+3,864,200,000	0
Total	82,063,403,442	91,022,438,000	91,692,867,000	+9,629,463,558	+670,429,000

FISCAL YEAR 1998 RATIONALE

The fiscal year 1998 recommendations for the VA, HUD, and Independent Agencies Appropriations Bill continue down the path begun with the fiscal year 1996 enacted Bill and reflect a fundamental recognition that significant changes are required if the goal of a balanced budget is to be realized.

Last year the Subcommittee conducted a zero-base review of each department, agency, and office under its jurisdiction. The goal of that review was to determine exactly what was being done by the government, why was it being done, how was it being done, and if it was a necessary activity, could it be done cheaper. The following report and accompanying Bill reflects an ongoing commitment to the basic premise of the work which was started in fiscal year 1996. The job was not completed in fiscal year 1996, nor will it be completed in fiscal year 1998, but a substantial amount of progress has been made toward controlling the growth in programs while maintaining essential government activity.

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

GOVERNMENT PERFORMANCE AND RESULTS ACT

The Committee considers the full and effective implementation of the Government Performance and Results Act, P.L. 103–62, to be a priority for all agencies of government.

Starting with fiscal year 1999, the Results Act requires each agency to "prepare an annual performance plan covering each program activity set forth in the budget of such agency". Specifically, for each program activity the agency is required to "establish performance goals to define the level of performance to be achieved by a program activity" and "performance indicators to be used in assessing the relevant outputs, service levels, and outcomes of each program activity".

The Committee takes this requirement of the Results Act very seriously and plans to carefully examine agency performance goals and measures during the appropriations process. As a result, starting with the fiscal year 1999 appropriations cycle, the Committee will consider agencies progress in articulating clear, definitive, and results-oriented (outcome) goals and measures as it reviews requests for appropriations.

The Committee suggests agencies examine their program activities in light of their strategic goals to determine whether any changes or realignments would facilitate a more accurate and informed presentation of budgetary information. Agencies are encouraged to consult with the Committee as they consider such revisions prior to finalizing any requests pursuant to 31 U.S.C. 1104. The Committee will consider any requests with a view toward ensuring that fiscal year 1999 and subsequent budget submissions display amounts requested against program activity structures for which annual performance goals and measures have been established.

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

Fiscal year 1998 recommendation	$40,359,576,000
Fiscal year 1997 appropriation	40,086,493,000
Fiscal year 1998 budget request	40,216,150,000
Comparison with fiscal year 1997 appropriation	+273,083,000
Comparison with fiscal year 1998 budget request	+143,426,000

The Department of Veterans Affairs is the third largest Federal agency in terms of employment with an average employment of approximately 210,000. It administers benefits for 26,000,000 veterans, and 44,000,000 family members of living veterans and survivors of deceased veterans. Thus, 70,000,000 people, comprising about 27 percent of the total population of the United States, are potential recipients of veterans benefits provided by the Federal Government.

A total of $40,355,476,000 in new budget authority is recommended by the Committee for the Department of Veterans Affairs programs in fiscal year 1998. The funds recommended provide for compensation payments to 2,585,800 veterans and survivors of deceased veterans with service-connected disabilities; pension payments for 711,100 non-service-connected disabled veterans, widows and children in need of financial assistance; educational training and vocational assistance to 426,630 veterans, servicepersons, and reservists, and 47,500 eligible dependents of deceased veterans or seriously disabled veterans; housing credit assistance in the form of 280,000 guaranteed loans provided to veterans and servicepersons; administration or supervision of life insurance programs with 4,946,144 policies for veterans and active duty servicepersons providing coverage of $511,597,000,000; inpatient care and treatment of beneficiaries in 173 hospitals; 40 domiciliaries, 135 nursing homes and 448 outpatient clinics which includes independent, satellite, community-based, and rural outreach clinics involving 33,213,000 visits; and the administration of the National Cemetery System for burial of eligible veterans, servicepersons and their survivors.

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$19,932,997,000
Fiscal year 1997 appropriation	19,599,259,000
Fiscal year 1998 budget request	19,932,997,000
Comparison with fiscal year 1997 appropriation	+333,738,000
Comparison with fiscal year 1998 budget request	0

This appropriation provides funds for service-connected compensation payments to an estimated 2,585,800 beneficiaries and pension payments to another 711,100 beneficiaries with non-service-connected disabilities. The average cost per compensation case in 1998 is estimated at $6,417, and pension payments are projected at a unit cost of $4,474. The estimated caseload and cost by program for 1997 and 1998 are as follows:

	1997	1998	Difference
Caseload:			
Compensation:			
Veterans	2,256,672	2,278,900	+22,228
Survivors	305,188	304,900	−288
Children	0	2,000	+2,000
Clothing allowance (non-add)	(74,540)	(74,300)	(−240)
Pensions:			
Veterans.	409,309	407,600	−1,709
Survivors	319,234	303,500	−15,734
Minimum income for widows (non-add)	(800)	(793)	(−7)
Vocational training (non-add)	(110)	(85)	(−25)
Burial allowances	97,800	97,700	−100
Funds:			
Compensation:			
Veterans	$13,016,590,000	$13,259,558,000	+$242,968,000
Survivors	3,240,100,000	3,273,892,000	+33,792,000
Children	0	21,100,000	+21,100,000
Clothing allowance	38,760,000	38,471,000	−289,000
Payment to GOE (Public Laws 101–508 and 102–568)	2,198,000	2,083,000	−115,000
Medical exams pilot program	7,574,000	15,905,000	+8,331,000
Pensions:			
Veterans	2,354,276,000	2,401,380,000	+47,104,000
Survivors	788,380,000	774,453,000	−13,927,000
Minimum income for widows	1,389,000	5,657,000	+4,268,000
Vocational training	300,000	236,000	−64,000
Payment to GOE (Public Laws 101–508, 102–568, and 103–446)	10,078,000	9,201,000	–877,000
Payment to medical care (Public Laws 101–508 and 102–568)	14,241,000	15,096,000	+855,000
Payment to medical facilities	2,254,000	2,322,000	+68,000
Burial benefits	115,436,000	117,534,000	+2,098,000
Other assistance	1,764,000	1,766,000	+2,000
Contingency	15,228,000	0	−15,228,000
Unobligated balance and transfers	−9,309,000	−5,657,000	+3,652,000
Total appropriation	19,599,259,000	19,932,997,000	+333,738,000

The Administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends a single compensation and pensions appropriation in fiscal year 1998.

The 1998 pension budget request includes funds for a proposed cost-of-living increase of 2.7 percent. Legislation will be proposed to provide a 2.7 percent increase for all compensation beneficiaries. The estimated cost of this compensation adjustment is $330,700,000.

For fiscal year 1998, the Committee is recommending the budget estimate of $19,932,997,000 for compensation and pensions. The bill also includes requested language reimbursing $11,284,000 to the general operating expenses account and $15,096,000 to the medical care account for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, Public Law 101–508, the Veterans' Benefits Act of 1992, Public Law 102–568, and the Veterans' Benefits Improvements Act of 1994, Public Law 103–446. These cost savings provisions include verifying pension income against Internal Revenue Service and Social Security Administration (SSA) data; establishing a match with the SSA to obtain verification of Social Security numbers; and the $90 monthly VA pension cap for Medicaid-eligible single veterans and surviving spouses alone in Medicaid-covered nursing homes. Also, the bill includes requested language permitting this appropriation to reimburse such sums as may be necessary to the medical facilities revolving fund ($2,322,000 estimated in fiscal year 1998) to help defray the operating expenses of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

The Administration has proposed language that would provide indefinite 1998 supplemental appropriations for compensation and pension payments. The Committee believes the current funding procedures are adequate and has not included the requested language in the bill. The Committee recognizes that additional funding may be necessary when the final disposition of proposed legislation is known.

READJUSTMENT BENEFITS

Fiscal year 1998 recommendation	$1,366,000,000
Fiscal year 1997 appropriation	1,377,000,000
Fiscal year 1998 budget request	1,366,000,000
Comparison with fiscal year 1997 appropriation	−11,000,000
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends the budget estimate of $1,366,000,000 for readjustment benefits in fiscal year 1998. The estimated number of trainees and costs by program for 1997 and 1998 are as follows:

	1997	1998	Difference
Number of trainees:			
Education and training: dependents	43,952	47,500	+3,548

	1997	1998	Difference
All-Volunteer Force educational assistance:			
Veterans and servicepersons	299,560	291,190	−8,370
Reservists	77,350	80,300	+2,950
Vocational rehabilitation	56,265	55,140	−1,125
Total	477,127	474,130	−2,997
Funds:			
Education and training: dependents	$108,900,000	$117,539,000	+$8,639,000
All-Volunteer Force educational assistance:			
Veterans and servicepersons	742,806,000	769,093,000	+26,287,000
Reservists	97,800,000	99,119,000	+1,319,000
Vocational rehabilitation	416,400,000	419,175,000	+2,775,000
Housing grants	16,100,000	16,100,000	0
Automobiles and other conveyances	4,700,000	4,700,000	0
Adaptive equipment	22,900,000	23,100,000	+200,000
Work-study	29,900,000	31,493,000	+1,593,000
Payment to States	13,000,000	13,000,000	0
Unobligated balance and other adjustments	−75,506,000	−127,319,000	−51,813,000
Total appropriation	1,377,000,000	1,366,000,000	−11,000,000

VETERANS INSURANCE AND INDEMNITIES

Fiscal year 1998 recommendation	$51,360,000
Fiscal year 1997 appropriation	38,970,000
Fiscal year 1998 budget request	51,360,000
Comparison with fiscal year 1997 appropriation	+12,390,000
Comparison with fiscal year 1998 budget request	0

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

The budget estimate of $51,360,000 for veterans insurance and indemnities in fiscal year 1998 is included in the bill. The amount provided will enable VA to transfer more than $42,670,000 to the service-disabled veterans insurance fund, transfer $8,530,000 in payments for the 3,590 policies under the veterans mortgage life insurance program, as well as provide payments for the 1,260 policies under a small NSLI program called "H." These policies are identified under the veterans insurance and indemnity appropriation since they provide insurance to service-disabled veterans unable to qualify under basic NSLI.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1998 recommendation	$192,447,000	$300,000	$160,437,000
Fiscal year 1997 appropriation [1]	364,640,000	300,000	139,116,000
Fiscal year 1998 budget request	192,447,000	300,000	160,437,000
Comparison with fiscal year 1997 appropriation	−172,193,000	0	+21,321,000
Comparison with fiscal year 1998 budget request	0	0	0

[1] Provided in three separate accounts in 1997—guaranty and indemnity program account, loan guaranty program account, and direct loan program account.

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. This appropriation provides for all costs, with the exception of the native American veteran housing loan program, of VA's direct and guaranteed loan programs. This account represents a new fund established this year to consolidate the guaranty and indemnity fund, the loan guaranty fund, and the direct loan fund. This consolidation sums eleven accounts into four accounts under the new veterans housing benefit program fund to achieve administrative efficiencies. All appropriations and income formerly received from the old accounts will be deposited in this new fund. No program or scoring changes result from this action. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation or a loan guarantee commitment. In addition, the Act requires all administrative expenses of a direct or guaranteed loan program to be funded through a program account.

The Committee recommends the budget requests of such sums as may be necessary (estimated to be $192,447,000) for funding subsidy payments, $300,000 for the limitation on direct loans, and $160,437,000 to pay administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1998 recommendation	$1,000	$3,000	$200,000
Fiscal year 1997 appropriation	1,000	3,000	195,000
Fiscal year 1998 budget request	1,000	3,000	200,000
Comparison with fiscal year 1997 appropriation	0	0	+5,000
Comparison with fiscal year 1998 budget request	0	0	0

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

The bill includes the budget requests of $1,000 for program costs, $3,000 as the limitation on direct loans, and $200,000 for administrative expenses. The appropriation for administrative expenses may be transferred to and merged with the general operating expenses account.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1998 recommendation	$44,000	$2,278,000	$388,000
Fiscal year 1997 appropriation	49,000	2,822,000	377,000
Fiscal year 1998 budget request	44,000	2,278,000	388,000

	Program account	Limitation on direct loans	Administrative expenses
Comparison with fiscal year 1997 appropriation	−5,000	−544,000	+11,000
Comparison with fiscal year 1998 budget request	0	0	0

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 $815 (based on indexed chapter 31 subsistence allowance rate) are available to service-connected disabled veterans enrolled in vocational rehabilitation programs when the veteran is temporarily in need of additional assistance. Repayment is made in 10 monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay. The Federal Credit Reform Act of 1990 requires budgetary resources to be available prior to incurring a direct loan obligation. In addition, the Act requires all administrative expenses of a direct loan program to be funded through a program account.

The bill includes the budget requests of $44,000 for program costs and $388,000 for administrative expenses. The administrative expenses may be transferred to and merged with the general operating expenses account. In addition, the bill includes requested language limiting program direct loans to $2,278,000. It is estimated that VA will make 4,952 loans in fiscal year 1998, with an average amount of $460.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

Administrative expenses:	
Fiscal year 1998 recommendation	$515,000
Fiscal year 1997 appropriation	205,000
Fiscal year 1998 budget request	515,000
Comparison with fiscal year 1997 appropriation	+310,000
Comparison with fiscal year 1998 budget request	0

This program is testing the feasibility of authorizing VA to make direct home loans to native American veterans who live on U.S. trust land. This program is a five-year pilot program which began in 1993. The bill includes the budget request of $515,000 for administrative expenses, which may be transferred to and merged with the general operating expenses account.

Veterans Health Administration

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	Collections transferred	Total available
Fiscal year 1998 recommendation	$16,958,846,000	$604,000,000	$17,562,846,000
Fiscal year 1997 appropriation	17,013,447,000	0	17,013,447,000
Fiscal year 1998 budget request	16,958,846,000	604,000,000	17,562,846,000
Comparison with fiscal year 1997 appropriation	−54,601,000	+604,000,000	+549,399,000
Comparison with fiscal year 1998 budget request	0	0	0

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

The VA is requesting an appropriation of $16,958,846,000 for medical care in fiscal year 1998, a decrease of $54,601,000 below the current year appropriation. However, this comparison of the budget request and the fiscal year 1997 appropriation of $17,013,447,000 does not reflect two adjustments with the general operating expenses (GOE) account. In calculating the 1998 medical care request, the 1997 level was (1) increased by $13,399,000 (with a corresponding reduction to GOE) to reflect medical care charges that will be paid directly to the Franchise Fund for services provided by the Austin Finance Center, and (2) decreased by $68,000,000 (with a corresponding increase to GOE) to fund compensation and pension exams directly from Veterans Benefits Administration resources. Thus, the budget request is really the same amount as the appropriation provided in fiscal year 1997.

In addition, the budget includes a legislative proposal to permit the VA to retain the medical care cost recovery program third party and user fee collections as reimbursements to medical care starting on October 1, 1997. Under existing law, these collections, except for administrative costs of collecting the receipts, are deposited in the Treasury. The original estimate of collections in 1998 totaled $590,918,000, of which $123,321,000 would be used to cover the cost of collections and $467,597,000 would be available for veterans' healthcare services. In the recent Bipartisan Budget Agreement and the 1998 Budget Resolution, the estimate of those collections became $604,000,000. A budget amendment (House Document 105–95) requests that language be carried in the medical care appropriation, contingent on the enactment of authorizing legislation establishing a medical collections fund into which such fees would be deposited, requiring all amounts recovered or collected to be made available for administrative costs of debt collection and to cover the full range of VA medical care services.

The bill includes the total request of $17,562,846,000 for medical care in fiscal year 1998—an appropriation of $16,958,846,000 and collections of $604,000,000. This amount is an increase of $549,399,000 above the 1997 appropriation. The Committee notes that this increase in funds is slightly greater than the increase provided in fiscal year 1997. The bill also includes the requested language that, once the authorization is enacted, will allow the transfer of medical collections to the medical care account. In addition, $15,096,000 is to be transferred from the compensation and pensions account for administrative expenses of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990, and the Veterans' Benefits Act of 1992.

Language has been included in the bill delaying the availability of $565,000,000 of funds in the equipment and land and structures object classifications until August 1, 1998, instead of requested language delaying 8.3 percent of the appropriation until September 30, 1998. The recommended language is similar to that carried in previous appropriations acts.

The Committee recognizes that veterans in East Central Florida are, in many instances, required to travel considerable distances to receive VA hospital care. The VA has developed plans to contract with local hospitals to meet veterans' needs for emergency inpatient care. However, the Committee believes it is important that veterans who are in need of nonemergent inpatient care also be able to receive that care in their own communities. To address this matter, the bill includes language earmarking not to exceed $5,000,000 for a study by the VA on the cost-effectiveness of contracting with local hospitals in East Central Florida to meet veterans' non-emergent inpatient health care needs. In designing this one-year pilot program, the funds for which are to be derived from resources made available to the local network, the VA shall ensure that there is a reasonable balance in the allocation of funds throughout the network. The VA shall report back to the Congress on plans to carry out this requirement and on the results of this study.

Concerns have been expressed that the estimated amount of collections from third party insurers and various copayments will not materialize. The VA estimates that collections will total more than $3,700,000,000 in fiscal years 1998–2002, with approximately $600,000,000 assumed for 1998. Last year, collections totaled $557,000,000. However, the accuracy of each year's estimated collection is unknown. Under current law, VA medical centers have lacked a real incentive to increase collections as the funds, other than those necessary for the administrative cost of collecting the receipts, are returned to the Treasury. The proposed legislation will permit medical centers to retain all collections and should provide incentives to increase collections. Additional funding for health care services is possible if medical centers reduce the administrative costs of collections which currently consumes approximately 20 percent of the total. The Committee expects the VA to develop allocation policies that will increase incentives and intends to review the entire subject of collections and incentives on a yearly basis.

Legislation has been proposed to permit Medicare reimbursements to VA hospitals for care provided to certain Medicare-eligible veterans over the age of 65. This concept, often referred to as Medicare subvention, would provide an estimated $1,093,000,000 in fiscal years 1999-2002. The ultimate disposition of this legislative proposal is unknown, but it does not impact fiscal year 1998 and reimbursements in fiscal year 1999 are estimated to be only $5,000,000.

The budget estimates that 3,071,914 patients will receive health care treatment in 1998, an increase of 134,914 above the number treated in 1996 and estimated for 1997. However, employment is estimated to decrease by 6,153 in 1997 and 1,683 in 1998. Treating a larger number of patients while employment decreases is only possible through various reengineering and reorganization efforts to increase efficiency and effectiveness. The VA should continue its transition from an acute-care, hospital-based system to one that focuses on primary care in an outpatient setting. Consolidating and closing underutilized services will permit a more effective and efficient use of resources. These efforts will improve care for veterans and should help in achieving the goals of a 30 percent reduction in per patient cost and a 20 percent increase in the number of veterans treated over the next five years. The Committee continues to support these efforts to fundamentally change the system.

Quality service to veterans is a commitment that requires continual attention. Requiring veterans to wait several hours for scheduled appointments is not providing quality service. Previous reports have indicated that complaints were heard where veteran patients and their families were treated in an insensitive manner by VA staff. The subjects of these complaints, which are still being heard, cannot be tolerated. Veterans and their families should receive the best, most courteous, and timely medical treatment possible. Top management needs to ensure that local management continues to promptly address all such problems.

The Committee is concerned with continuing sexual harassment problems in the VA. There have been disturbing accounts of alleged sexual harassment and retribution by top management in the field. It appeared that these complaints were addressed when similar concerns were raised four years ago. Clearly, the current system is not working, especially as it applies to the top levels of management at medical centers. The VA needs to reexamine its procedures with a goal of more diligence. The complaint process needs to be removed from local control, at least as it applies to management.

Currently, medical care employment is approximately 185,000, more than 2,000 below the estimated 1998 level of 187,317. As such, buyout authority to reduce employment so as to avoid a reduction-in-force for newer employees is not required. The Committee expects that any use of buyout authority in the fall of 1997 will be targeted to those individuals in positions that will be eliminated in future organizations.

A community based outpatient clinic is currently being established in conjunction with a Vet Center in Williamsport, Pennsylvania. It is expected to be operational by the end of July 1997. The VA is to utilize $400,000 to expand activities at this community based outpatient clinic from the planned part-time service to a five-day-a-week primary medical care professional services operation.

The ambulatory care/environmental improvements construction project at the Wilkes-Barre VA Medical Center was funded in fiscal year 1997. The Committee does not expect that the hospital will absorb activation costs of this project from within medical center funds. A similar situation exists regarding activation costs for the ambulatory care addition project at the Carl T. Hayden VA Medical Center. The Committee does not expect that the hospital will absorb activation costs of this project from within medical center funds.

The Committee notes that 40 percent of the nation's veterans suffer from mental disorders and 60 percent of the nation's leading causes of morbidity and mortality are behavioral in origin. Therefore, the Committee applauds the Veterans Health Administration decision in recent years to expand the psychology internship program to address the behavioral and mental health needs of veterans and urges the VHA to continue to strengthen the psychology training (predoctoral and postdoctoral) programs. This will also have the benefit of reducing the need for hospital-based services.

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

The Committee supports the Department of Veterans Affairs' efforts to realize efficiencies within the Veteran Health Administration's Veterans Integrated Service Networks (VISN) plan. However, the Committee is concerned that the Veterans Equitable Resource Allocation (VERA) system developed to distribute veterans medical care funds to individual VISNs failed to adequately account for two important factors: (1) the disproportionate number of special needs veterans in northeastern states, and (2) the unknown impact of eligibility reform on the veteran population being served in each VISN. The Committee is also concerned with the quality and accessibility of care that veterans are receiving in these regions. To address these concerns, the General Accounting Office is requested to study and report on the effects of the VISN and VERA process and its implementation. The report should address the quality of care being received by veterans, with attention given to VISN 3 (Bronx) and VISN 4 (Pittsburgh). The Committee expects that the GAO report will be completed within four months. Therefore, until the Committee receives the requested GAO report on VERA and the impact of eligibility reform on individual VISNs is known, the Secretary is directed to fund all VISNs at least at the fiscal year 1996 level. The Committee understands this directive will impact VISNs 1, 2, 3, 12, and 14.

Alcoholism is one of the most costly and devastating problems for veterans. The Committee understands that there has been extensive dialogue between the National Institute for Alcohol Abuse and Alcoholism (NIAAA) and the VA, and supports continued discussions and collaboration between these agencies. This effort will build on the strengths of both NIAAA and the VA, and will extend the outstanding services of the VA's distinguished clinical trials program. The Committee encourages joint clinical trials with alcohol research centers encompassing NIAAA, the VA, and academic medical centers. These projects will capitalize on new research findings that may yield important new treatments for alcoholism and related-diseases.

The VA has established dozens of community based outpatient clinics in the past two years, a number in rural areas. The VA is encouraged to establish an outpatient clinic in Gainesville, Georgia.

The Committee is concerned about the prevalence of hepatitis C among veterans, and the potential impact of liver disease and liver transplants on VA services and facilities. The Department is encouraged to study the feasibility of determining the rate of hepatitis C infection among veterans receiving health services and establish a protocol for screening new entrants to the VA health care system and other groups at high risk for hepatitis C. The Committee further encourages the Department to pay special attention to rates of hepatitis C among veterans of Vietnam and more recent engagements, and to coordinate with the Department of Defense on any approaches for screening and providing treatment for hepatitis C infection among active-duty military.

The Committee is concerned with the plans for the integration of the VA medical centers at Tuskegee and Montgomery, Alabama. Critical information necessary to clearly understand the details of the integration is not available. Also, allegations of mismanagement require a complete investigation. The VA has halted further integration of these two facilities until all concerns have been adequately addressed. The VA should not proceed with further integration activities until a detailed plan of the integration has been submitted to the Congress, the General Accounting Office has had 60 days to issue a report reviewing the plan, and 45 days has lapsed after the GAO report is issued. The Committee believes that because of the unusual circumstances surrounding this matter the aforementioned process is necessary to best serve the interest of veterans and taxpayers.

The Committee remains supportive of VA's effort to reorganize its health care delivery system with the goal of improved management, better quality service, and cost effectiveness and efficiency in a truly integrated health care delivery system. A sophisticated medical information infrastructure is at the heart of an effective reorganization. Current VHA information systems may not be sufficient to address the challenges ahead. To assist in this regard, the VA is encouraged to look into establishing a partnership with a private, not-for-profit, highly integrated health care system. Such a partnership would be with an organization that has established itself as a leader in combining operational data into information. The Committee understands an innovative proposal is underway in Detroit, Michigan which could provide a model through the development of a population and resource management information network. Such a multi-dimensional database could serve as a testbed for health care specific technologies for VHA's newly formed integrated services networks.

GAO recently found that DOD and VA did not have a systematic approach to monitoring the health of Gulf War veterans after their initial examination and consequently could not provide information on the effectiveness of the treatment they had received or whether they were better or worse than when first examined. Consistent with the GAO's findings and recommendations, the Secretaries of DOD and VA should develop and implement a plan to provide: (1) data on the effectiveness of the treatments received by these veterans; and (2) longitudinal information on the health of veterans who reported illnesses after the war in order that efforts may be focused on resolving those conditions that have proven intractable or resistant to current therapies. The application of validated severity indices may be appropriate, but the Departments may suggest other methods. The Departments' plans may make appropriate use of statistical sampling and limit initial focus to individuals who experienced illness during the first years of registry operation or to certain types of therapies. To the extent that current diagnoses do not fully represent the full range of ailments veterans have experienced, the Departments should incorporate data on the persistence of Gulf War veterans' principal health complaints in addition to the status of their diagnosed illnesses. The Departments should consider whether it is beneficial to employ an outside contractor to collect valid and reliable data on these matters and make efforts to maximize the sensitivity of these measures to problems in delivery of care.

MEDICAL AND PROSTHETIC RESEARCH

Fiscal year 1998 recommendation	$267,000,000
Fiscal year 1997 appropriation	262,000,000
Fiscal year 1998 budget request	234,374,000
Comparison with fiscal year 1997 appropriation	+5,000,0000
Comparison with fiscal year 1998 budget request	+32,626,000

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

The Committee recommends $267,000,000 for medical and prosthetic research in fiscal year 1998, an increase of $32,626,000 above the budget request. This amount, together with an estimated $662,416,000 from other sources will provide for a total research program of $929,416,000.

The bill includes language earmarking $20,000,000 of the funds made available for medical research relating to Gulf War illnesses afflicting Persian Gulf veterans. This funding, together with funding provided by the Department of Defense and Health and Human Services, will provide for a more adequate Federal research effort on Persian Gulf War illnesses.

Last year's report strongly suggested that funding for research into Parkinson's disease be increased. A recent joint meeting between representatives of the VA and the Research Advisory Group on Parkinson's Disease and Related Disorders, a distinguished panel of experts from across the country, revealed additional areas of interest for joint research efforts. The Committee believes that the VA can expand its research on this debilitating disease and directs that $10,000,000 of medical and prosthetic research funds be utilized in this effort.

The Research Realignment Advisory Committee recommended the revitalization of the career development program. The VA indicates that those revitalization plans would be delayed at the funding level proposed in the 1998 budget request. The VA is urged to utilize part of the funds provided above the budget request for career development efforts as recommended by the Research Realignment Advisory Committee.

In last year's House report, the Committee recommended that the VA establish a partnership with a private, independent, not-for-profit, research and treatment center that could serve as a Center for Excellence Network in the diagnosis, detection, and treatment of cancer utilizing radioimmunodetection and radioimmunotherapy technology. The Committee urges the VA to continue its effort and finalize this collaborative research effort no later than January 1, 1998.

The Committee is encouraged by VA's decision to increase funding available for prostate cancer research. The Department estimated that it spent $9,200,000 in fiscal year 1996, and that it will spend $12,800,000 in fiscal years 1997 and 1998 on this major health problem for aging males. Because prostate cancer is one of the leading causes of death among veterans, the VA is encouraged to increase funding from within available funds for prostate cancer research.

The Committee is aware of the successful use of proton therapy in treating prostate cancer and other life-threatening diseases. Because of the heightened incidence of this cancer in the veterans' population, the Department is urged to explore research approaches using proton therapy as a treatment option.

The VA is planning a major clinical research trial, Specialized Medication and Revascularization Therapy (SMART), comparing long-term outcomes in coronary heart disease patients. First year VA funding of this tripartite effort—VA, Canada, and other U.S. industrial sources—is estimated to be $3,700,000. The Committee supports the SMART Trial.

In 1996, VA medical centers admitted 55,311 veterans for inpatient hospital care because of renal and associated disorders. Fifty-nine percent of these patients were between the ages of 65 and 84. The Committee supports additional biomedical research into the causes of and cures for renal failure as a way to reduce the cost of this health care.

Previous Committee reports have indicated support for health service research. The Committee supports at least the current funding level for this important research effort.

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

Concern has been expressed that at the requested 1998 medical research level, the VA would not continue funding for all of the Environmental Hazards Research Centers. The VA indicates that it would continue funding the Environmental Hazards Research Center at the Louisville VA Medical Center at the recommended medical and prosthetic research funding level. The Committee supports continued funding for this important research effort.

The Committee is concerned that VA plans to reduce the number of middle managers is having an inadvertent, detrimental impact on its research program. Physicians have been exempted from this reduction effort. The VA is urged to consider exempting Ph.D. research scientists from potential reductions in the number of GS 14/15 positions.

The Committee is aware of the Research Realignment Advisory Committee report which recommends the creation of designated research areas (DRAs) as an organizing principle for VA research. While the Committee finds that VA research is meritorious, peer reviewed, and critical to the VA patient population, it is difficult to understand research priorities due to the lack of a structured presentation of the program. The 1999 medical and prosthetic research budget justifications should include tables showing the distribution of funds among the various DRAs.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Fiscal year 1998 recommendation	$60,160,000
Fiscal year 1997 appropriation	61,207,000
Fiscal year 1998 budget request	60,160,000
Comparison with fiscal year 1997 appropriation	−1,047,000
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends the budget request of $60,160,000 for medical administration and miscellaneous operating expenses in fiscal year 1998.

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on direct loans	Administrative expenses
Fiscal year 1998 recommendation	$7,000	$70,000	$54,000
Fiscal year 1997 appropriation	7,000	70,000	54,000
Fiscal year 1998 budget request	7,000	70,000	54,000
Comparison with fiscal year 1997 appropriation	0	0	0
Comparison with fiscal year 1998 budget request	0	0	0

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

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

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

Fiscal year 1998 recommendation	$853,385,000
Fiscal year 1997 appropriation	827,584,000
Fiscal year 1998 budget request	846,385,000
Comparison with fiscal year 1997 appropriation	+25,801,000
Comparison with fiscal year 1998 budget request	+7,000,000

The general operating expenses appropriation provides for the administration of non-medical veterans benefits through the Veterans Benefits Administration and top management direction and support. The Federal Credit Reform Act of 1990 changed the accounting of Federal credit programs and required that all administrative costs associated with such programs be included within the respective credit accounts. Beginning in fiscal year 1992, costs incurred by housing, education, and vocational rehabilitation programs for administration of these credit programs are reimbursed by those accounts. The bill includes $161,540,000 in other accounts for these credit programs. In addition, $11,284,000 is transferred from the compensation and pensions account for administrative costs of implementing cost saving provisions required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Section 107 of the administrative provisions provides requested language which permits excess revenues in three insurance funds to be used for administrative expenses. The VA estimates that $36,000,000 will be utilized for such purposes in fiscal year 1998. Prior to fiscal year 1996, such costs were included in the general operating expenses appropriation.

The Committee recommends $853,385,000 for general operating expenses in fiscal year 1998. This amount represents an increase of $7,000,000 above the budget request. The additional funds are available, subject to approval in the operating plan, for activities such as retaining Veterans Benefits Administration (VBA) staff to improve the timeliness of processing veterans claims and for higher than anticipated contracting costs of the Year 2000 computer problem. The VA should consider this a one-time adjustment to address on-going concerns. Future budget requests for the general operating expenses account are to include adequate funds for administrative costs.

The VA lacks the authority to pay administrative costs of the Service Members Occupational Conversion and Training Act. The VA estimates that approximately $50,000 may be needed for these expenses. The bill includes requested language to continue allowing such costs to be funded in the general operating expenses account.

The Committee has been concerned for several years with the backlog of claims at the Veterans Benefits Administration and shortcomings in its computer modernization effort. External reviewing agencies and the Congress have criticized VBA for its lack of adequate control over management of the compensation and pension program, including related information technology demands. Recent VBA actions taken and planned may not be sufficient to assure continuing improvement in service to veterans with C&P claims. The Veterans Benefits Administration needs to make further improvements in productivity and services if it is to be turned into a first-class, well-performing institution that provides superb service to the nation's veterans.

The Committee generally supports the improvements in VBA management and information technology as recommended in recent reports, including those of the Veterans' Claims Adjudication Commission and the National Academy of Public Administration (still in draft form). As stated in the NAPA report, unless significant and fundamental changes are made in the way services are delivered in the field, the situation threatens to become worse. Vacancies in VA's top leadership positions provide an excellent opportunity for effecting change to fix the overall C&P process. Developing and implementing a comprehensive reform plan will not be easy—and it will take time. The Committee stands ready to assist the VA and the Administration in developing and implementing leadership and management reforms to accomplish long-term improvement in VBA's performance.

The Veterans Services Network (VETSNET), VBA's future modernized application system, has been under design and development for several years. The VA's recent focus on correcting the Year 2000 computer problem has resulted in the stoppage of most work on VETSNET. The Committee expects the VA to defer further efforts on the existing VETSNET program, pending further development of the program and the successful completion of the Year 2000 computer problem.

The Committee is concerned with VBA's use of buyout authority. Buyouts are to be offered to reduce employment levels so as to avoid reductions-in-force for newer employees. Buyouts are not to be offered to critical employees or employees whose positions will be required in the future. It appears that last year VBA offered buyouts to employees who were necessary for current activities. If VBA plans to offer buyouts this fall, it should first submit a plan to the Committees on Appropriations indicting which positions will be targeted and what the organizational structure will be in the future.

The Committee appreciates the efforts of the VA to consolidate functions. However, there are concerns with VBA's decision to consolidate loan service and claims and loan processing functions from the St. Petersburg Regional Office to Atlanta. In reviewing the VA's analysis, the Committee believes that the weights applied to some of the factors used in determining where consolidated activities would be located were inappropriate and do not accurately reflect cost and performance. As such, the bill includes language prohibiting the VA from proceeding with the relocation of loan guaranty divisions of the Regional Office in St. Petersburg, Florida to Atlanta, Georgia.

NATIONAL CEMETERY SYSTEM

Fiscal year 1998 recommendation	$84,183,000
Fiscal year 1997 appropriation	76,864,000
Fiscal year 1998 budget request	84,183,000
Comparison with fiscal year 1997 appropriation	+7,319,000
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends the budget request of $84,183,000 for the national cemetery system in fiscal year 1998. These funds will support an average employment in fiscal year 1998 of 1,375, an increase of 52 above the fiscal year 1997 level.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation	$31,013,000
Fiscal year 1997 appropriation	30,900,000
Fiscal year 1998 budget request	31,013,000
Comparison with fiscal year 1997 appropriation	+113,000
Comparison with fiscal year 1998 budget request	0

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

The Committee has recommended the budget request of $31,013,000 for the Office of Inspector General in fiscal year 1998.

CONSTRUCTION, MAJOR PROJECTS

Fiscal year 1998 recommendation	[1] $155,600,000
Fiscal year 1997 appropriation	250,858,000
Fiscal year 1998 budget request	[1] 79,500,000
Comparison with fiscal year 1997 appropriation	−95,258,000
Comparison with fiscal year 1998 budget request	+76,100,000

[1] Excludes fiscal year 1997 appropriation of $32,100,000 for the Travis Air Force Base replacement hospital, which cannot be released for obligation prior to January 1, 1998, unless action is taken by the Congress specifically making the funds available. For scorekeeping purposes, these funds are considered as an advance 1998 appropriation.

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $4,000,000 or more. Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities.

A construction program of $79,500,000 is requested for construction, major projects, in fiscal year 1998. The bill includes $155,600,000 for the construction of major projects, an increase of $76,100,000 above the budget request.

The changes from the budget request are as follows:

+$26,300,000 for construction of an ambulatory care addition at the Asheville, North Carolina VA Medical Center.

+$21,100,000 for construction of an ambulatory care addition at the Lyons, New Jersey VA Medical Center.

+$7,700,000 for the ward renovations for patient privacy project at the Omaha, Nebraska VA Medical Center.

+$26,000,000 for the environmental improvements project at the Waco, Texas VA Medical Center.

−$3,500,000 of the $4,933,000 requested for the advance planning fund.

−$1,500,000 of the $3,500,000 requested for the design fund.

The budget proposes changing the major construction cost limitation from $3,000,000 or more to $5,000,000 or more. This would increase the limit of the minor construction appropriation accordingly. The bill includes language changing the current threshold for major construction projects to $4,000,000 or more. The minor construction threshold is modified accordingly.

The specific amounts recommended by the Committee are as follows:

DETAIL OF BUDGET REQUEST

[In thousands of dollars]

Location and description	Available through 1997	1998 request	House recommendation
Medical Program:			
Replacement and modernization: Memphis, TN, Seismic correction	$73,000	$34,600	$34,600
Outpatient improvements:			
Asheville, NC—ambulatory care addition	....	0	26,300
Lyons, NJ, ambulatory care addition	....	0	21,100
Subtotal, outpatient improvements	....	0	47,400
Patient environment:			
Omaha, NE, ward renovations for patient privacy	....	0	7,700
Waco, TX, environmental improvements	....	0	26,000
Subtotal, patient environment	....	0	33,700
Advance planning fund: Various stations	....	4,933	1,433
Design fund: Various stations	....	3,500	2,000
Asbestos abatement: Various stations	....	4,000	4,000
Seismic vulnerability studies: Various stations	....	1,000	1,000
Claims Analyses: Various stations	....	500	500
Total, major VHA	73,000	48,533	124,633
National Cemetery Program:			
Cleveland, OH, new cemetery, Phase I development	1,958	12,642	12,642
Fort Sam Houston, TX, burial area expansion	....	9,400	9,400
National Memorial Cemetery of Arizona, gravesite development	....	9,100	9,100
Advance planning fund: Various stations	....	750	750

DETAIL OF BUDGET REQUEST—Continued

[In thousands of dollars]

Location and description	Available through 1997	1998 request	House recommendation
Less: Design fund		−925	−925
Subtotal, NCS	1,958	30,967	30,967
Total construction, major projects	74,958	79,500	155,600

CONSTRUCTION, MINOR PROJECTS

Fiscal year 1998 recommendation	$175,000,000
Fiscal year 1997 appropriation	175,000,000
Fiscal year 1998 budget request	166,300,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	+8,700,000

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $4,000,000. Emphasis is placed on correction of code and environmental deficiencies in this appropriation request.

The Committee recommends $175,000,000 for the construction, minor projects appropriation in fiscal year 1998. The amount recommended is $8,700,000 above the budget request and is for converting inpatient space to outpatient activity use.

The budget proposes increasing the minor construction cost limitation from projects costing less than $3,000,000 to projects costing less than $5,000,000. The bill includes language increasing the minor construction threshold to $4,000,000. The budget also proposes bill language to allow the use of minor construction funding for capital contribution payments under the enhanced-use leasing program. The bill does not include language for this proposal.

The Committee is concerned that the minor construction account not be used for major construction projects. The cost threshold between major and minor VA construction projects is $3,000,000. Those projects costing $3,000,000 or more are decided on an individual basis in the major construction account. Those projects estimated to cost less than $3,000,000 are funded in the minor construction account. The VA is given discretion as to the type and location of minor projects. The VA planned two minor construction projects at the same location. Each project would have been under $3,000,000, but together they would exceed $3,000,000. This proposal would effectively circumvent the minor construction cost limitation. It was never intended that the minor construction account be used to fund a project which exceeded the cost limitation. In recommending that the threshold for minor projects be raised in fiscal year 1998 to $4,000,000, the Committee does not expect that multiple minor projects at the same location will exceed the new limitation.

Within the amount recommended, the VA is urged to utilize $300,000 for an additional columbarium of 5,000 niches at the National Memorial Cemetery of the Pacific. The additional niches would allow the cemetery to accommodate the cremated remains of veterans for an additional eight years.

PARKING REVOLVING FUND

Fiscal year 1998 recommendation	0
Fiscal year 1997 appropriation	$12,300,000
Fiscal year 1998 budget request	0
Comparison with fiscal year 1997 appropriation	−12,300,000
Comparison with fiscal year 1998 budget request	0

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

No new budget authority is requested for the parking revolving fund in fiscal year 1998. Leases will be funded from parking fees collected. The bill includes the requested language permitting operation and maintenance costs of parking facilities to be funded from the medical care appropriation.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Fiscal year 1998 recommendation	$60,000,000
Fiscal year 1997 appropriation	47,397,000
Fiscal year 1998 budget request	41,000,000
Comparison with fiscal year 1997 appropriation	+12,603,000
Comparison with fiscal year 1998 budget request	+19,000,000

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

The Committee recommends $60,000,000 for grants for construction of State extended care facilities in fiscal year 1998. This amount represents an increase of $19,000,000 above the budget request and is to address the high demand from States for this important program.

Nevada has submitted an application for a 181-bed skilled nursing home in the southern part of the State. Nevada is one of the few States that does not host a skilled nursing facility, and intends to use this federal grant to meet the nursing care needs of the burgeoning veteran population. The Committee urges VA to give priority to Nevada's application, in accordance with established criteria, so that this project can move forward expeditiously in fiscal year 1998.

GRANTS FOR THE CONSTRUCTION OF STATE VETERAN CEMETERIES

Fiscal year 1998 recommendation	$10,000,000
Fiscal year 1997 appropriation	1,000,000
Fiscal year 1998 budget request	10,000,000
Comparison with fiscal year 1997 appropriation	+9,000,000
Comparison with fiscal year 1998 budget request	0

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

The budget proposes legislation to increase the maximum federal share of the costs of construction from 50 percent to 100 percent. The legislation would also permit federal funding of up to 100 percent of the cost of initial equipment for cemetery operations. The State would remain responsible for paying all costs related to the cemetery operations, including the costs for subsequent equipment purchases. Whether or not this revised State grant program will replace the national cemetery construction program, as is proposed by the VA, is a matter to be determined.

The Committee recommends the budget request of $10,000,000 for grants for the construction State veterans cemeteries in fiscal year 1998.

ADMINISTRATIVE PROVISIONS

(INCLUDING THE TRANSFER OF FUNDS)

The bill contains the seven administrative provisions requested by the Administration. These provisions were also carried in the 1997 Appropriations Act.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Fiscal year 1998 recommendation	$25,823,255,000
Fiscal year 1997 appropriation	19,453,809,422
Fiscal year 1998 budget request	24,573,255,000
Comparison with fiscal year 1997 appropriation	+6,369,455,558
Comparison with fiscal year 1998 budget request	+550,000,000

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

Since 1995, HUD has been scrutinized carefully by the Congress, and in particular, the Committees on VA/HUD Appropriations and Banking and Financial Services. During that time, HUD has made attempts to better focus its mission, to improve management practices and to redefine programs. As in most large bureaucratic organizations, changing past practices is a slow, challenging process. Yet, HUD must change its administrative and programmatic structures if the Department is to retain its relevance in the future.

HUD's new Secretary, Andrew Cuomo, plans to improve management functions at HUD, to improve HUD's ability to monitor programs, to measure performance and to enforce rules and regulations. The Committee agrees that HUD must take these steps as it moves towards downsizing its staff and making major programmatic changes.

In addition to the need for major programmatic reforms, the Department must improve its ability to account for the expenditure of funds by providing accurate assessments of how its programs affect the recipients—for example, how many families benefit from the receipt of housing assistance, what is the cost of developing new homes, how many neighborhoods have been revitalized and at what cost, and how many families have received jobs as a result of neighborhood revitalization efforts.

To the degree a program can show positive results, HUD should study whether its parameters can be applied effectively to other programs. For example, the HOME, CDBG and the Low-Income Housing Tax Credit programs work well throughout the country. They encourage public-private partnerships, local leadership, and proper incentive structures. They leverage federal funding with other resources. Together these principles provide poor neighborhoods with access to both financial and social capital.

Unfortunately, the positive results of these programs and others are overshadowed by problems which continue to plague the Department. For example, the discovery of billions of dollars of unspent section 8 reserves leaves the Committee incredulous and begs the question of why it has taken HUD so long to account for these funds.

In February 1996, HUD began an extensive examination of the section 8 tenant-based reserve accounts at all housing agencies to identify unspent budget authority—called contract reserves. This unexpended budget authority accumulated over the years since the program began in 1974. In the past, HUD entered into multiyear contracts—many for as long as 15 years—with housing agencies to provide rental assistance to low-income families. However, over time, housing agencies did not expend all the funding set aside for these contracts, thus creating contract reserves. HUD's policy has been to view these reserves as a buffer that housing agencies could use against inflation, unanticipated changes in housing markets, and declines in tenant income, thus ensuring that assistance to low-income families would not lapse in the face of economic hardship.

By the end of fiscal year 1996, HUD's reconciliation of its accounts with housing agencies had identified approximately $1,600,000,000 in contract reserves, which HUD used to extend the funding for expiring section 8 tenant-based contracts. This action, which occurred too late in the budget process to be reflected in the fiscal year 1997 budget, appeared for the first time in the fiscal year 1998 budget, when HUD reduced its request by $1,600,000,000.

Because HUD's need for new budget authority to renew section 8 contracts doubled from fiscal year 1997 to 1998, and because requests in succeeding years are projected to continue to rise rapidly, the Committee requested that the General Accounting Office (GAO) review HUD's fiscal year 1998 budget request for section 8 contract renewal funding. GAO briefed the Committee in February 1997 and provided a statement for the record for the Committee's hearing on March 18, 1997. Part of the briefing, as well as GAO's statement, disclosed that HUD was aware of significant unspent project reserves in its tenant-based section 8 program and that once HUD completed its reconciliation of all housing agency accounts, the likely total amount of reserves would far exceed the $1,600,000,000 that HUD had already disclosed in its fiscal year 1998 budget request. However, when HUD initially submitted its budget request to Congress and at the time of the Committee's hearing in March, the total amount of unspent reserves was still unknown. Therefore, based on GAO's testimony and other pertinent information, the Committee directed HUD to identify and to report on the amount of section 8 reserves in all housing agencies.

In response to that recommendation, the Secretary informed Chairman Lewis in April 1997 that the Department had identified an amount of additional reserves—estimated at $5,800,000,000, net of certain deductions—that could be used to offset the $5,600,000,000 increase in the cost of section 8 contract renewals for fiscal year 1998. However, in reporting the net amount of prior years' budget authority available for extending contracts, the Secretary did not disclose the gross amount of contract reserves identified through the reconciliation process, which the Department estimates to be $10,300,000,000.

To arrive at the $5,800,000,000 figure, HUD deducted several amounts for various purposes from the total amount of $10,300,000,000 in unexpended appropriations. Some of the amounts are based on internal policy assumptions still under consideration by the Secretary. The deductions totaled over $4,500,000,000 and include (1) $133,000,000 to fully fund expected budget authority shortfalls in existing multiyear contracts; (2) $1,300,000,000 to cover contingencies for unforeseen increases in subsidy needs, an amount that is equal to 2 months of annual budget authority; (3) $2,200,000,000 for unexpired restricted reserves—the amount of reserves currently set-aside to fund renewals previously extended in fiscal years 1995–97 with no new funding; and (4) $900,000,000 to cover the cost of converting HUD's section 8 payment process from one that operates on a fiscal year basis to one that operates on a calendar year basis. Without further explanation from HUD, the Committee cannot be certain whether these deductions are within HUD's prerogative to exercise or whether statutory authority is needed.

To provide assurance that the amount of excess reserves identified by HUD's process of reconciling housing agency accounts was accurate, HUD hired the accounting firm of Price Waterhouse to audit the reserve numbers. However, because of difficulties encountered in verifying the amounts that HUD used to compute the $5,800,000,000 estimate of available reserves, Price Waterhouse was unable to provide any level of assurance on the excess reserves. As an alternative, Price Waterhouse and HUD developed specific accounting procedures to identify excess reserves. On the basis of these procedures, Price Waterhouse's preliminary estimate of the net excess budget authority minus HUD's proposed uses is $7,200,000,000—$1,400,000,000 more than HUD previously estimated. HUD expects Price Waterhouse to issue its final report on the agreed-upon procedures in late June 1997.

The Committee concurs with HUD that some level of reserves is necessary to ensure that the flow of assistance to program participants continues when unforeseen circumstances arise, such as increases in subsidy amounts or delays in program funding. However, reduced contract terms from 15 years to one year have decreased the need to maintain large reserve accounts at each housing agency. Furthermore, the Committee is concerned with the difficulties HUD encountered in identifying, verifying, and managing contract reserves.

Last year, the Committee stated that HUD must be in a position to account for every dollar provided to it by Congress. Program reserves are no exception. Not only must HUD be able to specify the total amount of program reserves, it must also be able to clearly document and support its policy positions on using reserves. If the program were not so important to millions of families and elderly and disabled persons that depend upon it, the Committee would have recommended an appropriation of $0, pending a full report from HUD and the GAO and an accurate accounting of excess reserve funds.

Therefore, to ensure that the Committee is adequately informed of events and decisions that affect large amounts of unexpended budget authority, the Committee directs HUD to establish more substantial and frequent lines of communication with the Committee and to keep the Committee apprised of its analysis of section 8 budget needs. Until this analysis is complete, the Committee recommends a rescission of $565,000,000 from excess section 8 reserves. This rescission may be adjusted as the House and Senate conference the appropriation bill and as HUD completes its analysis of section 8 budget needs.

Public and Indian Housing

HOUSING CERTIFICATE FUND

Fiscal year 1998 recommendation	$10,393,000,000
Fiscal year 1997 appropriation	3,600,000,000
Fiscal year 1998 budget request	10,676,000,000
Comparison with fiscal year 1997 appropriation	+5,703,000,000
Comparison with fiscal year 1998 budget request	−283,000,000

The Housing Certificate Fund consolidates the existing section 8 voucher and certificate rental assistance programs. In addition, it provides funding for activities funded through the Prevention of Resident Displacement account in the 1997 VA/HUD Appropriations measure, including renewal of expiring section 8 contracts, section 8 amendments, the witness relocation program, displaced family relocation, the conversion of section 23 projects to section 8 projects, and the family unification program.

The Committee recommends $10,393,000,000 for the Housing Certificate Fund, which includes $9,200,000,000 for section 8 contract renewals as agreed in the Budget Resolution, $850,000,000 for section 8 contract amendments and $343,000,000 for section 8 relocation assistance. The relocation assistance amount includes funds for the family self-sufficiency program, witness relocation, section 23 conversions and tenant protection set-asides. The bill includes funding to continue a $50,000,000 set-aside for rental assistance to disabled families who are displaced as a result of public housing complexes being designated for elderly only residents. The account does not include funding for new incremental assistance or regional opportunity counseling as requested by the President.

Amounts for Public and Indian Housing's portion (primarily tenant-based assisted housing) of the contract renewal estimate are based on two values: one is the number of expiring housing units in the certificate, voucher, and moderate rehabilitation programs; and the other is the average annual unit cost of $6,386. GAO's March 18, 1997, report to this Committee disclosed that the unit cost included several allowances for contingencies. In addition, on May 13, 1997, the Secretary testified before the Senate Appropriations Subcommittee that HUD was continuing to review issues that GAO raised with respect to the annual unit cost of section 8 contracts.

As a result of HUD's continued review and analysis, HUD's Office of Public and Indian Housing reported that the unit cost included in the budget request could be overstated by several hundred dollars per year for over one million housing units because of duplicate allowances for (1) the section 8 administration fee and (2) a 2-week reserve to allow for unknown contingencies.

Therefore, because HUD has not yet finalized a new estimate for the average unit cost, the Committee recommends that before the appropriations legislation goes to a House-Senate conference, HUD provide the Appropriations Committees an accurate figure for average unit cost of tenant-based section 8 housing and inform the Committees of the resulting impact on the budget request.

Funding for the Preservation program is not included in the Committee's recommendation based upon the findings of the GAO draft report on the program. Last year, this Committee requested GAO to review the costs of this program and its administration. In its draft report, which is not yet final, GAO concludes that the program requires substantial reform to reduce costs to reasonable levels and to ensure that program rules are followed in a consistent manner. These reforms, which are substantial, ought to be considered by the authorizing committee. The Committee remains concerned about preservation of affordable housing, but not at an unacceptable cost to the American taxpayer.

The Committee believes that section 8 tenant-based rental assistance is one of the most effective tools for helping individuals with mental and physical disabilities live integrated lives in their home communities. It is also the program that can most quickly provide alternative resources to individuals with disabilities, who would otherwise have been eligible for Federally assisted housing units now designated as "elderly-only." Many individuals with disabilities are currently on waiting lists for housing in the community. The Committee intends for these funds set aside within the housing certificate fund for rental assistance for disabled persons to be used to help these individuals and to offset any loss of public and assisted housing that has been designated as "elderly-only."

Language has been included in pending housing authorization legislation that clarifies that these funds are applicable wherever there has been a loss of assisted or public housing and believes that this clarification will help HUD simplify administration of the program. The Committee strongly encourages housing authorities to work with individuals with disabilities and their advocates to ensure that this critically needed rental assistance get to the people who need it.

The Committee recommends delaying for three months the reissue of section 8 rental assistance, limiting the annual adjustment factor for high cost units and reducing the annual adjustment factor by 1% on those units that do not experience turnover due to attrition.

PUBLIC HOUSING CAPITAL FUND

Fiscal year 1998 recommendation	$2,500,000,000
Fiscal year 1997 appropriation	2,700,000,000
Fiscal year 1998 budget request	2,500,000,000
Comparison with fiscal year 1997 appropriation	−200,000,000
Comparison with fiscal year 1998 budget request	0

The Public Housing Capital Fund consolidates all current public housing capital programs into one account, including public housing development, modernization and amendments.

The Committee recommends funding the Public housing capital fund account at $2,500,000,000, which is the level requested by the President. Though this level of funding is less than the level appropriated in fiscal year 1997, the Indian housing development program, which was funded at $200,000,000 in fiscal year 1997, is now included in the Native American housing block grant account.

Set-asides include $30,000,000 for technical assistance activities under section 6(j) and $5,000,000 is for the Tenant Opportunity Program.

PUBLIC HOUSING OPERATING FUND

(INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1998 recommendation	$2,900,000,000
Fiscal year 1997 appropriation	2,900,000,000
Fiscal year 1998 budget request	2,900,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends funding operating subsidies at the level requested by the President of $2,900,000,000. In deference to the Banking Committee, the Committee has not included reform measures, pending enactment of H.R. 2, the Housing Opportunity and Responsibility Act of 1997. The Committee urges the House and the Senate to resolve their issues quickly as they move through the legislative process in order to make permanent the reforms necessary to enable housing authorities to operate more effectively.

Debate continues about the potential impact of welfare reform on HUD's low-income housing. Despite grave predictions, little substantive, quantifiable data has been presented to the Committee about these impacts. Therefore, the Committee directs HUD's office of Policy Development and Research, along with the General Accounting Office, to study this issue, particularly the effects that welfare reform will have upon PHA's operating costs and the income levels of public housing residents and to report to the Committee on their findings by February 1, 1998.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Fiscal year 1998 recommendation	$290,000,000
Fiscal year 1997 appropriation	290,000,000
Fiscal year 1998 budget request	290,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends funding this program at $290,000,000, the level requested by the President. The Committee provides a $10,000,000 set-aside for efforts to combat violent crime in public and assisted housing under Operation Safe Home administered by the HUD Inspector General and $10,000,000 for the Inspector General for other Operation Safe Home activities. The Committee directs HUD to develop a system for maintaining statistics on the impact of the Drug elimination program in subsidized housing, including the incidence of crime and the decrease or increase of criminal activities after receipt of drug elimination grant funds.

The Committee is pleased with the Eisenhower Foundation's youth development and crime prevention program in public housing. This program is based on safe havens, police mini-stations, civilian and police mentoring of youth, stay-in-school counseling and welfare to work initiatives. Crime has been reduced by 20 to 35% in scientific evaluations of community policing mini-stations which share the same space with youth safe havens. The Committee hopes that HUD, which currently administers funding for this program, will continue to support and expand this most worthwhile initiative.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VII)

Fiscal year 1998 recommendation	$524,000,000
Fiscal year 1997 appropriation	550,000,000
Fiscal year 1998 budget request	524,000,000
Comparison with fiscal year 1997 appropriation	−26,000,000
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends funding this program at the requested level of $524,000,000, with a set-aside of $5,000,000 for technical assistance. The Committee requests the GAO to continue their analysis of the HOPE VI program. The Committee is particularly interested in the length of time between award and groundbreaking, obstacles that impede the program, the use of public-private partnerships, the level of leveraging activity, the impact of the project on the surrounding neighborhood, an analysis of whether a matching requirement should be considered and other recommendations to the program. GAO should report to the Committee by February 1, 1998.

The Committee is aware of the Campus Affiliates Program, a unique partnership between HUD, the Housing Authority of New Orleans, higher education and the private sector. This program has begun to meet the needs of public housing residents in New Orleans by providing assistance and activities that foster self-sufficiency. The Committee believes HUD should continue to participate in this initiative.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$650,000,000
Fiscal year 1997 appropriation	0
Fiscal year 1998 budget request	485,000,000
Comparison with fiscal year 1997 appropriation	+650,000,000
Comparison with fiscal year 1998 budget request	+165,000,000

The Native American Housing Assistance and Self-Determination Act of 1996 authorized the Native American Housing Block Grants program. This program provides funds to Indian tribes and their tribally designated housing entities to help them address housing needs within their communities. Until this year, Native American programs have been funded with portions of other public housing funds.

The Committee recommends increasing the funds available for this program above the President's request of $485,000,000 to $650,000,000. HUD's Native American housing program faces serious challenges. These challenges are the result of a number of factors, including the remoteness of Indian reservations, limited resources, land-use restrictions, statutory hiring preferences and scarce maintenance funds.

HUD has not paid adequate attention to Indian housing programs, either in its funding requests or in building tribal capacity and technical expertise to carry out effective affordable housing programs. Other organizations, like the Neighborhood Reinvestment Corporation, Habitat for Humanity and the FNMA are working closely with tribes to extend conventional mortgage financing to tribal trust lands. HUD should be far more proactive in exploring ways to generate capital on Indian reservations and is directed to prepare a report on this issue with recommendations to the Congress by February 1, 1998.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

	Program account	Limitation on direct loans
Fiscal year 1998 recommendation	$3,000,000	$36,900,000
Fiscal year 1997 appropriation	3,000,000	36,900,000
Fiscal year 1998 budget request	3,000,000	36,900,000
Comparison with fiscal year 1997 appropriation	0	0
Comparison with fiscal year 1998 budget request	0	0

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

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Fiscal year 1998 recommendation	$204,000,000
Fiscal year 1997 appropriation	171,000,000
Fiscal year 1998 budget request	204,000,000
Comparison with fiscal year 1997 appropriation	+33,000,000
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends funding this program at the level requested by the President and has included authority to HUD to make small, noncompetitive grants to nonprofit organizations that provide meals to homebound persons with AIDs. In the report accompanying the 1997 VA/HUD Appropriations measure, the Committee requested GAO to review several aspects of the HOPWA program. Based on recommendations in this report, the Committee directs HUD: (1) to examine changes to the Ryan White funding formulas, determine whether the HOPWA formula should be more reflective of current AIDS cases, and make appropriate recommendations to the Congress and to specify that grantees must include in planning the use of HOPWA funds, similar to the Ryan White Program; (2) to examine the feasibility of requiring a recipient of HOPWA funds to have some level of matching funds or services to stretch the impact of limited HOPWA funding; (3) to implement a tracking system to ensure that all reports are received and processed by HUD in a timely manner; and (4) to issue clear guidance to grantees for updating the information and to establish a means of ensuring that grantees update information as required.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$4,600,000,000
Fiscal year 1997 appropriation	4,600,000,000
Fiscal year 1998 budget request	4,600,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends appropriating $4,600,000,000 for community development grants in fiscal year 1998. Set-asides within the CDBG account include: $67,000,000 for Native Americans; $60,000,000 for the Lead-Based Paint Hazard Reduction program; $50,000,000 for the Economic Development and Social Services program; $2,100,000 for the Housing Assistance Council; $1,500,000 for the National American Indian Housing Council; $16,700,000 for the Housing Opportunity Program Extension Act of 1996 (Pub. L. 104–120); and $30,000,000 for Youthbuild. The Committee does not recommend making Youthbuild into a separate program account as requested by the President.

The Committee wishes to reiterate and emphasize the concerns it stated in its report on the fiscal year 1997 VA/HUD appropriations bill regarding the importance of service coordinators in public housing serving elderly and disabled persons. As the executive director of the Milwaukee Housing Authority testified during the fiscal year 1998 hearings, such coordinators "have been a godsend," have made sustainable the co-existence of elderly and non-elderly disabled persons in that authority's seven high-rise mixed population buildings, and have reversed the decline in applications by needy elderly persons.

As requested by the President, the Committee is providing funding for service coordinators as part of the $50,000,000 set-aside for Economic Development and Supportive Services, and expects the Department to utilize an adequate portion of the set-aside for this purpose. The Committee is also concerned about other conditions that may have been placed by the Department on EDSS funding for service coordinators, such as providing grants only to housing authorities that had not received grants in the past, requiring authorities to enter into partnership agreements with other agencies and organizations before applying, and emphasizing funding only for new or significantly expanded services. These requirements may make sense for other aspects of the EDSS program, but seem counterproductive when the objective is to assist housing authorities in continuing to make available the tested and proven benefits that service coordinators for the elderly and disabled provide. Because of the importance the Committee places on service coordinators, the Department is directed to report to the Committee not later than February 1, 1998, concerning its recommendations as to the best means of providing funding for service coordinators, including whether there is a need for a specific set-aside for this purpose.

As requested by the President, the Committee has provided $50,000,000 for the Economic Development Initiative (EDI), authorized under section 108(q) of the Housing and Community Development Act of 1974. The Committee decided to provide funds for this program based on HUD's plan to target them on creating employment opportunities for former welfare recipients that live in distressed and blighted neighborhoods. The Committee is especially interested in ensuring that neighborhoods with a high concentration of public and assisted housing and foreclosed single family homes receive the benefit of the EDI program.

The Committee believes that EDI and other housing programs ought to be administered more consistently with local redevelopment initiatives and social service programs rather than in the bureaucratic, "top-down" manner that permeates existing HUD programs. In this way, housing programs can be linked directly to the creation of jobs and neighborhood revitalization. Furthermore, the Committee is convinced that community-based partnerships of public, corporate and nonprofit organizations add strength to any neighborhood revitalization and economic development plan, because they are able to leverage federal funds with other resources, to utilize the input of all stakeholders, and to create the right mix of incentive structures.

The Committee encourages HUD, when awarding EDI grants, to consider several factors: (1) local strategies that utilize local community-based partnerships; (2) neighborhood revitalization efforts that integrate sustainable community and building design processes; (3) input by residents and other stakeholders; (4) creation of homeownership opportunities; and (5) links between housing programs and welfare reform initiatives in the neighborhood.

The President requested $50,000,000 for activities that promote homeownership in targeted geographic areas. The Committee recommends against funding this request. In addition, the Committee recommends against additional funds for Bridges to Work, a demonstration program that was fully funded in previous appropriations measures. Finally, the $10,000,000 requested transfer of funds for the National Community Development Initiative is not included because $30,200,000 was provided to this account as part of the Emergency Supplemental appropriations measure.

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

Bill language earmarks $25,100,000 for section 107 grants, including: $7,000,000 for insular areas; $6,500,000 for Historically Black Colleges and Universities; $6,500,000 for Community Development Work Study, with a $3,000,000 set-aside for Hispanic-serving institutions; $500,000 set-aside for continuing a seven site effort to develop revitalization strategies through the National Center for the Revitalization of Central Cities; and $4,600,000 for technical assistance.

The Community Outreach Partnership program is funded at $11,500,000, with $2,500,000 for the Miami-Dade Action Plan Agency for revitalizing the Overtown section of Miami-Dade County, Florida, $1,123,000 for programs promoting entrepreneurial opportunities in economically deprived areas in Louisville, Kentucky, and $350,000 to renovate the Plymouth Renewal Center in Louisville, Kentucky.

The President requested $100,000,000 for Empowerment Zones and Enterprise Communities. The Committee recommends against funding this request because there is no authorizing legislation in place for a second round of EZ/EC designations.

The Committee has not provided the $25,000,000 requested for grants for redevelopment of "brownfields." Although the President seeks this funding under the general authorization for economic development grants, the Committee is concerned that there is no specific legislative authorization for a brownfields program that would provide guidance regarding how funds would be allocated and for what purposes they could be spent. The Committee also recognizes that brownfields pose a serious problem for economic development in many areas. Accordingly, the Committee urges the Department to propose specific authorizing legislation setting forth how a HUD program directed at the brownfields problem would operate and how it would work with existing or proposed brownfields programs at the Environmental Protection Agency.

Authority is provided allowing HUD to exempt a grant received by Oglesby, Illinois, from the public comment waiting period established for environmental assessment.

The Committee is troubled by the misleading way in which HUD announced its initiative regarding the Erie Canal corridor last year. The Village of Baldwinsville, in Onondaga County, New York acting on HUD's assurances, incurred significant costs before they were informed by HUD that the Village was ineligible for these community development funds. The Committee expects HUD to work with the Village of Baldwinsville to ensure Baldwinsville's participation in HUD's Canal Corridor Initiative.

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

HOME INVESTMENT PARTNERSHIPS PROGRAM

Fiscal year 1998 recommendation	$1,500,000,000
Fiscal year 1997 appropriation	1,400,000,000
Fiscal year 1998 budget request	1,309,000,000
Comparison with fiscal year 1997 appropriation	+100,000,000
Comparison with fiscal year 1998 budget request	+191,000,000

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

The Committee recommends funding this program at $1,500,000,000 and has included a $15,000,000 set-aside for Housing counseling assistance. This funding level is $100,000,000 above the fiscal year 1997 appropriation and $191,000,000 above the President's request. A provision to hold-harmless those participating jurisdictions who would be adversely impacted by this increase is included in the legislation.

The HOME program represents the best example of how a federal program can be used to effectuate positive change in communities. The program is only five years old and in that time it has assisted over 75,000 homebuyers, produced over 150,000 new homes and garnered 250,000 new commitments to build future homes. Ninety-eight percent of families renting HOME-assisted units are below 60% of area median income. Each HOME dollar leverages $1.80 of other money and the average HOME investment per unit is $16,244. This program is an example of what works—local leadership, proper incentive structures, public/private partnerships, federal funding leveraged with other resources and different sectors working together toward a common goal. The program is a model for other HUD programs.

The Committee has provided $10,000,000 to implement a low-income loan secondary market feasibility demonstration that would (1) enhance the opportunities for homeownership by low-income borrowers through the purchase of non-conforming loans from conventional lenders and subsequent reinvestment in low-income loans by the lenders, and (2) document the performance of these pools of mortgages to encourage the secondary markets and other institutional investors to expand the purchase of loans made to low-income home buyers. The Secretary would choose up to three participants based on their ability to show previous experience working with lenders in purchasing non-conforming loans to low-income borrowers, experience in expanding the secondary market for such seasoned loans, demonstrate success in carrying out these activities with non-federal funds, and demonstrate the ability to adequately collect and share with the Department loan-level data on the underwriting and performance of the loans purchased. In an effort to make the demonstration as large as possible, it is desirable for the Secretary to choose participants who would be able to match funds with state or local funds.

SUPPORTIVE HOUSING PROGRAM

The Committee recommends rescinding $6,000,000 from recaptured funds during 1998, as requested by the President.

SHELTER PLUS CARE

The Committee recommends rescinding $4,000,000 from recaptured funds during 1998, as requested by the President.

HOMELESS ASSISTANCE GRANTS

Fiscal year 1998 recommendation	$823,000,000
Fiscal year 1997 appropriation	823,000,000
Fiscal year 1998 budget request	823,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

The homeless assistance grants account provides funding for four homeless programs under title IV of the McKinney Act: (1) The emergency shelter grants program; (2) the supportive housing program; (3) the section 8 moderate rehabilitation (single room occupancy) program; and (4) the shelter plus care program. This account also supports activities eligible under the innovative homeless initiatives demonstration program.

The Committee recommends funding homeless programs at the 1997 level and at the President's request. The Committee recommends, however, that HUD begin to develop a solution for ensuring that Homeless Assistance Grants are properly leveraged with local assistance programs and social services so that homeless individuals and families are served effectively.

HOUSING PROGRAMS

HOUSING FOR SPECIAL POPULATIONS

Fiscal year 1998 recommendation	$839,000,000
Fiscal year 1997 appropriation	839,000,000
Fiscal year 1998 budget request (revised)	474,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	+365,000,000

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

Despite the President's continued attempt to reduce funding for these programs, the Committee recommends funding the section 202 housing for the elderly program at $645,000,000 and section 811 housing for the disabled program at $194,000,000, which are the FY 1997 levels.

The Committee believes that it is imperative that HUD and the Congress have reliable data on which to base policy decisions related to the housing needs for individuals with disabilities. Consideration must be given to the impact of Federal elderly-only designation policies on individuals with disabilities and their families and on the large number of individuals with mental and physical disabilities who currently reside in large, inappropriate institutions, at home with aging parents, in seriously substandard housing, or on the streets. The Committee is aware that current approaches used by HUD to measure worst case housing needs do not adequately capture the necessary information on individuals with disabilities. The Committee directs the GAO to undertake a comprehensive study of the housing needs of low income people with disabilities, including people not currently in the generic rental market. In addition, the Committee directs HUD to report back on the number of persons assisted under the section 8 set-aside program.

HUD is directed to study whether additional staff is necessary in the Office of Manufactured Housing to ensure that the office can effectively respond to questions concerning the uniformity and consistency of code revision, interpretation, and enforcement of federal preemptive construction standards.

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(RESCISSION)

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

The Committee recommends reducing no more than $7,350,000 in uncommitted balances of contract authority in fiscal year 1998; however, up to $125,000,000 of recaptured budget authority shall be canceled.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

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

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

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1998 recommendation	$200,000,000	$110,000,000,000	$333,421,000
Fiscal year 1997 appropriation	200,000,000	110,000,000,000	350,595,000
Fiscal year 1998 budget request	200,000,000	110,000,000,000	333,421,000
Comparison with 1997 Appropriation	0	0	−17,174,000
Comparison with fiscal year 1998 budget request	0	0	0

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

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

The Committee recommends limiting the commitments in the FHA–MMI program account to $110,000,000,000 in fiscal year 1998 and provides an appropriation of $333,421,000 for administrative expenses. The bill also includes the requested direct loan limitation of $200,000,000.

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

	Limitation of direct loans	Limitation of guaranteed loans	Administrative expenses	Program costs
Fiscal year 1998 recommendation	$120,000,000	$17,400,000,000	$222,305,000	$81,000,000
Fiscal year 1997 appropriation	120,000,000	17,400,000,000	207,470,000	85,000,000
Fiscal year 1998 budget request	120,000,000	17,400,000,000	222,305,000	81,000,000
Comparison with 1997 Appropriation	0	0	+14,835,000	−4,000,000
Comparison with 1998 budget request	0	0	0	0

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

The bill includes the budget request to limit loan guarantee commitments for the FHA-general and special risk insurance program account to $17,400,000,000 in fiscal year 1998. The Committee recommends the budget requests of $81,000,000 for credit subsidy and $222,305,000 for administrative expenses and $120,000,000 limitation on direct loans.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation of guaranteed loans	Administrative expenses
Fiscal year 1998 recommendation	$130,000,000,000	$9,383,000
Fiscal year 1997 appropriation	110,000,000,000	9,383,000
Fiscal year 1998 budget request	130,000,000,000	9,383,000
Comparison with 1997 appropriation	+20,000,000	0
Comparison with 1998 budget request	0	0

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

As the President requested, the bill proposes language to limit loan guarantee commitments for mortgage-backed securities of the Government National Mortgage Association to $130,000,000,000 in 1998. In addition, an appropriation of $9,383,000 is provided to fund administrative expenses.

Policy Development and Research

RESEARCH AND TECHNOLOGY

Fiscal year 1998 recommendation	$39,000,000
Fiscal year 1997 appropriation	$34,000,000
Fiscal year 1998 budget request	$39,000,000
Comparison with fiscal year 1997 appropriation	+$5,000,000
Comparison with fiscal year 1998 budget request	0

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

The bill includes $39,000,000 for research and technology in fiscal year 1998. The Committee notes that the enactment and the implementation of welfare reform has created major changes in the environment within which HUD housing assistance, including public housing, is delivered to low income families. Likewise, Congress is considering public and assisted housing reform legislation that will fundamentally alter the rules governing admissions and rent policies for housing assistance. Together, welfare reform and public and assisted housing policy reforms will have profound impacts for HUD, housing assistance recipients and public housing authorities. The Committee urges HUD to undertake research that includes the collection of hard data so that the Congress, the Department and the public will have a better understanding of both the fiscal and social implications of these welfare and housing policy reforms.

The Committee believes that there are many available but currently underutilized technologies that can reduce development costs as well as operating costs and that can contribute to more affordable, energy efficient and sustainable homes. HUD, the Department of Energy, EPA, as well as private industry have compiled a considerable amount of research on these efforts.

Moreover, HUD funds a considerable amount of construction activity under the HOPE VI program, the Native American Housing Block Grant program and the section 202 and section 811 programs for the elderly and disabled. The Committee would like to see HUD program participants take full advantage of the considerable research that is available in these areas. To that end, the Committee recommends that HUD undertake greater efforts to disseminate existing information on "best practices" in these areas to accelerate their widespread adoption and contribute to more affordable and improved housing. In addition, the Committee recommends that HUD study how these technologies and "best practices" are being used by programs under its jurisdiction and report their findings to the Committee, along with any recommendations to increase use of these practices, by February 1, 1998.

The Committee applauds HUD's participation in the President's Construction Goals process coordinated by the Department of Commerce and for its leadership in the interagency Homeownership Partnership. The Committee notes that each interagency body has called for an enhanced focus on the development of new housing technology in order to promote durability and affordability. With the Construction Goals process having issued its final report on strategies for enhanced housing technology and dissemination of technology information to a diverse and dispersed residential building industry, the Committee urges the Department to assert its rightful leadership role in coordinating and directing government wide efforts to spur housing technology research and development to improve the durability and affordability of our nation's existing and future housing stock.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Fiscal year 1998 recommendation	$30,000,000
Fiscal year 1997 appropriation	30,000,000
Fiscal year 1998 budget request	39,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	−9,000,000

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

The Committee recommends providing $30,000,000, of which $15,000,000 is intended for FHAP and $15,000,000 is intended for FHIP. The FHAP assists state and local fair housing enforcement agencies that are certified by HUD as "substantially equivalent" to HUD with respect to enforcement policies and procedures. The FHAP is intended to assure prompt and effective processing of complaints filed under title VIII that are within the jurisdiction of state and local fair housing agencies.

It is the understanding of the Committee that 30 states currently have laws which are equivalent to the Fair Housing Act. Two states have laws which are equivalent on their face but are not participating in FHAP. Five states have proposals pending legal review or legislative action and 13 states do not have "substantially equivalent" fair housing laws.

The Committee considers FHAP to be an effective program consistent with Congress' intent that regulatory responsibilities rest with state and local governments wherever appropriate. State and local agencies are best positioned to assess the circumstances surrounding, and to take remedial action to address fair housing complaints within their jurisdiction.

The Committee has provided the full $15,000,000 for FHAP sought by HUD based on HUD's expectation of the number of "substantially equivalent" state and local fair housing agencies. The Committee desires that adequate funding be available to provide assistance to all jurisdictions that may become "substantially equivalent" during fiscal year 1998, and expects the Department to reallocate funds within the appropriation, if necessary, in order to meet this goal. The Committee requests the Department to make notice of any funds that would be reallocated from the FHIP to FHAP.

The Fair Housing Initiatives Program (FHIP) is authorized by section 561 of the Housing and Community Development Act of 1987, as amended by section 905 of the Housing and Community Development act of 1992. The FHIP is intended to alleviate housing discrimination by providing support to private nonprofit organizations, state and local government agencies and other nonfederal entities for the purpose of eliminating or preventing discrimination in housing, and to enhance fair housing opportunities.

The Committee is encouraged by HUD's recent testimony and correspondence stating that the Office of Fair Housing and Equal Opportunity does not intend to use FHIP funds to solicit or fund applications that would address enforcement of the Fair Housing Act against property insurers. As the Committee has previously emphasized, given the limited resources available for enforcement of title VIII, it is appropriate that funds should serve the particular purposes expressly identified by Congress in the statute. The Committee appreciates HUD's acknowledgment of these budgetary priorities and looks forward to the agency's continued cooperation in adhering to them.

Management and Administration

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

	Appropriation	By transfer			Total
		FHA funds	GNMA funds	CPD	
FY 1998 recommendation	$451,000,000	$544,443,000	$9,383,000	$1,000,000	$1,005,826,000
FY 1997 appropriation	420,000,000	546,782,000	9,383,000	675,000	976,840,000
FY 1998 budget request	451,000,000	544,443,000	9,383,000	1,000,000	1,005,826,000
Comparison with 1997 appropriation	+31,000,000	−2,339,000	0	+325,000	+28,986,000
Comparison with 1998 budget request	0	0	0	0	0

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

HUD is directed to brief the Committee on the newest management plan for the Department and its impact on the Santa Ana field office. The HUD Santa Ana field office is extremely important to its clients in Southern California. The office processes a substantial volume of single-family insured loans and handles significant walk-in business. The Committee supports HUD's efforts to downsize its structure. This reorganization, however, should not be accomplished merely for the sake of staff reduction, but should be done after careful study and review of the importance and level of business done at each field office.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

	Appropriation	FHA funds	Drug elim. grants	Total
FY 1998 recommendation	$45,567,000	$11,283,000	$10,000,000	$66,850,000
FY 1997 appropriation	36,567,000	11,283,000	5,000,000	52,850,000
FY 1998 budget request	36,567,000	11,283,000	10,000,000	57,850,000
Comparison with 1997 appropriation	+9,000,000	0	+5,000,000	+14,000,000
Comparison with 1998 budget request	+9,000,000	0	0	+9,000,000

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

The bill includes $45,567,000 for the Office of Inspector General, as well as $11,283,000 transferred from the various funds of the FHA and $10,000,000 transferred from Drug Elimination Grants. These funds increase the Office of the Inspector General by $9,000,000.

The Committee believes the functions carried out by the Inspector General's office are extremely important and commends the Inspector General for focusing greater attention on public housing problems, including waste and abuse; creating and successfully implementing the Operation Safe Home program; and for pursuing equity skimming litigation aggressively. The Committee recommends that the OIG conduct a comprehensive and in-depth review of selected cities to identify and prosecute fraud affecting HUD programs and funds and has increased the OIG's account to enable it to undertake this initiative.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$16,312,000
Fiscal year 1997 appropriation	15,500,000
Fiscal year 1998 budget request	16,312,000
Comparison with fiscal year 1997 appropriation	+812,000
Comparison with fiscal year 1998 budget request	0

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

The bill funds OFHEO at the President's request of $16,312,000. These funds will be collected from Fannie Mae and Freddie Mac. The Committee included requested authority to OFHEO allowing it greater flexibility in budgeting and operating its appropriation. This technical change was approved by the Chairman of the Subcommittee on Capital Markets, Securities and Government-Sponsored Enterprises.

ADMINISTRATIVE PROVISIONS

The bill contains a number of administrative provisions designed to reduce costs at HUD including: 1) a three month delay in reissuance of section 8 voucher; 2) a limitation on high costs units and a reduction in annual adjustment factors (AAFs) for residents who stay in assisted housing; and 3) an extension of the freeze on AAF's in high-cost project units to all project-based units. Another administrative provision exempts the City of Oglesby, Illinois, from complying with the 30-day public comment period required for environmental assessments in the community development grants program.

Finally, the Committee has included provisions to impose a minimum rent in public and assisted housing and a hold-harmless provision for HOME program participating jurisdictions that would be adversely impacted by the increase in appropriations funding.

TITLE III

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$26,897,000
Fiscal year 1997 appropriation	22,265,000
Fiscal year 1998 budget request	23,897,000
Comparison with fiscal year 1997 appropriation	+4,632,000
Comparison with fiscal year 1997 budget request	+3,000,000

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

The Committee recommends $26,897,000 for fiscal year 1998 to administer, operate and maintain the Commission's monuments, cemeteries, and memorials throughout the world. This amount represents an increase of $3,000,000 above the budget request and is for the highest priority projects in the equipment and maintenance backlog. The Commission estimates that with the requested funding level, the backlog of such projects will total $8,400,000 at the end of fiscal year 1998. The Committee intends over the next few years that the backlog be further reduced. These actions will ensure that the cemeteries and memorials under ABMC's jurisdiction are maintained at a high standard to reflect the nation's continuing commitment to its Honored War Dead and their families. These funds will support a staffing level of 363, a decrease of one below the 1997 level.

The Committee is aware of design and construction problems with the Korean War Veterans Memorial. While supporting the restoration efforts by ABMC, the National Park Service, and the Corps of Engineers, the Committee expects that reimbursement from those responsible for the problems will be pursued. Clearly, such problems should not occur in a project that was dedicated only last year. The Committee also expects that ABMC will take action to ensure that similar problems do not occur in the design and construction of the World War II Memorial.

Department of The Treasury

Community Development Financial Institutions

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Fiscal year 1998 recommendation	$125,000,000
Fiscal year 1997 appropriation	50,000,000
Fiscal year 1998 budget request	125,000,000
Comparison with fiscal year 1997 appropriation	+75,000,000
Comparison with fiscal year 1998 request	0

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

The Committee recommends an appropriation of $125,000,000 for the program in fiscal year 1998. The recommendation is an increase of $75,000,000 compared to the fiscal year 1997 program and is the same as the fiscal year 1998 President's budget request.

The Committee's recommended funding level includes $5,500,000 for Management and Administration, $40,000,000 for Incentives for Depository Institutions, $20,000,000 for Direct Loan Subsidies, and $59,500,000 for assistance to CDFI's.

The Committee is aware of allegations of improper activities surrounding the first round of awards for this program and expects the Department of Treasury Inspector General to expeditiously and aggressively investigate the allegations. The Committee has recommended funding this program despite the allegations for the obvious reason that guilt must first be proven before punishment is administered. In addition, the Committee wholeheartedly endorses the goals of the program and believes that any process abuses can be corrected without destroying the program.

The Committee is particularly interested in the Fund's potential to increase the capacity of institutions, including activities that support microenterprise development, building the skills, assets, and earnings of low-income and disadvantaged individuals in the United States. Over the past decade, microenterprise development has demonstrated considerable promise as a means to alleviate poverty, create jobs and financial assets, and revitalize distressed urban, rural, and reservation-based communities. Hundreds of CDFIs and other organization across the country now provide micro-loans and financial services to tens of thousands of entrepreneurs that are unable to access traditional sources of credit, management expertise, and business services.

Specifically, the Committee urges the Fund to seek to strengthen, through training and technical assistance, CDFIs that provide services to low-income microentrepreneurs and self-employed individuals. The Committee also urges the promotion of community partnerships that link CDFIs to microenterprise development organizations that provided development services but do not provide financing directly. The Committee directs the Program Office to report annually on its activities in support of CDFIs and micro-lending organizations that provide services to low-income entrepreneurs.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$44,000,000
Fiscal year 1997 appropriation	42,500,000
Fiscal year 1998 budget request	45,000,000
Comparison with fiscal year 1997 appropriation	+1,500,000
Comparison with fiscal year 1998 request	−1,000,000

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

The Committee recommends an appropriation of $44,000,000 for fiscal year 1998, a decrease of $1,000,000 from the President's budget request and an increase of $1,500,000 to the fiscal year 1997 level.

The Committee recommendation includes a non-prejudicial reduction of $1,000,000. The agency is directed to apply this reduction in an equitable manner rather than applying all of the reduction to only one or two programs.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

Fiscal year 1998 recommendation	$400,500,000
Fiscal year 1997 appropriation	400,500,000
Fiscal year 1998 budget request	546,500,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	−146,000,000

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

The budget requests $546,500,000 for the national and community service programs operating expenses account in fiscal year 1998, an increase of $146,000,000 above the fiscal year 1997 appropriation. Bill language is being proposed which would earmark $162,000,000 for a new America Reads initiative. The America Reads proposal is a national effort to build a citizen army of one million volunteer tutors to make sure every child can read well and independently by the end of the third grade. In addition to the $162,000,000 being requested in this bill, $38,000,000 is being requested in the Labor-Health and Human Services-Education bill. This $200,000,000, together with $260,000,000 requested for the Department of Education, brings the total America Reads request to $460,000,000. Over five years, the total amount for America Reads is approximately $2,500,000,000.

The bill includes $400,500,000 for the AmeriCorps program in fiscal year 1998, the same level as provided in the current year. The Committee has not included the legislative earmarking for America Reads, nor has it prohibited the use of funds for that type of activity. The Corporation may utilize its funds for any authorized activity, including literacy training and mentoring. The Committee notes that AmeriCorps participants currently engage in such activities.

The bill continues most of the program limitations carried in the 1997 Act, adjusted to reflect current cost estimates, instead of the proposed language. The bill also continues language prohibiting grants to Federal agencies; and, to the extent practicable, encourages an increase in matching funds and in-kind contributions, expands educational awards, and reduces the cost per participant.

Last year, the Corporation committed to reducing the cost per member in the AmeriCorps program to $17,000 in 1997, $16,000 in 1998, and $15,000 in 1999. The Committee endorses the Corporation's efforts to reduce the cost per participant.

The budget requests up to $10,000,000 for national services scholarships in fiscal year 1998 for high school students performing community service. The scholarships are for outstanding volunteer unpaid service that students will have done while in high school. This program was created to provide recipients with at least $1,000 for college costs, of which $500 will come from Corporation funds and at least $500 will come from local scholarship sponsors. The Committee supports this program and notes that approximately $3,000,000 will be spent for these scholarships in fiscal year 1997.

The Corporation has experienced difficulties with its accounting and financial management systems. The Corporation plans to utilize $3,000,000 make improvements in its financial management system. The Committee approves of these efforts to make needed investments.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation	$2,000,000
Fiscal year 1997 appropriation	2,000,000
Fiscal year 1998 budget request	2,500,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	−500,000

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

The bill includes $2,000,000 for the Office of Inspector General in fiscal year 1998. This is the amount provided in the current year and $500,000 below the budget request.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$9,319,000
Fiscal year 1997 appropriation	9,229,000
Fiscal year 1998 budget request	9,380,000
Comparison with fiscal year 1997 appropriation	+90,000
Comparison with fiscal year 1998 budget request	−61,000

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

The bill includes $9,319,000 for the Court of Veterans Appeals in fiscal year 1998, a decrease of $61,000 below the budget request. The recommendation includes the budget request of $8,529,000 for the operations of the Court and $790,000 for the pro bono representation program. The decrease in the pro bono representation program from the $851,000 requested to $790,000 is pursuant to a revised request for the Veterans Consortium Advisory Committee. The bill also includes language earmarking $790,000 for the pro bono representation program.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$11,815,000
Fiscal year 1997 appropriation	11,600,000
Fiscal year 1998 budget request	11,815,000
Comparison with fiscal year 1997 appropriation	+215,000
Comparison with fiscal year 1998 budget request	0

The Secretary of the Army is responsible for the administration, operation and maintenance of Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery. At the close of fiscal year 1996, the remains of 260,826 persons were interred/inured in these cemeteries. Of this total, 226,677 persons were interred and 19,838 remains inured in the Columbarium in Arlington National Cemetery, and 14,311 remains were interred in the Soldiers' and Airmen's Home National Cemetery. There were 3,325 interments and 1,733 inurnments in fiscal year 1996. It is projected that there will be 3,500 interments and 1,900 inurnments in fiscal year 1997; and 3,500 interments and 1,900 inurnments in fiscal year 1998. In addition to its principal function as a national cemetery, Arlington is the site of approximately 2,700 nonfuneral ceremonies each year and has approximately 4,000,000 visitors annually.

The Committee recommends the budget request of $11,815,000 and 117 full-time equivalents to administer, operate, maintain and provide ongoing development at the Arlington National and Soldiers' and Airmen's Home National Cemeteries in fiscal year 1998.

ENVIRONMENTAL PROTECTION AGENCY

Fiscal year 1998 recommendation	$7,232,077,000
Fiscal year 1997 appropriation	6,799,393,000
Fiscal year 1998 budget request	7,645,493,000
Comparison with fiscal year 1997 appropriation	+432,684,000
Comparison with fiscal year 1998 budget request	−413,416,000

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

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

National Environmental Policy Act of 1969, as amended.

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

Toxic Substances Control Act, as amended.

Federal Water Pollution Control Act, as amended.

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

Oil Pollution Act of 1990.

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

Solid Waste Disposal Act, as amended.

Clean Air Act, as amended.

Safe Drinking Water Act, as amended.

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

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

Pollution Prevention Act of 1990.

Resource Conservation and Recovery Act, as amended.

For fiscal year 1998, the Committee has recommended a total program and support level of $7,232,077,000, an increase of $432,684,000 from the fiscal year 1997 level and a decrease of $413,416,000 from the budget request.

The Committee notes that the so-called “Budget Agreement” reached between the Congress and the Administration in May, 1997, requires that the “operating” programs of the Environmental Protection Agency be funded at the aggregate level requested by the President in his February 1997 budget submission. It is well understood that the “operating” programs of EPA include the appropriations accounts titled Science and Technology, Environmental Programs and Management, Office of Inspector General, Buildings and Facilities, Oil Spill Response, and that portion of the State and Tribal Assistance Grants which constitute specific environmental categorical grants to state, local and tribal governments. For fiscal year 1998, the President’s aggregate request for programs in these areas totaled $3,402,037,300. The Committee’s recommendation for these same programs contained herein totals $3,402,703,000, an increase of $665,700 above the budget request. The Committee believes, therefore, that it has met both the letter and the spirit of this Executive-Legislative agreement.

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

SCIENCE AND TECHNOLOGY

Fiscal year 1998 recommendation [1]	$656,223,000
Fiscal year 1997 appropriation	552,000,000
Fiscal year 1998 budget request	614,269,400
Comparison with fiscal year 1997 appropriation	+104,223,000
Comparison with fiscal year 1998 budget request	+41,953,600

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

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

The Committee has recommended an appropriation of $656,223,000 for Science and Technology for fiscal year 1998, an increase of $104,223,000 above the fiscal year 1997 level, and an increase of $41,953,600 above the 1998 budget request.

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

$1,500,000 for continuation and Calif. Regional PM 10 & 2.5 air quality study.

$2,500,000 for EPSCoR.

$700,000 for continuation of study of livestock and agricultural pollution abatement at Tarleton State University.

$3,500,000 for Water Environment Research Foundation.

$2,000,000 for continued research on urban waste management at the Univ. of New Orleans.

$1,300,000 for continued oil spill remediation research at the La. Env. Research Center at McNeese State Univ.

$2,000,000 for the Mickey Leland Natl. Urban Air Toxics Research Center.

$5,000,000 for the American Water Works Assn. Research Foundation, including $1,000,000 for continued research on arsenic.

$4,000,000 for the Natl. Decentralized Water Resource Capacity Development Project, in coordination with EPA, for continued training and R&D program.

$1,500,000 for the Integrated Petroleum Environmental Consortium project, to be cost-shared.

$750,000 for continued research at the Environmental Lung Center of the Natl. Jewish Medical and Research Center in Denver.

$35,000,000 for comprehensive particulate matter research program, transferred to and conducted by NIEHS.

$5,000,000 for additional ozone related research.

$6,000,000 for continued research of the Salton Sea, including $1,000,000 to the University of Redlands and $5,000,000 for the Salton Sea Authority.

$2,000,000 for research on treatment technologies relating to perchlorate within the Crafton-Redlands Plume, to be conducted through the East Valley Water Dist. California.

Other Science and Technology program levels include:

1. Climate change is funded at $16,900,000, a 3% increase over the 1997 level;
2. Global change is funded at $14,836,000, a 3% increase over the 1997 level;
3. The new Advanced Measurement program is funded at $2,000,000; and
4. The new Right to Know program for S & T as announced at Kalamazoo is funded at $7,500,000.

For Science and Technology, a general reduction of $10,000,000 is taken.

The Committee's recommendation includes an additional $35,000,000 to Science and Technology for transfer to the National Institute of Environmental Health Sciences (NIEHS) to establish, in close coordination and cooperation with EPA and the Department of Energy, a short- and long-term air pollution program, focusing on particulate matter and ozone, that may include, but not be limited to the following:

The size and composition of fine particulate matter and the effects of such particulate matter on human health, including any effects on tissue damage and lung dysfunction;

Studies of exposure to ambient and indoor levels of fine particulate matter for the purpose of identifying more accurate estimates of individual exposure to such particulate matter;

Controlled inhalation exposure studies to examine dose-response relationships and mechanistic issues;

Prospective epidemiological studies and longitudinal health effects evaluations, based on measurements of individual exposure to fine particulate matter, with special emphasis on at-risk groups such as children, the elderly, and people with chronic respiratory problems;

Interactive effects of air pollutants and allergens including their association with the condition of asthma and;

Development of appropriate intervention strategies.

In the development of this research program NIEHS, EPA and DOE are strongly encouraged to work with the Health Effects Institute and others in the public and private sectors.

These research activities will be conducted primarily through peer-reviewed, competing grants, cooperative agreements, or contracts to institutions of higher education and national laboratories, as well as intramural studies and contracts. In addition to individual research project grants, NIEHS should give strong consideration to funding up to five multidisciplinary, multi-project programs at institutions of higher education. The governing criteria for such awards should include their ability to bring together biomedical and public health scientists, engineers, environmental scientists, geoscientists, economists, and policy analysts as part of a coordinated and comprehensive research effort. NIEHS should work with EPA and DOE to implement steps in the research proposal solicitation and award selection process that will ensure that the research activities are relevant to high priority topics and that the research results are reported to the appropriate agencies in a timely manner through accepted reporting practices.

In addition, $4,400,000 of the funds transferred to NIEHS will be allocated to the DOE Office of Fossil Energy to support peer-reviewed, competitive research awards, primarily by qualified university-based and national laboratory individuals and/or consortia, for studies on source categories contributing to concentrations of fine particles so that cost-effective mitigation strategies can be developed, and to support the development of better and more accurate monitoring capabilities.

The Committee expects that all research data will become available to the public, with proper safeguards for the researcher's first right of publication, for scientific integrity, for individuals participating in studies, and for proprietary commercial issues, and to prevent scientific fraud and misconduct.

Finally, NIEHS, EPA and DOE are directed to report to the Committee on their specific plans for this research program as well as with periodic updates as the program develops.

In addition to this new research program, the Committee has provided an increase of $5,000,000 for ozone related research to be conducted through ORD. This additional research should focus specifically on the nexus between biological response of humans from exposure to ozone and the onset of health effects from that exposure.

In addition to the funds provided through appropriations directly to this account, the Committee has recommended that $35,000,000 be transferred to Science and Technology from the Hazardous Substance Superfund account for ongoing research activities consistent with the intent of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended. Further, the Committee fully supports the continuation of the Superfund Innovative Technology Evaluation (SITE) program at the budget request level. The program is expected to focus on the validation and verification of the performance of innovative technologies developed by the private sector that will serve to reduce remediation times and costs.

Within the funds provided for Science and Technology, the Committee directs the continuation of a $2,000,000 initiative to transfer technology developed in federal laboratories to meet the environmental needs of small companies in the Great Lakes region. This initiative should be accomplished through a NASA sponsored Midwest regional technology transfer center working in collaboration with an HBCU from the region.

The Committee's recommendation fully funds the Environmental Research Centers, and the Agency is directed to provide $3,000,000 from within appropriated resources for the university portion of the Southern Oxidants Study.

Within available funds, the Committee urges the Agency to spend up to $1,000,000 to study, 1) the water quality and environmental impact of new cane sugar refining on both the Florida Everglades ecosystem and the Everglades Restoration Project, and 2) determine the source of water pollution in Water Conservation Areas One, Two, and Three of the Everglades Protection Area. The Committee requests the Agency to report back on the findings on the study, which should be completed by April 1, 1998.

The Committee notes with interest the innovative approach to clean air research being developed by the City of Houston in its "Houston Air eXcellence and Leadership" (HAXL) program. By proposing a broad-based program to develop region-specific technical research and health impact data, the HAXL programs seeks to identify ways in which air pollution control policy can be targeted toward the precise pollutants that cause the most serious health impacts in a particular city or region—in this case, Houston. This unique, multi-pollutant strategy aims to maximize health benefits and cost efficiency by focusing on the specific needs of each particular area. The Committee notes further that the Houston area suffers some of the most severe and complex air quality problems found anywhere in the United States.

The City anticipates that much of the funding for the HAXL program will be provided through shared state/local cooperative efforts, competitive grants, and private foundations. The HAXL program should receive strong consideration for federal funding as well, particularly for certain local health effects studies for which state and local sources are not traditionally available. The Committee believes that the HAXL program represents a practical, commonsense approach to clean air research that could have a significant impact on pollution control strategies for Houston and across the country.

The Committee is aware of EPA's draft National Sediment Quality Survey issued in July 1996 in which the Agency concluded, among other things, that the preferred means of controlling sedimentation contamination risks to human health and the environment is through natural recovery. Despite this conclusion, however, dredging often is advocated even though the impact of such an invasive approach is often unknown. In light of this situation, the Committee directs that in assessing risks posed by the contamination by polychlorinated biphenyls of the upper Hudson River, New York, the Agency shall include an assessment and comparison of the risks to human health and the environment presented by alternative remedial measures, including natural recovery, source control, and dredging, capping, and disposal of contaminated sediments. Further, the Agency is directed to enter into an arrangement with the National Academy of Sciences to conduct a review which evaluates the availability, effectiveness, costs, and effects of technologies for the remediation of sediments contaminated with polychlorinated biphenyls, including dredging and disposal. Such a review should be completed by April 1, 1999.

In a similar vein, the Committee remains concerned that alternatives be found to the ocean disposal of dredged materials. The Committee supports the ongoing research effort of the Agency to find cost-effective and environmentally safe alternatives to ocean disposal and urges that at the appropriate opportunity, a large-scale pilot project utilizing the expertise of other research organizations, such as Brookhaven National Laboratory and the New Jersey Institute of Technology, be developed and instituted.

Again this year, the Committee notes that the Experimental Program to Stimulate Competitive Research (EPSCoR) is designed to improve the scientific and technological capacity of states with less developed research infrastructure. Developed with NASA and the National Science Foundation as partners, the Committee has provided EPA with $2,500,000 for its continued participation in this program. In addition, the Committee directs ORD to maintain its on-going commitment to the Middle Atlantic Region in terms of funding and FTEs to complete the demonstration and evaluation of the EMAP approach in a specific geographic area.

The Committee again wishes to express its continued support for the new direction the Agency has chosen to take its research program. In this regard, the budget request's $7,000,000 increase for Fellowships is fully provided. With peer reviewed, meaningful, and quality research, the Agency will be better prepared to scientifically support its rulemaking activity, which has been criticized in recent years as often being deficient of a sound science base. Moreover, this new direction will foster a better foundation for the development of longer-term environmentally and scientifically sound policies and statutes for the consideration of the Congress. The Committee expects the program offices of the Agency to make extensive use of the Office of Research and Development (ORD) so that its programs and actions on an Agency-wide basis are justified with sound and credible science.

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

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Fiscal year 1998 recommendation	$1,763,352,000
Fiscal year 1997 appropriation	1,752,221,000
Fiscal year 1998 budget request	1,887,590,900
Comparison with fiscal year 1997 appropriation	+11,131,000
Comparison with fiscal year 1998 budget request	−124,238,900

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

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

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

For fiscal year 1998, the Committee has recommended $1,763,352,000 for Environmental Programs and Management, an increase over the 1997 level of $11,131,000, and a decrease from the budget request of $124,238,900. This account encompasses most of those activities previously conducted through the Abatement, Control and Compliance and Program and Research Operations accounts. In 1996, these accounts, except for certain research operations and the state categorical grant program, were merged in order to provide greater spending flexibility for the Agency. Bill language is included which makes this appropriation available for two fiscal years and, for this account only, the Agency may transfer funds of not more than $500,000 between programs and activities without prior notice to the Committee, and of not more than $1,000,000 without prior approval of the Committee. But for this difference, all other reprogramming procedures as outlined earlier shall apply.

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

$3,000,000 for the Michigan Biotechnology Institute for continued development of viable cleanup technologies.

$1,000,000 for the Lake Wallenpaupack, Penn. environmental restoration project.

$372,000 for the Saint Vincent watershed environmental restoration project.

$500,000 for continued activities of the Small Business Pollution Prevention Center at the Univ. of Northern Iowa.

$2,679,000 for Natl. Estuary Program, including $400,000 for Barnegat Bay National Estuary Program (total NEP $20,000,000).

$3,372,000 for the Great Lakes Program. Funding for the program is at the 1996 level, including $14,700,000 for the GLN program office.

$250,000 for design for a non-indigenous species dispersal barrier in the Chicago shipping and sanitary canal pursuant to Sec. 1202 of the Natl. Invasive Species Act, to be cost shared.

$800,000 for continued work on the Ohio River watershed pollutant reduction program, to be cost shared.

$2,000,000 for continuation of the Sacramento River Toxic Pollution Control Project, to be cost shared.

$2,500,000 for water reuse demonstration projects in Yucca Valley ($800,000) and 29 Palms ($1,700,000), Calif.

$700,000 for ongoing activities at the Canaan Valley Institute.

$3,000,000 for the Southwest Center for Env. Research & Policy (SCERP).

$6,000,000 for the National Institute for Environmental Renewal to establish a regional environmental data center, and to develop an integrated, automated water quality monitoring and information system for watersheds impacting the Chesapeake Bay.

$500,000 for continuation of the Small Water Systems Institute at Montana State Univ.

$5,150,000 for rural water technical assistance activities and groundwater protection bringing total program to 13,150,000 with distribution as follows: $8,200,000 for the NRWA; $2,200,000 for RCAP; $400,000 for GWPC; $1,350,000 for Small Flows Clearinghouse; and $1,000,000 for the NETC.

$2,000,000 for an environmental education center in Highland, Calif.

$4,000,000 for continuation of the New York and New Jersey dredge decontamination project.

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

$400,000 for continued work on the Cortland, Co. New York aquifer protection plan.

$300,000 for the NAS to conduct a study of the effectiveness of EPA's I&M programs.

$400,000 for a non-profit organization to implement an action plan to accelerate the international phase-out of lead gasoline.

$2,000,000 for the creation of five small public water system technology assistance centers pursuant to section 1420(f) of The Safe Drinking Water Act, as amended.

$500,000 for a waste water reuse study in the Victorville, California area.

Other Environmental Programs and Management funding levels include:

1. Under the Office of the Administrator, Congressional and Legislative Affairs is funded at $5,076,000 and Managerial Support is funded at $3,536,000. Both represent 3% increases from the 1997 appropriated level;

2. The Montreal Protocol Multilateral Fund is provided $12,000,000;

3. Under the Climate Change programs funded through the Office of Air and Radiation, Green Lights receives $22,308,000; Consumer Labeling receives $15,848,000; Methane programs receives $8,577,000; the HFC/PFC program receives $3,001,000; and the Regional Implementation activity receives $1,088,000. All of these programs would receive a 3% increase over the 1997 funding level;

4. For the Office of Enforcement and Compliance, Civil Enforcement would receive $71, 218,000; Compliance Monitoring would receive $40,916,000; Criminal Enforcement would receive $23,973,000; and Program Leadership and Evaluation would receive $46,579,000. These also represent 3% increases above the 1997 level;

5. The Global and Regional Environmental Risk Reduction program under the Office of International Affairs would be provided $2,734,000, a 3% increase;

6. OPPE's Climate Change Action Plan would be funded at $21,169,000, also a 3% increase over 1997;

7. The Right to Know program, including the Kalamazoo component, would be increased some 35% over 1997 to $34,386,000;

8. EPM's Specific Reinvention Programs line item would be provided $77,269,000, a $10,000,000 increase over 1997;

9. The new Urban Livability program would receive $3,023,000, $2,500,000 over the 1997 level; and

10. The GLOBE program would receive no funds in 1998.

For Environmental Programs and Management, a general reduction of $65,500,000 is being taken.

As in fiscal year 1997, the Committee continues to strongly support the EPA Finance Centers and directs that they be funded at the 1997 level. Similarly, the Committee directs the Agency to provide funding for the Environmental Justice Advisory Council at $400,000, fund environmental justice small community grants at $2,000,000, and provide community/university partnership environmental justice grants with $1,000,000.

The Committee notes that the Great Lakes program office has been funded at the 1996 level of $14,700,000 within this account, and similarly notes its support for a fully funded Estuary Program. The Chesapeake Bay program is likewise fully funded at $20,254,000, including $1,300,000 for atmospheric deposition research activities.

The budget request of nearly $11,000,000 for drinking water programs is provided in the Committee's recommendation, and the Committee expects that the National Environmental Education and

Training Foundation will be funded at the 1997 level of $780,000. Additionally, the Committee urges the Agency to provide at least $3,000,000 to carry out the purposes of the Clean Air Act Amendments relative to the Great Waters program.

The Office of Ombudsman at the Environmental Protection Agency has proved to be a valuable asset of the Agency, and the Committee strongly encourages the Agency to submit a budget for this office each year as an effective, permanent position.

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

The Committee strongly recommends that the EPA work in conjunction with Metropolitan Dade County, Florida and provide $2,500,000 in fiscal year 1998 to undertake a national demonstration study to identify the most efficient procedures needed to solve sanitary system overflows (SSO) and alternate approaches to make the most efficient use of dwindling local, state, and federal resources. The study should follow the program outline as developed by Dade County Water and Sewer Department to create a model federal, state, and county partnership to address SSO problems.

In a similar vein, the Committee urges that the Administrator of the EPA give priority to the Soil Aquifer Treatment research program for indirect potable reuse of highly treated domestic waste water being conducted in Arizona and California.

The Committee notes its serious concerns regarding the new National Pollutant Discharge Elimination System (NPDES) general permit recently proposed by EPA's Region IV. This proposal would require individual permits for all oil and gas operations in water depths of 200 meters or less. The Committee believes this proposal will provide minimal environmental protection, while at the same time adding unnecessary costs and delays in the permitting process. Region IV thus is strongly encouraged to withdraw its proposal and consider using a NPDES general permit similar to the one used successfully by EPA's Region VI.

While EPA's Office of Planning, Policy and Evaluation has successfully implemented program and activities incorporating the use of renewable energy resources, the Committee is concerned that substantive review, planning, and implementation of programs in collaboration with U.S. industry to utilize cost-effective renewable energy and efficiency technologies for pollution mitigation is virtually non-existent in other EPA offices, including International Activities, Pollution Prevention, Research and Development, and Air and Radiation. The Committee expects each of the four offices named herein as deficient in this area to report to the Committee by February 1, 1998 on actions being taken to address these deficiencies.

The Committee is concerned with the implementation of the Federal Agriculture Improvement and Reform Act by the various federal agencies, including EPA, which also share enforcement responsibilities of section 404 of the Clean Water Act. In the above mentioned Reform Act, Congress included language that clarified that rangeland was considered agricultural land for purposes of delineation of wetlands under section 404 of the Clean Water Act. It is the Committee's view that the restrictions and authorizations placed on framers under section 404 are also applied to rangelands, particularly if such rangeland is being used for traditional agricultural purposes. It is the intent of Congress that normal agricultural activities are exempt from section 404 restrictions. Further, it is the intent of Congress that rangelands and farmlands be able to maintain normal or cyclical agricultural, silviculture, and ranching activities, including plowing, which means all forms of primary tillage, including moldboard, chisel, discing, wide-blade and deep-slip plowing, deep ripping, harrowing and other means used on a farm, vineyard, orchard, forest or rangeland, for the breaking up, cutting turning over, or stirring of soil to prepare it for agricultural activities. Such normal or cyclical activities also include seeding, cultivating, minor drainage and harvesting operations for the production of food fiber and forest products, and upland soil and water conservation practices.

Over the past two years, the Committee has expressed interest in and support of the so-called "cluster rule" for the paper industry where standards for both air and water are "clustered" in the rulemaking process so as to avoid the sometimes incompatible and contradictory results that sometimes occur when such standards are adopted individually. The development of this rulemaking has unfortunately moved much slower than anticipated, much to the difficulty of many of the concerned parties. The Agency is thus encouraged to do everything possible to complete its work on this process and bring it to fruition in a manner expected by both industry and the Congress when it was first proposed.

The Committee remains concerned about the EPA's proposed rule to regulate plant breeding under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA was enacted to cover externally applied chemicals, and the proposed rule would require registration under FIFRA for genetic substances responsible for pest resistance in plants. The Committee directs that the Agency demonstrate an adequate need for the rule and establish that the rule would not result in a duplication of responsibility for FIFRA with other federal agencies that already have applicable authority under the law. With regard to this latter direction, the Agency should indicate in what manner it has coordinated its efforts so far on this matter with all other federal agencies which retain responsibilities under FIFRA, and report as to how its rulemaking activity will avoid multiplicity, unnecessary costs to the agencies, plant breeders and consumers, and how the rule will enhance the future development of new plant varieties.

In floor debate on the 1997 appropriations measure, the Committee noted the severe environmental and health situation in and around the Hunts Point area of New York City. To assist in identifying the extent of this problem, the Agency is encouraged to consider conducting a comprehensive, independent study of the area. Such a study should include an analysis of the cumulative health and environmental impacts of identified pollution hazards in the area, and should make it possible for the local community to participate in the design and implementation of the study. The Committee will welcome a plan for such a study to be put forward in the 1998 Operating Plan.

The Committee has become aware of a long-standing private claim against EPA and at least one other federal agency resulting from alleged violations of the Uniform Relocation Act in Jackson, Mississippi. Because many questions involving this matter remain to be answered, the Committee requests the Agency to provide it all relevant background information and assist the Committee in developing an appropriate solution at the earliest practicable time.

The Committee is aware of the Western Governors Association's (WGA) Air Quality Initiative (AQI), which is focused on two major policy aspects of air quality management. The first focus of the AQI is a review of the State and Tribal Implementation Plan (SIP and TIP) development, approval and implementation process. The relationship between states and tribes and the EPA concerning SIPs and TIPs has been characterized by all parties as unwieldy and oftentimes unnecessarily contentious. To respond to this, the WGA through the AQI has convened key state, tribal, and federal air quality policymakers and regulators to review the historical relationships among the parties concerning SIPs and TIPs and will develop recommendations and a process for implementating these recommendations to improving the SIP/TIP process.

The second major focus of the AQI is the development of incentive based or market oriented regulatory programs that could replace the more traditional command and control regulatory regimes. The emphasis on this aspect of the AQI would be to develop a regulatory framework that would enable emission sources to determine the most cost effective method for meeting air quality standards and goals. A contractor has been retained to develop the policy framework for a western regional incentive-based regulatory program. Also, additional contract assistance is expected to both assist in the development of the economic infrastructure for a market program and develop the means for including other sources in the market such as mobile sources. If successful, the AQI will develop a regulatory regulatory regime that would enable emission sources to meet air quality standards and goals developed to protect public health in a manner that is reflective of their individual needs and at less cost. This will hopefully result in earlier and more complete compliance without the rancor that typically accompanies command and control regulatory practices. The Committee encourages the Agency to continue its financial support of this endeavor from within available funds.

The Committee is very concerned with the Agency's perceived inflexibility regarding the implementation of enhanced vehicle emission and inspection programs in a number of states. Specifically, the Committee's concern rests on the Agency's interpretation of language included in the National Highway System Designation Act of 1995. That measures states that "the Administrator shall not require adoption or implementation by a state of a test-only I/

M 240 enhanced vehicle inspection and maintenance program," and further states in the conference report accompanying the Act that I/M 240 "is not practical in the decentralized system of emissions testing that has been relied on in the past."

Despite this language, however, EPA has until very recently required that states using equipment other than I/M 240 perform mass emssion transient testing (METT) on 0.1% of their affected vehicles, yet has only approved I/M 240 equipment to conduct the METT. The Committee believes that it was the intent of Congress to prohibit the mandating of I/M 240 for any purpose, whether for emission testing or evaluation testing. Therefore, the Committee urges the Agency to resolve this issue with the affected states and develop a non-METT test consistent with Congressional intent. The Committee further urges the Agency to develop alternatives which, as required by the Clean Air Act, are based on data collected during inspection and repair of vehicles. The alternatives also should be seamless to the customer, not result in increased costs to the customer or service station owner, and not result in a direct or indirect penalty to the state that is not using METT. In the event that the Agency has not made sufficient progress toward development of a non-METT evaluation method prior to final action on this bill, the Committee would expect to address this issue in ligislation.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation [1]	$28,501,000
Fiscal year 1997 appropriation	28,500,000
Fiscal year 1998 budget request	28,500,000
Comparison with fiscal year 1997 appropriation	+1,000
Comparison with fiscal year 1998 budget request	+1,000

[1] Total does not include transfer of $11,641,000 from the Hazardous Substance Superfund account.

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

For fiscal year 1998, the Committee recommends a total appropriation of $40,142,000 for the Office of Inspector General, an increase of $65,000 from the 1997 level and an increase of $700 above the budget request. Of the amount provided, $11,641,000 shall be derived by transfer from the Hazardous Substance Superfund account. All funds within this account are to be considered two-year monies.

BUILDINGS AND FACILITIES

Fiscal year 1998 recommendation	$182,120,000
Fiscal year 1997 appropriation	87,220,000
Fiscal year 1998 budget request	141,420,000
Comparison with fiscal year 1997 appropriation	+94,900,000
Comparison with fiscal year 1998 budget request	+40,700,000

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

The Committee is recommending $182,120,000 for Buildings and Facilities, an increase of $94,900,000 above the fiscal year 1997 level and $40,700,000 above the budget request. This recommendation provides the budget request of $19,420,000 for necessary maintenance and repair costs at Agency facilities as well as ongoing renovation costs associated with EPA's new headquarters. The remaining $162,700,000 is for complete construction costs associated with EPA's new consolidated research facility at Research Triangle Park, North Carolina.

The Committee notes that several years elapsed from the time the RTP facility was first planned until funds were secured and construction bids were let. Unfortunately, when these bids were finally received during fiscal year 1997, the cost associated with building this facility as originally planned had increased by some $40,700,000 over the authorized funding level of $232,000,000. To construct the facility within authorized limits would require that three parts—the "high bay" research facility, the computer center, and the day care center—be eliminated from current construction plans.

The Committee strongly believes that eliminating portions of the original design, particularly the high bay and computer facilities, would, in the short term, be detrimental to the benefits associated with constructing this facility in the first place. Over the long term, the Committee suspects that construction of these additional facilities will eventually take place, although certainly at much greater cost. The Committee has therefore provided sufficient appropriations, and the necessary authorization, to construct this facility as originally planned by the Agency and approved by the Congress.

Bill language has also been included again this year which specifically authorizes construction of this facility as a consolidated research facility.

The Committee is aware of and interested in a recent proposal to construct a solid oxide fuel cell/gas turbine power system demonstration plant at EPA's new Fort Meade research facility. Such systems show great promise in producing and providing efficient, low polluting power resources. The Committee would therefore entertain a future budget request by the Agency to construct such a facility.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFERS OF FUNDS)

Fiscal year 1998 recommendation	$1,500,699,000
Fiscal year 1997 appropriation	1,394,245,000
Fiscal year 1998 budget request	2,094,245,000
Comparison with fiscal year 1997 appropriation	+106,454,000
Comparison with fiscal year 1998 budget request	−593,546,000

The Hazardous Substance Superfund (Superfund) program was established in 1980 by the Comprehensive Environmental Response, Compensation, and Liability Act to clean up emergency hazardous materials, spills, and dangerous, uncontrolled, and/or abandoned hazardous waste sites. The Superfund Amendments and Reauthorization Act (SARA) expanded the program substantially in 1986, authorizing approximately $8,500,000,000 in revenues over five years. In 1990, the Omnibus Budget Reconciliation Act extended the program's authorization through 1994 for $5,100,000,000 with taxing authority through calendar year 1995.

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

For fiscal year 1998, $1,500,699,000 has been recommended by the Committee, an increase of $106,454,000 from the fiscal year 1997 level, and a decrease of $593,546,000 from the amount included in the budget request. Bill language has been included which transfers $11,641,000 from this account to the Office of Inspector General and $35,000,000 to the Science and Technology account. The Committee expects EPA to prioritize resources to the actual cleanup of sites on the National Priority List and, to the greatest extent possible, limit resources directed to administration, oversight, support, studies, design, investigations, monitoring, assessment, and evaluation.

The Committee's recommendation includes the following program levels:

$870,000,000 for Superfund response/cleanup actions.

$85,000,000 for Brownfields assessment activities.

$202,000,000 for enforcement activities.

$129,203,000 for management and support, including a transfer of $11,641,000 to the Office of Inspector General. Bill language is included which provides for this transfer.

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

$60,000,000 for transfer to the National Institute of Environmental Health Sciences (NIEHS), including $37,000,000 for research activities and $23,000,000 for worker training.

$80,000,000 for transfer to the Agency for Toxic Substances and Disease Registry (ATSDR).

$29,266,000 for transfer to the Department of Justice. The Department's legal action associated with the Superfund program generates over $200,000,000 annually which is deposited in the Superfund Trust Fund, as well as annual cleanup responses by parties valued at over $500,000,000.

$9,833,000 for all other necessary, reimbursable interagency activities, including $650,000 for OSHA, $1,100,000 for FEMA, $2,432,000 for NOAA, $4,801,000 for the Coast Guard, and $850,000 for the Department of the Interior.

In addition to the $870,000,000 made available in this appropriation for specific clean-up actions, the Committee notes that, according to the General Accounting Office, at least an additional $171,000,000 of unspent funds from prior year work orders is immediately available to the Agency for additional clean-up work. These funds are available without the need for a final contract audit to be performed, and the GAO believes that an additional amount of $78,000,000 can be recovered once final audits are performed. Further, GAO has informed the Committee that recovered funds may be used to pay final audit costs, thus negating the need for the Committee to provide additional funds for audit purposes. Given this information provided by GAO, the Committee directs the Agency to move expeditiously to capture as much of these unspent funds as possible, so as to create a fiscal year 1998 clean-up account of nearly $1,100,000,000.

For the management and support activity, the Committee's recommendation includes $1,012,700 for OAR, $25,545,200 for the Chief Financial Officer, $992,200 for OPPE, $84,000,300 for OARM, $3,159,500 for the General Counsel, $11,641,000 for the IG, and $2,852,100 for Administrative/Staff.

While the Committee has essentially funded the full requested increase for the Brownfields program, it has not, for a variety of reasons, funded the proposed increase of approximately $650,000,000 to accelerate clean-up of NPL sites.

First, the Committee's 602(b) allocation did not accommodate this additional request of the President. In fact, the budget agreement between the Executive and Legislative did not accommodate this increase, unless, according to the document, "[Superfund] policies can be worked out." The Committee believes this unambiguous language can only refer to Superfund policy as set forth in law. Virtually all parties agree that the Superfund program has serious problems, yet it has remained unauthorized for nearly two years. Given that the Appropriations Committee has no jurisdiction to reauthorize this program, any interpretation of "working out policies" other than reauthorizing this important program defies logic if not credibility.

Second, even if the Committee had been given an adequate allocation to accommodate this greatly increased budget request, significant questions remain as to both the substance and the logistics of the request. The history of this program has proved beyond a shadow of a doubt that just throwing money into the problem does not guarantee success. While the Committee acknowledges that several important administrative changes have improved the operation of the program, there remains little, if any, evidence that these changes are significant so as to warrant a 75 percent increase in one year. Moreover, despite numerous requests for complete information necessary to justify such an expense, the Agency has to date provided only portions of requested materials, some of which in fact raise more questions than they answer.

Besides failing to provide the Committee with adequate information regarding specific sites and clean-up costs which are necessary to make an informed decision on behalf of the budget request, the Agency has also not addressed other important matters including the apparent lack of available, qualified contractors necessary to speed the process as proposed, and the ability of the States to finance their share of "accelerated" clean-up costs as is required by law.

If money were no object, the Committee certainly would look more favorably on the Agency's request. Given the large, annual appropriations the Superfund program has received each of the last several years, the Committee stands second to no one in both words and action in support of the program. Unfortunately, money is an object, and the Committee takes seriously its responsibility to be good stewards of the limited resources at its disposal. Providing such additional funds in the face of inadequate justification by the Agency, at the expense of and detriment to other important EPA or other programs contained within this Act, would be nothing short of irresponsible.

As noted above, the Committee has provided $85,000,000 for the Brownfields program, an increase of $48,900,000 above the 1997 funding level and a decrease of $1,353,100 below the budget request. While the Committee has consistently shown strong support for this important program, it nevertheless is greatly concerned that some of the programs included in the budget request for Brownfields go well beyond both the spirit and the letter of the law. Statutory limits on the use of Superfund Trust Fund resources spell out very clearly that Trust Fund dollars may be used for remedial actions—that is, when there is an environmental "hot-spot" that needs immediate attention, and for removal actions—or clean-ups—when a site is listed on the National Priority List of Superfund sites. While there may be Brownfields sites which qualify under this criteria—in which case they can and should receive necessary clean-up funds—the fact is very few fit into this category. It is thus clear to the Committee that the law simply preempts the expenditure of funds for "revolving loan funds for clean-ups", as well as for voluntary clean-up efforts as proposed in the budget request.

While the Committee has included bill language which specifically limits the use of available Brownfields funds for assessments, training, and personnel costs, it would note that there are thousands of Brownfields sites throughout the nation that await the assessment work offered by the Agency. The Committee is therefore very confident this large Brownfields appropriation will be put to good use by the Agency.

During fiscal year 1997, the EPA responded to a situation in several states that dealt with the illegal indoor application of the insecticide methyl parathion. While the Committee certainly understands the emergency nature of this situation, there nevertheless are significant legal questions surrounding the Agency's suddenly broad interpretation of its responsibilities under the law. Moreover, significant budgetary resources totaling nearly $70,000,000 have been taken from specific sites on the NPL and set aside for use to resolve methyl parathion problems.

At its budget hearings on the Agency's fiscal year 1998 budget request, the Committee expressed grave doubts about the legal authority of EPA to respond to matters such as this. Additionally, it questioned the wisdom of responding to the situation in the manner undertaken by the Agency. Perhaps most important, however, was its questioning as to why significant funds were both allocated and spent—in what some believe is in a manner totally inconsistent with the EPA Operating Plan—before any notice was afforded the Committee. While the issue of legal responsibilities will doubtless be discussed at length in another forum, the Committee wishes to make it very clear to the Agency that it will not again tolerate the expenditure of funds for "emergencies" as was done in this instance. The Committee expects to be fully informed prior to the allocation or expenditure of any appropriated dollars for these "emergency" situations.

The Committee is aware of growing interest in the concept of fixed-price, at-risk contracting for the clean-up of so called "orphan share" Superfund sites. One such proposal has been made for the remediation of the Carolina Transformer Site in North Carolina. The Committee sees this innovative approach using nationally-permitted processes conforming to the Agency's Record of Decision (ROD) as having great potential to both speed the clean-up of sites and reduce the costs associated with such cleanups. The Agency is strongly encouraged to implement that proposal as quickly as possible and provide the Committee appropriate information relative to its benefit as another available tool for remediation of sites.

It has come to the Committee's attention that the Agency has recently proposed the reversal of its long-standing policy of deferring to the Nuclear Regulatory Commission (NRC) for cleanup of NRC licensed sites. In the past, EPA has not placed sites which have been successfully remediated under the NRC on the National Priority List. The Committee is satisfied that the NRC has and will continue to remediate sites to a level that fully protects the public health and safety, and believes that reversing this policy is unwarranted and not a good use of public or private funds. EPA is therefore directed to continue its long-standing policy on this matter with the NRC and spend no funds to place NRC remediated sites on the NPL.

The Committee continues to support the national pilot worker training program which recruits and trains young persons who live near hazardous waste sites or in the communities at risk of exposure to contaminated properties for work in the environmental field. The Committee directs EPA to continue funding this effort in cooperation and collaboration with NIEHS. The research activities of NIEHS can compliment the training and operational activities of EPA in carrying out this program. Moreover, an expanded focus to Brownfield communities—identified as the growing number of contaminated or potentially contaminated vacant or abandoned industrial sites—is critical in order to actively engage and train the under-served populations that are the focus of this effort. While the number of National Priorities List sites is remaining fairly static, there is a growing need for continued assessment activities at Brownfield sites across the country.

The Committee has provided ATSDR an increase of $16,000,000 over the budget request so that the large backlog of important and necessary health studies planned for both federal and non-federal sites can begin to be addressed. The Committee requests ATSDR to provide timely updates of its progress in this regard. Again this year, the Committee directs that $4,000,000 of the funds provided to the ATSDR be used for minority health professions, and up to $2,500,000 be used for continuation of a health effects study on the consumption of Great Lakes fish. Finally, an additional $2,000,000 has been provided for ATSDR to continue its work on the Toms River, New Jersey cancer evaluation and research project.

Of the funds provided for transfer from Hazardous Substance Superfund to Science and Technology, the Committee directs that $2,500,000 is for the Gulf Coast Hazardous Substance Research Center and that the other such research centers be funded at a level at least equal to the funding level provided in fiscal year 1996.

It was noted during the Committee's fiscal year 1997 and 1998 budget hearings for the EPA that the Superfund program has adopted a system for prioritizing sites for response/cleanup actions. The Committee strongly endorses this approach as a means of responding to those sites deserving of quicker response as well as from the standpoint of giving some assurance to local communities that "their" site will receive attention within a set time-frame. The Agency is to be commended for developing and utilizing this improved system.

LEAKING UNDERGROUND STORAGE TANK PROGRAM

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$60,000,000
Fiscal year 1997 appropriation	60,000,000
Fiscal year 1998 budget request	71,210,700
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	−11,210,700

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

The Leaking Underground Storage Tank (LUST) Program provides additional clean-up resources and may also be used to enforce necessary corrective actions and to recover costs expended from the Fund for clean-up activities. The underground storage tank response program is designed to operate primarily through cooperative agreements with states. However, funds are also used for grants to non-state entities including Indian tribes under Section 8001 of the Resource Conservation and Recovery Act. Per the budget request for fiscal year 1998, the Office of Inspector General will receive no funding by transfer from the trust fund through this appropriation.

For fiscal year 1998, the Committee has provided $60,000,000, the same as the 1997 appropriated level and a decrease of $11,210,700 from the fiscal year 1998 budget request. Bill language has been included again this year which limits administrative expenses during the fiscal year to $9,100,000.

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

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 recommendation	$15,000,000
Fiscal year 1997 appropriation	15,000,000
Fiscal year 1998 budget request	15,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

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

The Committee recommends $15,000,000 for fiscal year 1998, the same as that provided for fiscal year 1997 and the same as the budget request. Bill language is included which limits administrative expenses to $9,000,000.

STATE AND TRIBAL ASSISTANCE GRANTS

Fiscal year 1998 recommendation	$3,026,182,000
Fiscal year 1997 appropriation	2,910,207,000
Fiscal year 1998 budget request	2,793,257,000
Comparison with fiscal year 1997 appropriation	+115,975,000
Comparison with fiscal year 1998 budget request	+232,925,000

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

The largest portion of the STAG account, at $2.0 billion, is State Revolving Funds (SRF) water infrastructure grants which for more than a decade have been made to municipal, intermunicipal, state, interstate agencies, and tribal governments to assist in financing the planning, design, and construction of wastewater facilities. This account funds state revolving funds for wastewater as well as various grant programs to improve water quality, including the non-point source program under Section 319 of the Federal Water Pollution Control Act, as amended, as well as Public Water System Supervision grants.

For fiscal year 1998, the Committee recommends a total of $3,026,182,000, an increase of $115,975,000 above the fiscal year 1997 level, and $232,925,000 above the level proposed in the budget request.

The Committee's recommendation includes the following program levels:

$1,250,000,000 for Clean Water State Revolving Funds.

$750,000,000 for Safe Drinking Water State Revolving Funds.

$750,257,000 for state and tribal program/categorical grants.

$50,000,000 for high priority U.S./Mexico border projects.

$50,000,000, the budget request, for Texas Colonias, to be cost shared.

$15,000,000, the budget request, for Alaska rural and Native Villages, to be cost shared.

$160,925,000 for special needs water and wastewater grants, including:

$23,000,000 for Boston Harbor wastewater needs.

$3,000,000 for continued wastewater needs in Bristol County, Mass.

$8,000,000 for New Orleans wastewater needs.

$2,000,000 to implement drinking water facility improvements under Title IV in Richmond and Lynchburg, Va.

$14,000,000 for continuation of the Rouge River National Wet Weather Demonstration project.

$5,000,000 for wastewater and water system needs of the Omnalinda Water Association ($500,000); the Jenner Township Sewer Authority ($2,600,000), and the North Fayette County Municipal Authority ($1,900,000), Penn.

$14,000,000 for the Millcreek Tube Sewer upgrade/combined sewer overflow project.

$3,000,000 for phase one of Sacramento's wastewater treatment facility upgrade.

$3,400,000 for restoration of Weequahic Lake ($3,000,000) and water quality initiatives at Lake Hopatcong ($400,000), New Jersey.

$10,000,000 for planning and implementation of a storm water abatement system in the Doan Brook Watershed Area, Ohio.

$7,000,000 for wastewater infrastructure needs for Kenner ($5,000,000) and Baton Rouge ($2,000,000), La.

$3,250,000 for Ogden, Utah's sanitary storm sewer and drinking water distribution systems.

$3,000,000 to assist the Bad Axe, Michigan water crisis.

$10,000,000 to complete the wastewater improvement program at the Clear Lake Sanitary District, Iowa.

$7,000,000 for combined sewer overflow requirements in Lycoming County ($4,000,000) and for wastewater needs of the Pocono/Jackson Township Joint Authority ($1,500,000) and Smithfield Township in Monroe County ($1,500,000), Penn.

$1,700,000 for phase two of the Geysers Effluent Project in No. California.

$14,000,000 for continued clean water improvements of Onondaga Lake.

$5,000,000 for wastewater and drinking system needs in Clearfield, Mifflin, Snyder and Fulton Counties, including Wallaceton-Boggs ($1,250,000); Decatur Township ($150,000); Lawrenceville Township ($300,000); Lyleville ($300,000); Lewistown ($1,000,000); McVeytown ($500,000); Adams Township and Port Trevorton ($500,000); Middleburg ($500,000); and McConnellsburg ($500,000), Pennsylvania.

$10,000,000 for water supply and wastewater needs for the City of Burnside ($2,000,000); the City of Williamsburg ($3,000,000); the City of Wayland ($1,500,000); the City of Hyden ($1,500,000); and the Morgan County Water District ($2,000,000), Kentucky.

$1,275,000 for wastewater needs of East Mesa ($700,000), West Mesa ($500,000), and Lordsburg ($75,000), New Mexico.

$50,000 for water and sewer improvements for the City of Kinloch, Mo.

$2,000,000 for an alternative water supply system in Jackson County, Miss.

$2,000,000 for wastewater facilities and improvements in Essex County, Mass.

$2,000,000 for the Milwaukee Metropolitan Sewerage District urban watershed restoration project (Lincoln Creek).

$7,250,000 for export pipeline replacement to protect Lake Tahoe.

For fiscal year 1998, the Committee again expects the Agency to work closely with the governments or entities receiving such special needs grants and develop and agree upon an appropriate non-federal cost share for each of the projects.

The Committee has provided the full budget request for state and tribal program assistance/categorical grants and associated program support for all activities except air—where an increase of $25,000,000 is provided for monitoring and data collection—and section 319 grants—where an additional $10,000,000 is provided for all eligible programs including programs formerly funded through the Clean Lakes program. This recommendation includes the following programs with the appropriated amount for each: (1) air and radiation—state, local and tribal assistance, $200,516,800, including $53,466,300 for particulate matter monitoring and data collection activities; (2) enforcement and compliance assurance, $24,375,800; (3) field programs and external activities, $11,672,100; (4) environmental partnerships, $1,442,500; (5) lead grants, $13,712,200; (6) pollution prevention leadership, $5,999,500; (7) RCRA partnerships, $98,598,200; (8) underground storage tank partnerships, $10,544,700; (9) PWSS program grants, $93,780,500;

(10) underground injection control grants, $10,500,000; (11) wetlands program grants, $15,000,000; (12) section 319 non-point source pollution grants, including programs formerly eligible under the Clean lakes program, $110,000,000; (13) section 106 control agency resource supplemental grants, $95,529,300; (14) water quality cooperative agreements, $20,000,000 and; (15) Indian general assistance program grants, $38,585,400.

As was the case in fiscal years 1996 and 1997, no reprogramming requests associated with States and Tribes applying for Partnership grants need to be submitted to the Committee for approval should such grants exceed the normal reprogramming limitations.

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

The Committee has provided $110,000,000 for section 319 non-point pollution grants, an increase of $10,000,000 above the budget request. Again this year, the Committee expects that funds made available under this grant program can be used by the states to carry out purposes of the Clean Lakes Program, which for the third straight year has received no specific budget request.

The Committee further notes that its proposal includes full funding of $95,529,300 for water quality grants and full funding of $5,999,500 for pollution prevention grants. Also, the Committee has increased funds for the Clean Water SRF program by $175,000,000 to a total of $1,250,000,000, and has increased the Drinking Water SRF by $25,000,000 to a program level of $750,000,000. Finally, the Committee's proposal includes an additional $25,000,000 for distribution to the State, Tribal and local governments specifically for additional particulate matter and ozone monitoring and data collection. The Committee believes these funds are a necessary component to a successful PM and ozone research program for which additional funds were also provided. The Committee notes that bill language has been specifically included to permit these monitoring and data collection grants to be issued pursuant to section 103 of the Clean Air Act, rather than under section 105. It is Committee's intent that the Agency not require state, tribal or local cost share for these particular grants. The total appropriation for air and radiation assistance grants thus rises to $192,359,000.

The Committee has included bill language which makes it possible for EPA to use funds under this account for specific programs and purposes in state and tribal areas when such state or tribe does not have an acceptable program already in place. As the funds for this activity are generally allocated by formula, states and tribes without acceptable programs would receive no money without this language. Similar language was carried in Public Law 105-

18, and this language would only make the provision permanent law.

The Committee is aware of a continuing problem with the administration of the Clean Water Act's construction grant audit process, and therefore directs the Agency to uphold all project cost eligibility determinations for EPA grants that are supported by a decision document of the EPA or a designated state agency. Such decision documents include, but are not limited to, approvals of plans and specifications, engineering and construction contracts, grant payments, change orders, subagreement eligibility decisions, or similar documents approving project cost eligibility. Such project cost eligibility determinations may be reversed only upon a showing by the Agency that the original decision was arbitrary, capricious, or an abuse of the law at the time of the decision. The Committee notes that the intent of this language shall apply to current and future appeals.

The Committee is also aware of the currently projected timetable for selection and construction of a secondary treatment component for the International Wastewater Treatment Plant (IWTP) located in San Diego's South Bay along the United States-Mexico border, and continues to be concerned about the timely completion of the facility. The Committee is further concerned by indications that EPA may intend to seek a waiver of secondary treatment for the IWTP, in the absence of scientific justification for such a waiver. The Agency is directed to provide the Committee with regular briefings on the status of this process, so that the Committee may prepare accordingly to assist EPA's completion of the IWTP in the fiscal year 1999 budget cycle. The Committee believes full completion of this facility is an essential part of EPA's obligations to adequately protect the public health of the citizens of the United States and Mexico who live in this border area.

With regard to funding for border projects, the Committee notes that $200,000,000 has been appropriated prior to this fiscal year, yet just $30,000,000 has been spent. The Committee is concerned that application of arbitrary economic or other criteria has hampered the timely expenditure of grants to otherwise qualified projects, such as a project in El Paso, Texas in conjunction with the New Mexico-Texas Water Commission, which would provide large numbers of residents of both sides of the border with higher levels of public health and environmental protection. The Agency is asked to provide the Committee a breakdown of the funds it has expended to date for border infrastructure projects, along with the criteria it has selected for qualified application for such grants. The Agency is also expected to provide an explanation of the role that BECC and NADBank will play in the determination of how these grant funds will be distributed.

The Committee is aware of the Agency's narrow interpretation of the Safe Drinking Water Act Amendments of 1996 regarding bond pooling arrangements, including cross-collateralization of funds, and strongly encourages that the Agency review this matter once again. While the Act does not specifically address the issue of cross-collateralization, the statement of the managers on the conference report accompanying the Act very clearly states that the Act "does not preclude bond pooling arrangements, including cross-collateralization, provided that revenues from the bonds are allocated to the purposes of the Safe Drinking Water Act in the same portion as the funds are used as security for the bonds," EPA's narrow interpretation of the law in this case appears to be unnecessary and, in fact, counter-productive relative to the intent of the statute.

Finally, the Committee is aware of the financial difficulties many municipalities and regional water authorities face as they undertake projects to modernize their sewer and water systems in order to comply with the Federal Water Pollution Control Act. In fact, the Committee, in recognition of the severe financial strains water and sewer projects mandated by the Act can pose for municipal governments, as well as commercial and residential ratepayers, has, in this and in past years, provided direct financial assistance to specific water infrastructure projects where the financial strains of compliance with the Act are particularly acute. The Committee understands that the best means of alleviating these problems on a long-term basis would be through amendments to the Act that reform its financing provisions so as to make it easier for municipal and regional water authorities—especially those for which compliance is a significant economic hardship—to afford these projects.

Such long-term changes would ultimately make it less necessary for the Committee to provide the kind of direct assistance that is included in this year's legislation and has been provided in past years. However, the Committee also believes that, absent the enactment of long-term legislative reforms in this area, it is appropriate to seek other, non-legislative forms of relief for communities struggling to meet the financial requirements of compliance with the Act, and that, in fact, such non-legislative relief could also reduce the need to continue providing direct assistance to these communities.

The Committee notes in this connection that, while Section 603(d)(1) of the Act (33 U.S.C. 1383) expressly limits to 20 years the term of direct loans provided from state revolving funds (SRF), there is no corresponding term limit in Section 603(d)(4), which allows SRF monies to be used as a source of revenue or security for bonds issued by states to finance compliance projects. Therefore, the Committee strongly urges the Environmental Protection Agency to interpret section 603(d)(4) as allowing the issuance of bonds with a term of greater than 20 years—ideally at least 40 years, if the life of the project is that long—provided the projects are located in states that leverage their SRF monies for creation of debt service reserve funds to collateralize bond issues for the purpose of financing such projects. This interpretation, by allowing reimbursements to SRFs to be stretched out over a longer period of time, will result in lower annual debt service, thereby making it easier for municipal water authorities (and their ratepayers) to afford the costs of projects mandated by the Act.

WORKING CAPITAL FUND

Bill language has been included again this year to continue a Working Capital Fund. Because of the inappropriate use of such Funds in past years by many federal departments and agencies, the Committee was, prior to fiscal year 1997, reluctant to permit the creation of such a Fund at the Environmental Protection Agency. However, the Committee was assured that processes for monitoring and controlling the flow of funds had been vastly improved and that the use of such a Fund could generate significant savings. To date, the Committee is satisfied that the newly created Fund has performed as projected by the Agency and therefore has agreed to continue the Working Capital Fund through fiscal year 1998. The Committee requests that the Agency continue to provide quarterly reports outlining the use and disposition of the Fund.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Fiscal year 1998 recommendation	$4,932,000
Fiscal year 1997 appropriation	4,932,000
Fiscal year 1998 budget request	4,932,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 request	0

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

The Committee recommends an appropriation of $4,932,000 for fiscal year 1998, the same as provided in fiscal year 1997 and the same amount as the President's budget request.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Fiscal year 1998 recommendation	$2,506,000
Fiscal year 1997 appropriation	2,436,000
Fiscal year 1998 budget request	3,020,000
Comparison with fiscal year 1997 appropriation	+70,000
Comparison with fiscal year 1998 budget request	−514,000

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

For fiscal year 1998, the Committee has recommended $2,506,000 for the CEQ and OEQ, an increase of $70,000 from the fiscal year 1997 level and a decrease of $514,000 from the budget request.

The Committee is aware of the development of a new American Heritage Rivers initiative, and has several concerns about the development and future implementation of this initiative.

First, while the Administration has publicly stated that this effort will not require new funding or staff, the Committee is concerned that staff from the various federal agencies, including the Department of the Interior and the Department of Agriculture, have been used extensively on this project since the beginning of the year.

Second, the Committee is concerned that discussions have occurred within the agencies about possibly using funds from existing federal programs, which the Congress has not earmarked, specifically for those river segments that will be formally designated by the President. This action would directly contradict and be in violation of Congressional intent.

Finally, concerns have been raised to both the legislative committees of jurisdiction and the Appropriations Committee by both private property rights groups and private citizens about the process by which rivers and/or parts of rivers will be designated. The Committee strongly believes designations should only be made in cases where there is broad community support for the designation. Where opposition arises from either private citizens or local, state or federal officials, no designation should proceed unless and until concerns of opponents can be fully addressed.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF INSPECTOR GENERAL

Pursuant to 31 U.S.C. 1105(a)(25), which requires "a separate appropriation account for appropriations for each Office of Inspector General of an establishment defined under section 11(2) of the Inspector General Act of 1978," fiscal year 1998 is the first year the Committee has received a funding request for the Office of Inspector General (OIG) at the Federal Deposit Insurance Corporation (FDIC). Prior to 1998, the FDIC Inspector General's budgets have been approved by the FDIC's Board of Directors from deposit insurance funds as part of FDIC's annual operating budget that is proposed by the FDIC Chairman.

During confirmation hearings on the current, and first Inspector General of FDIC, questions arose as to whether the existing budget process adequately ensured the independence of the OIG. Subsequent discussions at various levels of the Executive resulted in this fiscal year 1998 request of the Committee for $34,365,000. These funds, which are derived from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund, will provide for 236 full-time equivalent staff positions. The Committee notes that this level is a reduction of some 25 percent from the comparable 1997 level, and is possible due to general reductions within the OIG, completion of much of the carryover work from the former Resolution Trust Corporation, and the prospects for improved financial health of the banking industry.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Fiscal year 1998 recommendation	$1,088,058,000
Fiscal year 1997 appropriation	5,103,556,000
Fiscal year 1998 budget request	838,558,000
Comparison with fiscal year 1997 appropriation	−4,015,498,000
Comparison with fiscal year 1998 budget request	+249,500,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For fiscal year 1998, the Committee recommends $1,088,058,000, which represents a decrease of $4,015,498,000 from the fiscal year 1997 appropriation and an increase of $249,500,000 above the 1998 budget request.

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

DISASTER RELIEF

Fiscal year 1998 recommendation	$500,000,000
Fiscal year 1997 appropriation	4,620,000,000
Fiscal year 1998 budget request	370,000,000
Comparison with fiscal year 1997 appropriation	−4,120,000,000
Comparison with fiscal year 1998 budget request	+130,000,000

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

For fiscal year 1998, the Committee has provided $500,000,000 for disaster relief, a decrease of $4,120,000,000 below the fiscal year 1997 level and an increase of $130,000,000 above the budget request.

As the Committee has noted several times, the responsibilities of the many fine employees of the Federal Emergency Management Agency are among the most important in government. When disaster strikes, oftentimes the first wave if comfort and relief for disaster victims is provided through the disaster relief personnel of FEMA and their state counterparts. The Committee remains a strong supporter of the Agency and commends its Director and its employees for their excellent work under what are quite often very difficult circumstances.

In this light, the Committee is aware of the recent natural disaster that has occurred in the Milwaukee, Waukesha and Ozaukee County areas of Wisconsin, and expects that FEMA will take all actions at its disposal to provide the necessary and appropriate relief to the victims of this disaster event.

There remain, however, certain concerns with the operation of specific FEMA programs. For example, the Committee reaffirms its concern over the amount of time the Agency is taking to resolve claims under section 406 of the Stafford Act for certain public and private non-profit facilities damaged in the Northridge Earthquake in January, 1994. In some cases, recovery efforts appear to be delayed as a result of continuing disputes over the proper building codes and standards to be applied. The Committee wishes to restate that, in the case of public institutions which are subject to building codes and standard that require changes in the pre-disaster construction of a damaged facility, FEMA should recognize such codes and standards for purposes of determining reimbursement under section 406 when such institution has provided sufficient credible evidence that all requirements for recognition of such codes, under the applicable regulations, have been satisfied.

In a similar vein the Committee remains concerned over situations where, after a community disaster assessment is made by FEMA, subsequent policy changes or other internal factors result in reduced reimbursement compared to that which was promised to a community. While larger communities may be able to absorb the loss of such promised funds, such a situation can place the operating budgets of small communities at great risk. This situation is, of course, aggravated further when such reimbursements linger while resolution of the matter bounces between a community, the nearest FEMA office, and headquarters in Washington, D.C. The Committee is aware of several examples of this situation, dating back at least as long as the 1993 coastal fires in Southern California, and directs the Agency to take every step possible to favorably resolve these matters as quickly as possible.

The Committee is aware of the matter involving Santa Marta Hospital's somewhat belated interest in reimbursement and mitigation resulting from the Northridge earthquake. Because Santa Marta Hospital is a vital element to the severely disadvantaged community of East Los Angeles, providing resources to low-income and minority populations that otherwise would have little or no access to primary or acute care, the Committee expects the Agency to give strong consideration to the hospital's request to participate in the Seismic Hazard Mitigation Program for Hospitals.

The Committee is concerned with FEMA's apparent decision to not reimburse the State of California for the costs associated with pumping flood waters collecting behind levees in the same manner as was reimbursed in both 1983 and 1986. Because of the emergency nature and immediate health and safety threats to surrounding communities, the Committee believes that FEMA should recognize agricultural lands as "improved" property and consider them eligible for mitigation assistance.

Finally, the Agency is requested to continue to provide by the last day of each month a report to the Committee which updates the disposition of all ongoing mitigation activities, the amounts necessary to carry out such mitigation, and the remaining unobligated balance of disaster relief funds.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

STATE SHARE LOAN

Fiscal year 1998 recommendation	$1,495,000
Fiscal year 1997 appropriation	1,385,000
Fiscal year 1998 budget request	1,495,000
Comparison with fiscal year 1997 appropriation	+110,000
Comparison with fiscal year 1998 budget request	0

	Limitation on direct loans	Administrative expenses
Fiscal year 1998 recommendation	($25,000,000)	$341,000
Fiscal year 1997 appropriation	(25,000,000)	548,000
Fiscal year 1998 budget request	(25,000,000)	341,000
Comparison with fiscal year 1997 appropriation	(0)	−207,000
Comparison with fiscal year 1998 request	(0)	0

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

For fiscal year 1998, the Committee has provided $1,495,000 for the cost of State Share Loans, the same as the President's request and an increase of $110,000 above the fiscal year 1997 level. In addition, the Committee has provided $25,000,000 for the limitation on direct loans pursuant to Section 319 of the Stafford Act, as well as $341,000 for administrative expenses of the program.

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$171,773,000
Fiscal year 1997 appropriation	170,500,000
Fiscal year 1998 budget request	171,773,000
Comparison with fiscal year 1997 appropriation	+1,273,000
Comparison with fiscal year 1998 budget request	0

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

The bill includes $171,773,000 for salaries and expenses, an increase of $1,273,000 above the fiscal year 1997 level and the same as the budget request.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation	$4,803,000
Fiscal year 1997 appropriation	4,673,000
Fiscal year 1998 budget request	4,803,000
Comparison with fiscal year 1997 appropriation	+130,000
Comparison with fiscal year 1998 budget request	0

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

For fiscal year 1998, the Committee has recommended $4,803,000 for the Office of Inspector General, an increase of $130,000 above the fiscal year 1997 appropriation and the same as the 1998 budget request.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Fiscal year 1998 recommendation	$321,646,000
Fiscal year 1997 appropriation	218,701,000
Fiscal year 1998 budget request	202,146,000
Comparison with fiscal year 1997 appropriation	+102,945,000
Comparison with fiscal year 1998 budget request	+119,500,000

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

A fiscal year appropriation of $321,646,000 has been recommended, an increase of $102,945,000 over the 1997 level and $119,500,000 over the fiscal year 1998 budget request. From within this appropriated level, $500,000 is for the completion of a comprehensive analysis and plan of all evacuation alternatives for the New Orleans metropolitan area, and $5,000,000 is provided for FEMA to continue its replacement and upgrade of equipment and vehicles used during emergency response actions, particularly the Mobile Emergency Response Support (MERS) and Mobile Air Transportable Telecommunications Support (MATTS) equipment. While FEMA has done an exemplary job maintaining and upgrading this equipment when possible, the Committee also realizes it is very heavily used in the most extreme of circumstances, and is oftentimes quickly outmoded due to the advance of technology. An additional $4,000,000 has also been provided for the state and local assistance grant program.

The Committee notes again this year that it shares the views expressed in testimony by FEMA's Director that pre-disaster mitigation is perhaps the most effective method of reducing disaster damages, saving disaster relief expenditures and, most important, preventing loss of life. In this light, the Committee has provided $110,000,000 for pre-disaster mitigation activities, including $50,000,000 as requested in the budget proposal under the Disaster Relief account, and an additional $60,000,000 for phase one planning and construction of a full-scale wind simulation center. The Committee expects that the $50,000,000 requested in the budget proposal will be used to provide pre-disaster mitigation pilot grants in communities throughout the nation. The additional funds proposed for beginning work on a full-scale wind simulation center will provide a necessary component of an effective pre-disaster mitigation program by permitting the full-scale testing of structures under conditions representative of true disaster circumstances. The Committee intends that this program be carried out in conjunction with the Partnership for Natural Disaster Reduction, which brings together industry, academia, and governments to share in the investment, leadership, and coordination of developing proven and cost-effective hazard mitigation measures. It is the Committee's further intent that FEMA work closely with all parties involved in this effort and assure that appropriate financial and in-kind resources from all parties be pledged and, to the greatest extent practicable, integrated throughout the planning, construction and operational phases of the project. The Committee notes that funds provided for planning purposes may include both construction planning and planning associated with the expected research program to be conducted at the simulation center.

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

The Committee is concerned with the current and projected demand for training in the fields of counter-terrorism, firefighting, and other emergency response activities, and therefore directs FEMA to conduct a comprehensive assessment of the need for Federal disaster training facilities. This assessment includes, but is not limited to, a review of existing disaster training programs offered by FEMA and other agencies, an estimate of the number and types of emergency response personnel needed for future response requirements, an estimate of the number and types of emergency response personnel that have sought training but have been unable to receive training because of oversubscription of current training facilities, and a recommendation of the need to provide additional training facilities. The Committee requests the Agency to complete this assessment and provide a summary report to the Committee by February 1, 1998.

Since their inception in 1990, FEMA's Urban Search and Rescue (USAR) teams have been effectively deployed to 14 disasters and to the Atlanta Olympics, and are perhaps best remembered for their around-the-clock, heroic efforts following the bombing of the Murrah Federal Building in Oklahoma City. Despite what has been an exemplary record, there nevertheless have remained critical problems with the operation of the teams which the Committee believes are necessary to resolve before the teams will be fully operational. To assist the Committee in determining the extent of these problems, a professional investigation, which included significant input from the Agency, was conducted earlier this year. The focus of the investigation included the adequacy of equipment and funding and the working agreements among local, state, and federal agencies regarding USAR liability, worker's compensation, and equipment ownership.

Among the important findings of this investigation are:

1. There has never been a needs assessment nor an objective study of the number of teams necessary for an effective and efficient USAR program.

2. Even though the USAR program is based on a tri-party agreement among local, state, and federal entities, FEMA has never defined the costs to maintain the network. Although the teams are available for state disasters, state authorities typically provide little or no funding to the program.

3. FEMA has equipped teams through the use of the Disaster Relief Funds rather than through the normal appropriations process.

4. FEMA does not have clear statutory authority for the USAR program and has not promulgated regulations to manage the teams. Instead, 21 of the 27 teams are operated through Memorandum of Agreements. FEMA has acknowledged several deficiencies with these agreements, including questions of liability coverage, worker's compensation, and ownership of equipment purchased with federal funds.

With regard of these findings, the Committee understands FEMA is currently reviewing the matter and is preparing a thorough response, including suggestions which address specific problems. The Committee would reiterate that it has been and remains a strong supporter of the USAR program and has every intention to work with FEMA to resolve these and any other similar matters that may arise.

EMERGENCY FOOD AND SHELTER PROGRAM

Fiscal year 1998 recommendation	$100,000,000
Fiscal year 1997 appropriation	100,000,000
Fiscal year 1998 budget request	100,000,000
Comparison with fiscal year 1997 appropriation	0
Comparison with fiscal year 1998 budget request	0

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

The Committee has recommended $100,000,000 for the Emergency Food and Shelter Program, the same as the budget request and the fiscal year 1997 funding level. The Committee continues to believe this is a well run and very worthwhile program and acknowledges and appreciates the support and commitment to the program by many religious and charity organizations.

Once again this year, bill language is included which limits administrative costs to 3.5% for fiscal year 1998.

NATIONAL FLOOD INSURANCE FUND

(TRANSFERS OF FUNDS)

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

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

The Committee has included bill language proposed in the budget request for salaries and expenses to administer the fund, not to exceed $21,610,000, and for mitigation activities, not to exceed $78,464,000, including a limitation of $35,000,000 for the repayment of interest as required under Section 1366 of the National Flood Insurance Act of 1968, as amended.

The Committee has also included bill language which will maintain borrowing authority during fiscal year 1998 for the flood insurance program at $1,500,000,000. Similar language for fiscal year 1997 was included in Public Law 104–208.

ADMINISTRATIVE PROVISION

The Committee has once again this year included bill language proposed in the budget request which provides for the assessment and collection of fees in an amount that approximates the amount anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency program during the fiscal year. This amount is estimated to be $12,000,000 in fiscal year 1998.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Fiscal year 1998 recommendation	$2,419,000
Fiscal year 1997 appropriation	2,260,000
Fiscal year 1998 budget request	2,119,000
Comparison with fiscal year 1997 appropriation	+159,000
Comparison with fiscal year 1998 request	+300,000

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

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

The Committee recommends an appropriation of $2,419,000 for fiscal year 1998. This is an increase of $159,000 from the fiscal year 1997 level and an increase of $300,000 to the fiscal year 1998 President's budget request. The Bill also includes a limitation of $7,500,000 on the availability of the revolving fund. Any revenues accruing to this fund during fiscal year 1998 in excess of this amount shall remain in the fund and are not available for expenditure except as authorized in appropriations Acts.

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 Consumers Resource Handbook and organizing the Consumer Resource Exposition. The Committee recommendation includes funding to perform these functions and a provision in the Bill which will allow the CIC to solicit, accept, and deposit gifts to defray the costs of printing, publishing, and distributing consumer information.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

Fiscal year 1998 recommendation	0
Fiscal year 1997 appropriation	$1,500,000
Fiscal year 1998 budget request	1,800,000
Comparison with fiscal year 1997 appropriation	−1,500,000
Comparison with fiscal year 1998 request	−1,800,000

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

The Committee recommends no funding for this activity for fiscal year 1998. The Committee has included language in the Bill allowing for the orderly closure of the Office and transfer of some of its functions to the Consumer Information Center. The Committee's recommendation reflects the position taken by the Congress and the President when the fiscal year 1997 appropriations bill passed the House on September 24, 1996 and the Senate on September 25, 1996 and subsequently signed into law by the President on September 26, 1996.

The Committee recommendation reflects a desire to consolidate offices or agencies, when appropriate, with a goal of reducing the cost of government. While this program does not consume a large amount of money, it is the Committee's philosophy that small steps are important and no opportunity to save should be passed by. The Committee notes that many Departments and Agencies of the Federal government maintain offices which provide information or assistance to consumers, so elimination of this Office and the transfer of some of its functions to the Consumer Information Center is not expected to materially affect the service provided to consumers.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Fiscal year 1998 recommendation	$13,648,000,000
Fiscal year 1997 appropriation	13,709,200,000
Fiscal year 1998 budget request	13,500,000,000
Comparison with fiscal year 1997 appropriation	−61,200,000
Comparison with fiscal year 1998 request	+148,000,000

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

The Committee has recommended a total program level of $13,648,000,000 in fiscal year 1998, which is an increase of $148,000,000 to the budget request and $61,200,000 below the fiscal year 1997 enacted appropriation.

PROPERTY DISPOSITION

The Committee understands that the General Services Administration and the City of Downey, California, are nearing agreement on final terms of the conveyance of Parcels 3, 4, 5, and 6 of the NASA Industrial Plant, Downey, from NASA to the City of Downey, California, pursuant to P.L. 104–204. The Committee remains interested in NASA's plans regarding the disposition of Parcels 1 and 2 at Downey. In recognition of the successful working relationship between the City of Downey and NASA and the ongoing interest of the City in the remaining real property at the NASA Industrial Plant for commercial/industrial use, the Committee wishes to be kept informed of the progress of disposition planning for Parcels 1 and 2. The Committee directs that NASA submit a report concerning the Agency's plans in this regard by August 15, 1997.

TRANSFER AUTHORITY

The Committee understands that available, near-term reserves for the International Space Station have continued to diminish—due to unforseen expenditures required by NASA as a result of the inclusion of Russia in the International Space Station partnership; increased costs as a result of prime contractor performance; directed program changes, of which those worth over $1,000,000,000 have been definitized and approved; an increasing number of identified program "threats"; and peak hardware manufacture, test, and assembly. The Committee understands that the annual cap on Space Station funding has limited the availability of near-term reserves for the significant activity required during peak Station development. In recognition of the limited availability of program reserves for fiscal year 1998 and the importance of maintaining schedule to the maximum extent feasible for First Element Launch during 1998, the Committee has included a provision for transfer authority of up to $150,000,000 from the "Science, Aeronautics and Technology" and "Mission Support" appropriation accounts to the "Human Space Flight" appropriation account for the International

Space Station. It is the intent of the Committee that this authority will be used at the discretion of the Administrator, and subject to the case-by-case approval by the House and Senate Committees on Appropriations, to the extent required for development/construction to maintain the schedule of the Space Station program. Furthermore, it is the intent of the Committee that the Administrator, in implementing such transfer authority, shall provide details to the Committees as to the manner in which transfers from contributing accounts can be accomplished with minimal long-term impact to NASA programs and priorities.

CLAIMS SETTLEMENT

The Committee is concerned that subcontractors performing work under NASA prime contract NAS2–12863 have not been paid and may not be receiving an impartial hearing of their claims. The Committee notes that authority for consideration of claims under 31 U.S.C. 3702 was transferred from GAO to the Office of Management and Budget, with the authority to delegate the functions to such agency or agencies as was deemed appropriate. OMB delegated authority in this case to NASA's Office of General Counsel. It is the concern of the Committee that the Office of General Counsel at NASA is not an impartial party in this issue and should not be the entity which makes a decision on this claim. It is the position of the Committee that the only impartial entity within the NASA organization would be the Inspector General. Therefor, the Committee directs the Inspector General to review the merits of this issue and report back to the Committee in an expeditious manner.

HUMAN SPACE FLIGHT

Fiscal year 1998 recommendation	$5,426,500,000
Fiscal year 1997 appropriation	5,362,900,000
Fiscal year 1998 budget request	5,326,500,000
Comparison with fiscal year 1997 appropriation	+63,600,000
Comparison with fiscal year 1998 request	+100,000,000

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

The Committee recommends a total of $5,426,500,000 for the human space flight account. The recommendation is an increase of $100,000,000 to the President's budget request and $63,000,000 above the fiscal year 1997 enacted appropriation.

RUSSIAN PROGRAM ASSURANCE

The Committee supports the continued funding of a "Russian Program Assurance" budget line in NASA's "Human Space Flight" appropriation to address specific U.S. program requirements resulting from delays on the part of Russia in meeting its commitments to the International Space Station program and uncertainties about future Russian performance. The baseline Space Station program reserve levels were established to protect for U.S. development uncertainty and unforeseen program design changes, not against Russian non-performance. As a result, the Committee agrees that resources for these contingency efforts should be provided outside the planned ISS program funding, and has already endorsed NASA's reallocation of $200,000,000 in fiscal year 1997 for initial contingency steps. The Committee expects the "Russian Program Assurance" funds will be used for the United States to procure necessary hardware, software, and services to continue the assembly sequence and reduce schedule and program impacts should Russia have further problems delivering the Service Module. The Committee has included $100,000,000 in fiscal year 1998 for "Russian Program Assurance" to complete Step One of the contingency effort and to initiate such additional, incremental steps as may be required to allow the United States to move forward on the Space Station in the face of potential further delays in delivery of Russian elements. The Committee recognizes that the funding level for "Russian Program Assurance" in fiscal year 1998 may require adjustment depending upon additional definition of Step One elements, Russia's performance against defined milestones over the coming months, and findings of the Russian General Designers Review scheduled for later this year. The Committee expects to be kept fully and currently informed regarding any contingency actions which NASA proposes to take beyond those outlined in its letter to the Committee dated May 5, 1997.

SCIENCE, AERONAUTICS AND TECHNOLOGY

Fiscal year 1998 recommendation	$5,690,000,000
Fiscal year 1997 appropriation	5,767,100,000
Fiscal year 1998 budget request	5,642,000,000
Comparison with fiscal year 1997 appropriation	−77,100,000
Comparison with fiscal year 1998 request	+48,000,000

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

The Committee recommends $5,690,000,000 for Science, Aeronautics and Technology in fiscal year 1998. The amount recommended is $48,000,000 above the President's budget request and $77,100,000 below the fiscal year 1997 appropriation. The adjustments include $1,000,000 for Multiple Sclerosis cooling therapy research, $450,000 for application of satellite imagery to land use planning, $13,700,000 for commercial technology programs, $6,300,000 for National Space Grant Colleges and Fellowships, $5,500,000 for space radiation health programs, $1,750,000 for space product development, $17,300,000 for various education programs, $1,000,000 for the U.S./Mexico Foundation for Science, and $1,000,000 for miniaturization of eye tracking systems technology.

NEAR EARTH ASTEROID TRACKING

The Near Earth Asteroid Tracking program is one of several programs which NASA funds to catalog, track, and characterize near-earth objects. It is the understanding of the Committee that comparable funding from fiscal year 1997 is expected for fiscal year 1998. At this rate it is estimated to take between 20 and 30 years to detect, catalog, and characterize 90 per cent of the near-earth objects. The Committee is encouraged by these efforts; however, it would like to see NASA accelerate the cataloging process, to the extent funds are available.

MULTIPLE SCLEROSIS COOLING THERAPY RESEARCH

The Committee has included $1,000,000 for a research and demonstration program which is consistent with the NASA and Multiple Sclerosis Association of America memorandum of understanding which calls for a joint effort to further accelerate the application of cool suit technology for multiple sclerosis patients.

SPACE RADIATION HEALTH PROGRAM

The Committee recommends $5,500,000 for NASA's space radiation health program. The increase includes $2,000,000 to enhance development of beam delivery systems at the NASA/Loma Linda University space radiation lab; $1,750,000 for development of an enhanced accelerator control system; and $1,500,000 for neuroscience research.

BION RESEARCH

The Committee endorses NASA's decision not to participate in the Bion 12 primate experiment scheduled for 1998. The minimal amount of funding which was to have been used of this purpose has been left in the space science budget for other higher priority programs.

BIOMEDICAL RESEARCH INSTITUTE

The Committee notes that NASA has selected a consortium to create a National Space Biomedical Research Institute, which will focus on research to support human health in exploration and development of space and coordinate research projects with outside institutions The Institute will help ensure that the country will take full advantage of the research in space to improve the health of people on Earth. The Committee endorses the action of NASA in this matter and looks forward to working with NASA to ensure that the objectives of the Institute are achieved in a cost effective manner.

EYE TRACKING SYSTEMS

Eye tracking technology has many applications which range from public safety to special education. Specific potential applications include tracking and warning airline pilots of fatigue or inattention at the control; warning over-the-road commercial drivers of sleepiness or slow response times; alerting air traffic controllers to inattention to specific blips on their radar screens; and diagnosing children's reading problems and other special education needs. Present eye tracking systems use available off-the-shelf components, which include a general purpose computer, image digitizing hardware, and a conventional video camera. The only drawback to this promising system is its size. Therefore, the Committee recommends $1,000,000 in fiscal year 1998 to design and develop new components, to produce a miniaturized camera/gimbal system, packaged with a micro processor and digitizing card to reduce the size of the system to enable its use in both mobile and stationary conditions.

U.S./MEXICO FOUNDATION FOR SCIENCE

The Committee recommends $1,000,000 for the U.S./Mexico Foundation for Science which has a goal of improving U.S. and Mexican scientific and technological cooperation.

APPLICATION OF SATELLITE IMAGERY FOR LOCAL GOVERNMENT USE

The Committee recommends an increase of $450,000 to Mission to Planet Earth for implementation of a collaborative effort between NASA and Cayuga County, New York regarding the use of satellite imagery in urban planning and agricultural applications. NASA has established similar efforts (Regional Validation Centers) in various sections of the country which have been used to develop practical benefits in such fields as agriculture, wetlands inventory, environmental resource management, and public safety. It is expected that the Cayuga County government will enter into a relationship with a commercial partner and a strong educational institution to develop a product which will be beneficial to both the local population and NASA.

UPPER-OCEAN PHYSICAL AND BIOLOGICAL STRUCTURES

The Committee strongly encourages NASA, through its research activities related to Mission to Planet Earth, to focus on global climate change issues that will add to our understanding of upper-ocean physical and biological structures. An institute for oceanic seasonal variability studies could undertake this important work and provide practical and useful information from oceanographers and meteorologists knowledgeable about El Nino Southern Oscillation that can lead to substantial savings for government and the private sector.

COMMERCIAL TECHNOLOGY

The Committee recommends an increase of $5,800,000 for Commercial Technology Programs. The increase will result in total funding in fiscal year 1998 of $25,800,000 which is the level at which this program was funded in fiscal year 1997. In addition to the above amount, the Committee recommends $6,000,000 for telecommunications technology infrastructure for K–12 schools, and $1,900,000 for the National Technology Transfer Center. Finally, the Committee recommends $1,750,000 for a pilot initiative between the NASA Midwest Regional Technology Transfer Center and NASA Lewis Research Center to engage small and minority businesses with selected Commercial Space Centers. The objective of this pilot initiative is to broaden the benefits of the Commercial Space Centers to small and minority businesses.

COMMERCIAL AND GENERAL AVIATION

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

SPACE COMMERCIAL COMMUNICATIONS

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

JOHNSON SPACE OPERATIONS AND MANAGEMENT OFFICE

The Committee is supportive of NASA's search and rescue technology research efforts through its Small Business Innovative Research program and further understands NASA is considering increasing its commitment to search and rescue efforts in its fiscal year 1999 request. The Committee encourages NASA to increase its efforts in fiscal year 1998, to the extent funds are available.

ACADEMIC PROGRAMS

The Committee recommends $120,000,000 for Academic Programs in fiscal year 1998, a decrease of $400,000 from the fiscal year 1997 appropriation and $23,600,000 more than the President's budget request.

The Committee strongly supports NASA educational programs, which expand opportunities and enhance diversity in the NASA sponsored research and education community. A portion of the increased funding provided by the Committee for academic programs in fiscal year 1998 is to be used to achieve a balance between the proportion of NASA funding received by minority institutions of higher education and other institutions of higher education.

Of the additional funding provided, $3,300,000 is provided for replication of the Science, Engineering, Mathematics, and Aeronautics Academy program in Washington, D.C. and Chicago as well as other locations near NASA aeronautics centers and to expand support for programs in Cleveland, Dayton, and Detroit.

The Committee also recommends $9,000,000 for continuation and expansion of the Partnership Awards program which was established in fiscal year 1997. Of this amount $4,500,000 is to be used for this program at historically black colleges and universities and $4,500,000 is for use at other minority universities.

The Committee recommends $5,000,000 for other education programs with an emphasis on K–12 education in science. The Committee commends NASA for the innovation it has shown in creating educational programs utilizing both conventional and unconventional methods and encourages NASA to continue working with education and science centers to reach a broad spectrum of children to stimulate and further their interest in science and space.

The Committee recognizes the value of the National Space Grant College and Fellowship program in helping the nation's schools, colleges, and universities prepare young people for careers in aerospace-related, high technology fields. However, the Committee is concerned that funding for this important program has been decreasing for many years. The Committee is interested in reversing this trend and has provided an additional $6,300,000 for the program, resulting in a total appropriation in fiscal year 1998 of $19,600,000. The additional funds include $3,500,000 to restore funding to the fiscal year 1990 level adjusted for inflation and $2,800,000 to raise qualified state consortia to the Phase I funding level.

MISSION SUPPORT

Fiscal year 1998 recommendation	$2,513,200,000
Fiscal year 1997 appropriation	2,562,200,000
Fiscal year 1998 budget request	2,513,200,000
Comparison with fiscal year 1997 appropriation	−49,000,000
Comparison with fiscal year 1997 request	0

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

The Committee recommends a total of $2,513,200,000 for the mission support account. The recommended amount is the same as the budget request and $49,000,000 below the fiscal year 1997 appropriation.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation	$18,300,000
Fiscal year 1997 appropriation	17,000,000
Fiscal year 1998 budget request	18,300,000
Comparison with fiscal year 1997 appropriation	+1,300,000
Comparison with fiscal year 1998 request	0

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

The Committee recommends $18,300,000 for the Office of the Inspector General in fiscal year 1998, the same amount as requested in the President's budget. The funding provided is $1,300,000 above the amount provided in fiscal year 1997.

National Credit Union Administration

CENTRAL LIQUIDITY FACILITY

	Limitation of direct loans	Administrative expenses
Fiscal year 1998 recommendation	$600,000,000	$203,000
Fiscal year 1997 appropriation	600,000,000	560,000

	Limitation of direct loans	Administrative expenses
Fiscal year 1998 budget request	600,000,000	203,000
Comparison with 1997 appropriation	0	−357,000
Comparison with 1998 request	0	0

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

The Committee recommends the requested limitations of $600,000,000 on new loans and $203,000 on administrative expenses.

NATIONAL SCIENCE FOUNDATION

Fiscal year 1998 recommendation	$3,487,000,000
Fiscal year 1997 appropriation	3,270,000,000
Fiscal year 1998 budget request	3,367,000,000
Comparison with fiscal year 1997 appropriation	+217,000,000
Comparison with fiscal year 1998 request	+120,000,000

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

The Committee recommends a total of $3,487,000,000 for fiscal year 1998. The amount recommended is $217,000,000 above the fiscal year 1997 appropriation and $120,000,000 above the President's budget request.

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

RESEARCH AND RELATED ACTIVITIES

Fiscal year 1998 recommendation	$2,537,700,000
Fiscal year 1997 appropriation	2,432,000,000
Fiscal year 1998 budget request	2,514,700,000
Comparison with fiscal year 1997 appropriation	+105,700,000
Comparison with fiscal year 1998 request	+23,000,000

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

The Committee recommends a total of $2,537,700,000 for Research and Related Activities in fiscal year 1997, an increase of $23,000,000 to the budget request. The increased funding is to be used only for the programs identified below.

KNOWLEDGE AND DISTRIBUTED INTELLIGENCE

Knowledge and distributed intelligence (KDI) is a major Foundation-wide research and education initiative that could have a profound impact on the research and education enterprise in this country by dramatically improving access to and organization of scientific, technical, and educational information and data. Inherent in this initiative is the expectation that high speed data communications and networking will continue to move forward so that data and information become more readily available to researchers and educators regardless of their geographic location. The Committee strongly supports the Foundation's role in interagency efforts to enhance development of very high speed networking systems as well as the KDI initiative.

The Committee notes that KDI, and the collaborative potential it represents, could revolutionize the way we communicate and educate ourselves, and create entirely new areas of economic growth and individual opportunity. The manner in which KDI is expected to promote interaction among behavioral, social, physical, and computer scientists and engineers is of particular interest to the Committee as it encourages the Foundation to continue developing innovations which all of society can appreciate.

NEXT GENERATION INTERNET

The Committee has included a total of $23,000,000 for the National Science Foundation's effort associated with development of the Next Generation Internet. The funding provided is an increase of $13,000,000 to the budget request for this item. The Committee action is in recognition of recent changes in this multi-agency effort and is consistent with how the program will be executed during fiscal year 1998.

INTERNET REGISTRATION

The Committee is aware that the Foundation has a cooperative agreement with a company to provide internet domain name registration services and to collect fees to recover the cost of such registration. The fees collected in this process, to the extent they are in excess of costs, are to be placed in a fund to support internet research. The Committee expects to be fully informed as to the

Foundation's plans for the disposition of this fund prior to any final actions.

SUPERCOMPUTER CENTERS

In late March of 1997 the National Science Board met to evaluate proposals for Partnerships for Advanced Computational Infrastructure. At that meeting two partnerships were selected and two other partnership proposals, with two existing supercomputer centers as lead, were not selected. The Board took the further action at that time of providing for phase-out of the two centers over a period of up to two years. This action was taken in recognition of the substantial investments made by the United States in those two centers, and to keep those resources available to the user community during a period of transition to the new partnership structure. The Committee does not disagree with the decision of the Board to begin the new partnerships, but the Committee is concerned that inadequate funding is allocated for phase-out of the two centers which were not selected to lead new partnerships. Accordingly, the Committee has provided an additional $5,000,000 to be used only for the orderly phase-out of operations.

WORLD CONGRESS ON INFORMATION TECHNOLOGY

The committee is supportive of the upcoming World Congress on Information Technology. Should the Foundation receive a proposal requesting support for this endeavor, the Committee urges the Foundation to give it consideration consistent with established program guidelines and evaluation procedures.

U.S./MEXICO FOUNDATION FOR SCIENCE

The Committee recommends $1,000,000 for the U.S./Mexico Foundation for Science which has a goal of improving U.S. and Mexican scientific and technological cooperation.

NATIONAL HIGH MAGNETIC FIELD LABORATORY

The Committee notes the accomplishments of the National High Magnetic Field Laboratory and its innovative collaborations with private businesses. However, the Committee recognizes that other countries are making strides for world leadership in the nuclear magnetic resonance field. The chemical, biological, and materials advances that could result from such an initiative could have major commercial and economic benefits. The Committee therefor directs the National Science Foundation to review and evaluate recent foreign initiatives in nuclear resonance; develop, in cooperation with the Office of Science and Technology Policy and other agencies, appropriate federal responses to these initiatives, with particular attention to instrumentation and interagency cooperation; and report its findings to the Committee by February 1, 1998.

The Committee is aware that the Foundation recently extended their support for the Laboratory for an additional five years and increased the level of support substantially. However, the Foundation was unable to fund the research areas related to structural biology and aspects of magnetic resonance. The Committee encourages the Foundation to work with the Laboratory, its partner, and new collaborators such as the University of Miami, to more effectively explore the applications of this important technology through an interagency, financial, collaborative agreement with the National Institutes of Health. The Committee requests that the Foundation report on progress made in assisting the Laboratory and the National Institutes of Health to work together as partners.

OCEAN SCIENCES

The Committee notes the worldwide interest in ocean sciences to meet the global challenges related to global climate change, biodiversity, world ecological balance, as well as many other national and international science objectives. The Committee is aware that ocean research continues to be an underpinning of U.S. economic expansion, national security, and world scientific leadership. The Committee believes that ocean sciences should be a priority for the Nation and deserves appropriate funding to address these challenges within the agencies which have fiduciary and oversight responsibilities for research.

NATIONAL INSTITUTE FOR THE ENVIRONMENT

The Committee has been impressed by the proposal for a nonregulatory National Institute for the Environment with a mission to improve the scientific basis for making decisions on environmental issues. The Committee is very interested in the idea of establishing an institute that provides a major role for stakeholders in defining questions needing scientific attention and which funds ongoing knowledge assessments, extramural research, on-line information dissemination, and education and training through a competitive peer reviewed process. The National Science Foundation has the authority to advance such an Institute. Therefore, the Committee directs the Foundation to study how it would establish and operate such an institute, including the potential cost of such an institute, and report to the Committee by April 1, 1998.

GEMINI TELESCOPE PROGRAM

The Committee recommendation includes $4,000,000 for the U.S. share of technical enhancements approved for the Gemini telescopes currently under construction in Hawaii and Chile. The Committee continues to be pleased with the excellent performance of the project team. After more than five years, the project remains on schedule and virtually within the original budget estimate of $176,000,000. Given the requirement to work with a variety of national and cultural backgrounds, this represents a significant achievement and should serve as a model for future international cooperative program.

RESEARCH SUPPORT

The Committee supports the Foundation's efforts in North Greenland and urges the cost effective use of research support/capabilities currently available from existing entities, including nonprofit wildlife research organizations with ongoing projects in the area.

MAJOR RESEARCH EQUIPMENT

Fiscal year 1998 recommendation	$175,000,000
Fiscal year 1997 appropriation	80,000,000
Fiscal year 1998 budget request	85,000,000
Comparison with fiscal year 1997 appropriation	+95,000,000
Comparison with fiscal year 1998 request	+90,000,000

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

The Committee recommends a total of $175,000,000 for the major research equipment account for fiscal year 1998. This level reflects $26,000,000 for construction of the Laser Interferometer Gravitational Wave Observatory (LIGO), $25,000,000 for the Polar Cap Observatory, $9,000,000 for the Millimeter Array, and $115,000,000 for maintenance and construction of facilities in Antarctica.

The Committee recommendation for LIGO, Polar Cap Observatory, and the Millimeter Array is the same as requested in the President's budget request.

U.S. ANTARCTIC PROGRAM

The National Science Foundation established the U.S. Antarctic Program External Panel in 1996 and gave the Panel the task of examining the Antarctic Program from both a scientific as well as a facilities point of view. The Panel completed its work in early 1997 and issued its final report in April. The conclusions of the Panel include the following:

1. The geopolitical importance assigned to a permanent U.S. presence in Antarctica, particularly the South Pole, appears fully warranted.
2. The research being performed in Antarctica is comparable in its high quality and relevance to that being supported elsewhere by the Foundation.
3. The Antarctic program is well managed.
4. Impressive cost-reductions have been taken in recent years and further opportunities exist for additional savings.
5. Further life-extension efforts devoted to the existing South Pole facility are neither cost effective nor conducive to the effective operation of a remote station.
6. Communications to and from Antarctica, and especially the South Pole, are dated and tenuous and require improvement to meet standards of a modern research facility.
7. Joint ownership of core facilities does not appear to be in the best interest of the U.S. role in promoting political stability.
8. The quality of many U.S. facilities in Antarctica, and particularly at the South Pole is not in keeping with the standard reasonably expected and the facilities are becoming increasingly unsafe.

The Panel's principal conclusion is "* * * that the South Pole Station needs to be replaced soon for economic, safety and operational reasons and the modest upgrades are needed at Palmer and McMurdo Stations.

After reviewing the report of the Panel, the Committee endorses the conclusions reached by the Panel and agrees with its principal recommendations. The Committee appreciates the time and effort expended by the members of the Panel and places great value on their expertise and recommendations. However, the Committee believes that full funding of the South Pole Station replacement and other improvements in Antarctica, rather than incremental funding as proposed by the Panel, could lead to more efficient management of the refurbishment efforts. The Committee has therefor recommended providing $115,000,000 in fiscal year 1998 for construction and refurbishment of facilities in Antarctica. When combined with program savings from logistics operations over the next five years, this amount will result in total funding of $145,000,000 available for the "optimized" South Pole Station and infrastructure improvements at McMurdo and Palmer Stations. The Committee directs the Foundation to highlight logistics savings when they are expected to materialize so that future funding for the refurbishment can be traced to those savings.

EDUCATION AND HUMAN RESOURCES

Fiscal year 1998 recommendation	$632,500,000
Fiscal year 1997 appropriation	619,000,000
Fiscal year 1998 budget request	625,500,000
Comparison with fiscal year 1997 appropriation	+13,500,000
Comparison with fiscal year 1998 request	+7,000,000

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

For fiscal year 1998, the Committee recommends $632,500,000, an increase of $7,000,000 to the President's budget request and $13,500,000 above the fiscal year 1997 appropriation.

SYSTEMIC INITIATIVE

The National Science Foundation has made considerable progress with its state, urban, and rural systemic initiatives designed to promote reform of K–12 math and science education. Early results show significant math and science student achievements in NSF funded sites. The Committee believes each program should be sustained as appropriate and in particular, the Urban Systemic Initiative should be fully funded in fiscal year 1998. The funding level for this initiative should take into consideration its role in the recently announced excellent performance of U.S. students in 4th grade math and science.

ALLIANCE FOR MINORITY PARTICIPATION AND SUMMER SCIENCE CAMPS

The Committee notes the national model which the Alliance for Minority Participation program has become for producing minority scientists and engineers. This very important national initiative should be sustained, as well as the K–12 programs that serve as feeders to it. One such program, the summer science camp program, serves as a stimulant for interest in math and science and is the foundation for future interest in these subject areas.

ADVANCED TECHNOLOGICAL EDUCATION PROGRAM

Although only established within the past few years, the Advanced Technological Education (ATE) program is viewed as crucial to ensuring a highly competent technical workforce. The Committee is pleased that the Foundation has forged effective partnerships with the relevant, local scientific and technical business sector to further expand the scope and significance of the program. The Committee encourages continued growth of this important activity. In order to foster this growth, the Committee has provided an additional $2,000,000 for the program in fiscal year 1998.

Over the next ten years, it is forecast that the demand for technically skilled transportation workers will increase significantly. The Committee commends the National Science Foundation for its success to date with the ATE program, and it believes that NSF, through the ATE program can help the Nation develop a more technically competent, highly skilled transportation workforce. The Committee recognizes that NSF solicits ATE proposals from all areas of science and engineering and that the transportation area is one field, among many, in which proposals are submitted and awards are made. Nonetheless, the Committee directs NSF to work with the Department of Transportation to identify opportunities for possible ATE and other collaborative activities that can enhance technician training and education in the transportation field.

TEACHER PREPARATION

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

TECHNOLOGY EDUCATION

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

DOCTORATE SCIENCE AND ENGINEERING DEGREES

The Committee remains concerned about the low number of doctorate science and engineering degree recipients from under-represented minority populations. To address this critical science and engineering human resource issue, the Committee directs the Foundation to develop a comprehensive plan for graduate education of under-represented minorities. While the report of this plan should be provided to the Committee by February 1, 1998, $5,000,000 is provided for the initiation of an effort designed to improve the production of science and engineering doctorates drawn from these under-represented groups.

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$136,950,000
Fiscal year 1997 appropriation	134,310,000
Fiscal year 1998 budget request	136,950,000
Comparison with fiscal year 1997 appropriation	+2,640,000
Comparison with fiscal year 1998 request	0

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

The Committee recommends an appropriation of $136,950,000 for salaries and expenses and headquarters relocation in fiscal year 1998, the same as the President's budget request. The amount provided is $2,640,000 above the fiscal year 1997 appropriation.

OFFICE OF INSPECTOR GENERAL

Fiscal year 1998 recommendation	$4,850,000
Fiscal year 1997 appropriation	4,690,000
Fiscal year 1998 budget request	4,850,000
Comparison with fiscal year 1997 appropriation	+160,000
Comparison with fiscal year 1998 request	0

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

For fiscal year 1998, the Committee has recommended $4,850,000 for the Office of Inspector General. This amount is $160,000 above the fiscal year 1997 level and is the same as the President's budget request.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Fiscal year 1998 recommendation	$70,000,000
Fiscal year 1997 appropriation	49,900,000
Fiscal year 1998 budget request	50,000,000
Comparison with fiscal year 1997 appropriation	+20,100,000
Comparison with fiscal year 1998 budget request	+20,000,000

The Neighborhood Reinvestment Corporation, established by title VI of Public Law 95–557 in October 1978, is committed to promoting reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government. This is primarily accomplished by assisting community-based partnerships (NeighborWorks organizations) in a range of local revitalization efforts. Increases in home ownership among lower-income families is a key revitalization tool. Neighborhood

Housing Services of America (NHSA) supports lending activities of the NeighborWorks organizations through a national secondary market that leveraged over $420,000,000 last year in private sector investment.

The Committee recommends an appropriation of $70,000,000 for fiscal year 1998, an increase of $20,100,000 above the fiscal year 1997 level, and an increase of $20,000,000 above the budget request.

Selective Service System

SALARIES AND EXPENSES

Fiscal year 1998 recommendation	$23,413,000
Fiscal year 1997 appropriation	22,930,000
Fiscal year 1998 budget request	23,919,000
Comparison with fiscal year 1997 appropriation	+483,000
Comparison with fiscal year 1998 budget request	−506,000

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

The Committee notes that in November 1994, the Department of Defense provided the National Security Council and the Director of the Selective Service updated and revalidated scenarios, mobilization requirements, and timeframes of personnel needs. Reflecting realistic, post-Cold War thinking, these new requirements of the Department of Defense would require the Selective Service to deliver untrained registrants within 199 days of a declared event—up from 13 days—and would require the delivery of health care personnel in 222 days, up from just 42 days. Under this scenario, such a declared event would be a major military event with a major world power.

For fiscal year 1998, the Committee has provided $23,413,000, an increase of $483,000 above the fiscal year 1997 level and a decrease of $506,000 below the budget request. The Committee has provided the increase to accommodate necessary payroll requirements and to provide needed equipment and supplies. The Committee has not, however, provided any funding for the "Service to America" initiative requested in the budget submission. The Committee is not convinced that this expenditure is appropriate at this time. Moreover, there is significant concern that the federal agencies benefiting from this initiative are apparently not willing to compensate the Selective Service for its efforts. Therefore, the Committee directs that none of the funds provided herein be used in any way for or on behalf of this initiative.

TITLE IV

GENERAL PROVISIONS

The Committee recommends that twenty-one general provisions carried in the fiscal year 1997 Appropriations Act be continued in fiscal year 1998.

HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

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

CONSTITUTIONAL AUTHORITY

Clause 2(l)(4) of rule XI of the Rules of the House of Representatives states that: "Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution."

The Committee on Appropriations bases its authority to report this legislation from clause 7 of section 9 of article I of the Constitution of the United States of America which states: "No money shall be drawn from the Treasury but in consequence of Appropriations made by law * * *"

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

RESCISSION OF FUNDS

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

The Committee recommends a rescission of $565,000,000 under the annual contributions for assisted housing program in the Department of Housing and Urban Development.

The Committee recommends a rescission of $6,000,000 under the supportive housing program in the Department of Housing and Urban Development.

The Committee recommends a rescission of $4,000,000 under the shelter plus care program in the Department of Housing and Urban Development.

The Committee recommends a rescission of $125,000,000 under the rental housing assistance program in the Department of Housing and Urban Development.

TRANSFER OF FUNDS

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

The Committee has included language under the Department of Veterans Affairs transferring not to exceed $26,380,000 from compensation and pensions to general operating expenses and medical care. These funds are for the administrative costs of implementing cost-saving proposals required by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. Language is also included permitting necessary sums to be transferred to the medical facilities revolving fund to augment funding of medical centers for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992.

The Committee recommends transferring the following amounts to the VA's general operating expenses appropriation pursuant to the Federal Credit Reform Act of 1990: the veterans housing benefit program fund program account ($160,437,000), the education loan fund program account ($200,000), the vocational rehabilitation loans program account ($388,000), and the Native American veteran housing loan program account ($515,000). In addition, the bill provides for transfers of $7,000 for program costs and $54,000 for the administrative expenses of the national homes program from the general post fund.

The Committee has included language under the Department of Veterans Affairs which would transfer funds ($604,000,000) from the medical collections fund to medical care.

The Committee recommends providing authority under administrative provisions for the Department of Veterans Affairs for any funds appropriated in 1998 for compensation and pensions, readjustment benefits, and veterans insurance and indemnities to be transferred between those three accounts. This will provide the Department of Veterans Affairs flexibility in administering its entitlement programs. Language is also included permitting the funds from three life insurance funds to be transferred to general operating expenses for the costs of administering such programs.

The Committee has included language under the Department of Housing and Urban Development transferring all balances in the preserving existing housing investment account for preservation activities to the annual contributions for assisted housing account.

The Committee recommends a provision under the Department of Housing and Urban Development which transfers all balances as of the end of fiscal year 1997 from various accounts into the Public Housing Capital Fund account.

The Committee has included language under the Department of Housing and Urban Development transferring public housing operating subsidies to the public housing operating fund.

The Committee recommends a transfer of $10,000,000 from Drug Elimination Grants for Low-Income Housing to the Office of Inspector General for Operation Safe Home.

The Committee recommends language under the Department of Housing and Urban Development transferring balances for Indian housing programs under annual contributions for assisted housing, development of additional new subsidized housing, preserving existing housing development, HOME investment partnerships program, emergency shelter grants program and homeless assistance funds to the native American housing block grants account.

The Committee recommends language under the Department of Housing and Urban Development transferring balances for elderly and disabled housing programs in annual contributions for assisted housing and development of additional new subsidized housing to housing for special programs.

The Committee has included language under the Department of Housing and Urban Development transferring all uncommitted prior balances of excess rental charges and all collections made during fiscal year 1998 to the flexible subsidy fund.

The Committee has included language transferring $1,000,000 of funds appropriated for administrative expenses to carry out the section 108 loan guarantee program to the departmental salaries and expenses account.

The Committee recommends transferring a total of $544,443,000 from the various funds of the Federal Housing Administration (not to exceed $326,309,000 from the FHA-mutual mortgage insurance program account, $218,134,000 from the FHA-general and special risk program account), and $1,000,000 from community development block grants to salaries and expenses of the Department of Housing and Urban Development.

The Committee has included language transferring a total of $11,283,000 from the various funds of the Federal Housing Administration (not to exceed $7,112,000 from the FHA-mutual mortgage insurance program account, $4,171,000 from the FHA-general and special risk program account), and $10,000,000 from drug elimination grants for low-income housing to the Office of Inspector General.

The Committee has included language transferring $9,383,000 from the Government National Mortgage Association's guarantees of mortgage-backed securities loan guarantee program account to HUD's salaries and expenses account.

The Committee recommends language allowing a transfer of $16,312,000 from the federal housing enterprise oversight fund to the office of federal housing enterprise oversight account.

The Committee has included language under the Corporation for National and Community Service account which transfers not more than $69,000,000 to the National Service Trust account.

The Committee has included language under the Environmental Protection Agency transferring $35,000,000 from science and technology to the National Institute of Environmental Health Sciences.

The Committee has included language under the Environmental Protection Agency transferring funds from the hazardous substance superfund trust fund ($11,641,000) to the Office of Inspector General. In addition, $35,000,000 is transferred from the hazardous substance superfund trust fund to the science and technology account.

The Committee has included language under the Environmental Protection Agency transferring $60,000,000 from the leaking underground storage tank trust fund to the leaking underground storage program.

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

The Committee has included language under the Federal Deposit Insurance Corporation transferring up to $34,365,000 from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund to the Office of Inspector General.

The Committee has included language under the Federal Emergency Management Agency transferring up to $20,000,000 from the National Flood Insurance Fund to the National Flood Mitigation Fund.

The Committee has included language under the National Aeronautics and Space Administration transferring up to $150,000,000 from science, aeronautics and technology and mission support to human space flight.

COMPLIANCE WITH RULE XIII, CLAUSE 3

(RAMSEYER)

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

Section 403(c) of The Balanced Budget Downpayment Act, I is amended as follows:

(c) DELAY IN REISSUANCE OF VOUCHERS AND CERTIFICATES.—Notwithstanding any other provision of law, a public housing agency administering certificate or voucher assistance provided under subsection (b) or (o) of section 8 of the United States Housing Act of 1937, as amended, shall delay for 3 months, the use of any amounts of such assistance (or the certificate or voucher representing assistance amounts) made available by the termination during 【fiscal years 1996 and 1997】 *fiscal years 1996, 1997, and 1998* of such assistance on behalf of any family for any reason, but not later than October 1, 1996 for assistance made available during fiscal year 1996 and October 1, 1997 for assistance made available during fiscal year 1997 *and October 1, 1998 for assistance made available during fiscal year 1998*; 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.

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

(2)(A) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established in the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula. However, where the maximum monthly rent, for a unit in a new construction, substantial rehabilitation, or moderate rehabilitation project, to be adjusted using an annual adjustment factor exceeds the fair market rental for an existing dwelling unit in the market area, the Secretary shall adjust the rent only to the extent that the owner demonstrates that the adjusted rent would not exceed the rent for an unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary. The immediately foregoing sentence shall be effective only during fiscal year 1995, fiscal year 1996 prior to April 26, 1996, and 【fiscal year 1997】 *fiscal years 1997 and 1998.* Except for assistance under the certificate program, for any unit occupied by the same family at the time of the last annual rental adjustment, where the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor and where the rent for a unit is otherwise eligible for an adjustment based on the full amount of the factor, 0.01 shall be subtracted from the amount of the factor, except that the factor shall not be reduced to less than 1.0. In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area. The immediately foregoing two sentences shall be effective only during fiscal year 1995, fiscal year 1996 prior to April 26, 1996, and ⟦fiscal year 1997⟧ *fiscal years 1997 and 1998. In establishing annual adjustment factors for units in new construction and substantial rehabilitation projects, the Secretary shall take into account the fact that debt service is a fixed expense. The immediately foregoing sentence shall be effective only during fiscal year 1998.*

Section 402(a) of the Balanced Budget Downpayment Act, I is to be amended as follows:

PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS, AND PREFERENCES

SEC. 402. (a) MINIMUM RENTS.—Notwithstanding sections 3(a) and 8(o)(2) of the United States Housing Act of 1937, as amended, or section 206(d) of the Housing and Urban-Rural Recovery Act of 1983 (including section 206(d)(5) of such Act), and subsection (f) of this section, effective for fiscal year 1997 and *fiscal year 1998*—

(1) public housing agencies shall require each family who is assisted under the certificate or moderate rehabilitation program under section 8 of such Act to pay a minimum monthly rent of up to $50;

(2) public housing agencies shall reduce the monthly assistance payment on behalf of each family who is assisted under the voucher program under section 8 of such Act so that the family pays a minimum monthly rent of up to $50;

(3) with respect to housing assisted under other programs for rental assistance under section 8 of such Act, the Secretary shall require each family who is assisted under such program to pay a minimum monthly rent of up to $50; and

(4) public housing agencies shall require each family who is assisted under the public housing program (including public housing for Indian families) of such Act to pay a minimum monthly rent of up to $50.

Section 217(b)(3) of the Cranston-Gonzalez National Affordable Housing Act is to be amended as follows:

(3) MINIMUM LOCAL ALLOCATION.—The Secretary shall allocate funds available for formula allocation to units of general local government that, as of the end of the previous fiscal year, qualified as metropolitan cities, urban counties, and consortia approved by the Secretary in accordance with section 216(2) so that, when all such funds are initially allocated by formula, ⟦only those jurisdictions that are allocated an amount of $500,000 or greater shall receive an allocation⟧ *jurisdictions that are allocated an amount of $500,000 or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) that are allocated an amount less than $500,000, shall receive an allocation.*

Prior to announcing initial allocations, the Secretary shall successively recalculate the allocations to jurisdictions under this subsection so that the maximum number of such jurisdictions can receive initial allocations, except as provided in paragraph (4).

Language included under Environmental Protection Agency, Working Capital Fund in Public Law 104–204 is amended as follows:

There is hereby established in the Treasury a 【franchise fund pilot to be known as the】 "Working capital fund", 【as authorized by section 403 of Public Law 103–356,】 to be available 【as provided in such section】 *without fiscal year limitation* for expenses and equipment necessary for the maintenance and operation of such administrative services as the Administrator determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize such fund: *Provided further*, That such fund shall be paid in advance from funds available to the Agency and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Administrator: *Provided further,* That such fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed four percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Agency financial management, ADP, and other support systems: *Provided further*, That no later than thirty days after the end of each fiscal year amounts in excess of this reserve limitation shall be transferred to the Treasury 【: *Provided further,* That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103–356】.

Section 1309(a)(2) of the National Flood Insurance Act, as amended by Division A, Title VI, Chapter 6 of Public Law 104–208, is amended as follows:

(a) All authority which was vested in the Director by virtue of section 2414(e) of this title (pertaining to the issue of notes or other obligations to the Secretary of the Treasury), as amended by subsections (a) and (b) of section 1303 of this Act, shall be available to the Director for the purpose of carrying out the flood insurance program under this chapter; except that the total amount of notes and obligations which may be issued by the Director pursuant to such authority: (1) without the approval of the President, may not exceed $500,000,000, and (2) with the approval of the President, may not exceed $1,500,000,000 through September 30, 【1997】 *1998,* and $1,000,000,000 thereafter. The Director shall report to the Committee on Banking, Finance, and Urban Affairs of the

House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at any time when he requests the approval of the President in accordance with the preceding sentence.

CHANGES IN THE APPLICATION OF EXISTING LAW

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

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

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

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

Sections 401 through 421 of title IV of the bill, all of which are carried in the fiscal year 1997 Appropriations Act, are general provisions which place limitations or restrictions on the use of funds in the bill and which might, under certain circumstances, be construed as changing the application of existing law.

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

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

Language is included under the Department of Veterans Affairs, medical care, earmarking and delaying the availability of certain equipment and land and structures funds, and earmarking funds for a study of the cost effectiveness of contracting with local hospitals in East Central Florida for non-emergent inpatient health care. Language is also included which provides for the availability of funds collected as a result of enactment of additional legislation.

Language is included under the Department of Veterans Affairs, medical and prosthetic research, earmarking funds for medical research relating to Persian Gulf War illnesses.

Language is included under the Department of Veterans Affairs, general operating expenses, providing for the reimbursement to the Department of Defense for the costs of overseas employee mail. This language has been carried previously and permits free mailing privileges for VA personnel stationed in the Philippines. Language is included which permits this appropriation to be used for administration of the Service Members Occupational Conversion and Training Act in 1998, and prohibits relocating certain loan guaranty functions from the St. Petersburg Regional Office.

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

Language is included under the Department of Veterans Affairs, construction, minor projects, providing that obligated balances of previous appropriations may be used for any project with an estimated cost of less than $4,000,000, allowing the use of funds for program costs, and making funds available for damage caused by natural disasters.

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

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

Language is included under the Department of Housing and Urban Development, public and Indian housing certificate fund, which provides the Secretary authority to waive law with respect to housing vouchers and limits the use of funds for specific housing activities.

Language is included under the Department of Housing and Urban Development, annual contributions for assisted housing, rescinding funds and transferring remaining balances in the preservation account into this account.

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

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

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

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

Language is included under Department of Housing and Urban Development, Native American housing block grants program, which transfers prior balances from other programs for use in a new account.

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

Language is included under Department of Housing and Urban Development, home investment partnerships program, which earmarks funds for a counseling program and for a demonstration allowing qualified CDFIs to purchase nonconforming loans from conventional home mortgage lenders.

Language is included under Department of Housing and Urban Development, housing for special populations: elderly and disabled, which earmarks funds for tenant-based rental assistance for the disabled, which permits waivers of certain program provisions under the disabled and elderly programs, and transfers prior year balances for use in a new account.

Language is included under Department of Housing and Urban Development, rental housing assistance, which reduces the uncommitted balances of previous provided authority by not more than $7,350,000.

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

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

Language is included under Department of Housing and Urban Development, fair housing and equal opportunity, which places restrictions on the use of funds for lobbying activities.

Language is included under Department of Housing and Urban Development, office of federal housing enterprise oversight, which limits net appropriations for the General Fund of the Treasury.

Language is included under Department of Housing and Urban Development, administrative provisions, which delays the issuance and re-issuance of vouchers and certificates, maintains and reduces annual adjustment factors, waives provisions of the Community Development Act, limits rents on high cost units, extends the freeze on annual adjustment factors in project-based units, imposes a minimum rent on public housing and assisted housing residents, and includes a provision to hold harmless those participating jurisdictions that could lose eligibility in HOME program because of increase in the appropriations for the program.

Language is included under the Corporation for National and Community Service which limits funds for various program activities.

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

Language is included under the Environmental Protection Agency, buildings and facilities, which authorizes the construction of a new building and limits the maximum cost of the new building.

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

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which provides grants to states and local tribal governments.

Language is included under the Environmental Protection Agency, state and tribal assistance grants, which permits the EPA to use categorical assistance grant funds to operate certain environmental programs when states or tribes do not have acceptable programs in place.

Language is included under the Environmental Protection Agency, working capital fund, which makes the program permanent.

Language is included under the Federal Emergency Management Agency, emergency management and planning assistance program, which earmarks funds for construction of a facility.

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

Language is included under the Federal Emergency Management Agency, national flood insurance fund, which limits administrative expenses, program costs, and the amount available for repayment of debt, and which sets the rate for flood insurance for fiscal year 1998 at the level set in the National Flood Insurance Reform Act of 1994.

Language is included under the Federal Emergency Management Agency, national flood insurance fund, which maintains the borrowing authority for fiscal year 1998 at the 1997 level of $1,500,000,000.

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

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

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

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

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

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

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

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

APPROPRIATIONS NOT AUTHORIZED BY LAW

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

Department of Veterans Affairs:

Construction, Major projects.

Medical Care (Collections only)

Department of Housing and Urban Development: All programs except the Native American Housing Grant program.

Consumer Product Safety Commission.

Corporation for National and Community Service.

Environmental Protection Agency:

Science and Technology (except the Clean Air Act).

Environmental Programs and Management (except the Clean Air Act).

Hazardous Substance Superfund.

State and Tribal Assistance Grants.

Office of Science and Technology Policy.

Federal Emergency Management Agency:

Emergency Food and Shelter Program.

Emergency Management Planning and Assistance (with respect to the Federal Fire Prevention and Control Act of 1974, Defense Production Act of 1950 and the Urban Property Protection and Reinsurance Act).

General Services Administration—Consumer Information Center.

National Aeronautics and Space Administration: All programs.

National Science Foundation: All programs.

Neighborhood Reinvestment Corporation.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

During fiscal year 1998 for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), the following information provides the definition of the term "program, project, and activity" for departments and agencies carried in the accompanying bill. The term "program, project, and activity" shall include the most specific level of budget items identified in the 1998 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, the accompanying House and Senate reports, the conference report of the joint explanatory statement of the managers of the committee of conference.

In applying any sequestration reductions, departments and agencies shall apply the percentage of reduction required for fiscal year 1998 pursuant to the provisions of Public Law 99–177 to each program, project, activity, and subactivity contained in the budget justification documents submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1998 budget estimates, as amended, for such departments and agencies, as subsequently altered, modified, or changed by Congressional action identified by the aforementioned Act, resolutions and reports. Further, it is intended that in implementing any Presidential sequestration order, (1) no program, project, or activity should be eliminated, (2) no reordering of funds or priorities occur, and (3) no unfunded program, project, or activity be initiated. However, for the purposes of program execution, it is not intended that normal reprogramming between programs, projects, and activities be precluded after reductions required under the Balanced and Emergency Deficit Control Act are implemented.

COMPARISON WITH BUDGET RESOLUTION

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

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

[In millions of dollars]

	602(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with budget resolution:				
Discretionary	60,951	77,168	70,150	80,502
Mandatory	21,332	20,061	21,542	19,711
Total	82,283	97,229	91,692	100,213

Note.—The amounts in this bill are technically in excess of the subcommittee section 602(b) subdivision. However, pursuant to section 203 of H. Con. Res. 84, the FY 1998 Congressional Budget Resolution, increases to the Committee section 602(a) allocation are authorized for funding in the reported bill for the renewal of expiring contracts for tenant- and project-based housing assistance under section 8 of the United States Housing Act of 1937. After the bill is reported to the House, the Chairman of the Committee on the Budget will provide an increased section 602(a) allocation consistent with the funding provided in the bill. That new allocation will eliminate the technical difference prior to floor consideration.

FIVE-YEAR OUTLAY PROJECTIONS

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

	Millions
Budget authority	$91,692
Outlays:	
1998	52,801
1999	23,730
2000	6,573
2001	4,139
2002 and beyond	3,573

FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

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

	Millions
Budget authority	$25,040
Fiscal year 1998 outlays resulting therefrom	4,849

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND THE BUDGET ESTIMATES FOR 1998 — PERMANENT AUTHORITY

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

Agency and item (1)	New budget (obligational) authority, fiscal year 1997 (2)	Budget estimates of new (obligational) authority, fiscal year 1998 (3)	Fiscal year 1998 estimate compared with, fiscal year 1999 (4)
FEDERAL FUNDS			
DEPARTMENT OF VETERANS AFFAIRS			
Veterans Health Administration:			
Medical care cost recovery fund	119,000,000	....	-119,000,000
Veterans Benefits Administration:			
Veterans housing benefit program fund program account	168,000,000	....	-168,000,000
(Authority to borrow)	1,925,000,000	2,265,000,000	+340,000,000
Miscellaneous veterans programs loan fund direct loan financing account (authority to borrow)	14,000,000	16,000,000	+2,000,000
Total, Department of Veterans Affairs	2,226,000,000	2,281,000,000	+55,000,000
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Low-rent public housing - loans and other expenses (authority to borrow)	50,000,000	50,000,000	....
Annual contributions for assisted housing	19,848,000,000	15,541,000,000	-4,307,000,000
Manufactured home inspection and monitoring	14,000,000	16,000,000	+2,000,000
Interstate land sales	1,000,000	1,000,000	....
FHA - Mutual mortgage insurance direct loan financing account (authority to borrow)	200,000,000	200,000,000	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND THE BUDGET ESTIMATES FOR 1998 — PERMANENT AUTHORITY—Continued

Agency and item (1)	New budget (obligational) authority, fiscal year 1997 (2)	Budget estimates of new (obligational) authority, fiscal year 1998 (3)	Fiscal year 1997 estimate compared with, fiscal year 1998 (4)
General and special risk guaranteed loan financing account (authority to borrow)	166,000,000	760,000,000	+594,000,000
General and special risk direct loan financing account (authority to borrow)	40,000,000	120,000,000	+80,000,000
General and special risk insurance funds liquidating account (authority to borrow)	66,000,000	66,000,000	....
Total, Department of Housing and Urban Development	20,385,000,000	16,754,000,000	-3,631,000,000
INDEPENDENT AGENCIES			
Federal Emergency Management Agency:			
National Flood Insurance Fund (authority to borrow)	114,000,000	....	-114,000,000
Disaster assistance direct loan financing account (authority to borrow)	23,000,000	23,000,000	....
Total, FEMA	137,000,000	23,000,000	-114,000,000
Total, Federal Funds	22,748,000,000	19,058,000,000	-3,690,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND THE BUDGET ESTIMATES FOR 1998 — PERMANENT AUTHORITY—Continued

Agency and item (1)	New budget (obligational) authority, fiscal year 1997 (2)	Budget estimates of new (obligational) authority, fiscal year 1998 (3)	Fiscal year 1997 estimate compared with, fiscal year 1998 (4)
TRUST FUNDS			
DEPARTMENT OF VETERANS AFFAIRS			
Veterans Health Administration:			
General post fund, national homes	28,000,000	29,000,000	+1,000,000
Veterans Benefits Administration:			
Post-Vietnam era veterans education account	19,000,000	11,000,000	-8,000,000
National service life insurance fund	1,230,000,000	1,182,000,000	-48,000,000
United States government life insurance fund	7,000,000	6,000,000	-1,000,000
Total, Department of Veterans Affairs	1,284,000,000	1,228,000,000	-56,000,000
NATIONAL AERONAUTICS AND SACE ADMINISTRATION			
Science, space, and technology education trust fund	1,000,000	1,000,000	
INDEPENDENT AGENCIES			
American Battle Monuments Commission: Contributions	6,000,000	12,000,000	+6,000,000
National Science Foundation: Donations	38,000,000	38,000,000	
Total, Trust Funds	1,329,000,000	1,279,000,000	-50,000,000
Total, Permanent Funds	24,077,000,000	20,337,000,000	-3,740,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
TITLE I					
Veterans Benefits Administration					
Compensation and pensions	18,671,259,000	19,932,997,000	19,932,997,000	+1,261,738,000	
Supplemental (P.L. 105-18)	928,000,000			-928,000,000	
Readjustment benefits	1,377,000,000	1,366,000,000	1,366,000,000	-11,000,000	
Veterans insurance and indemnities	38,970,000	51,360,000	51,360,000	+12,390,000	
Veterans housing benefit program fund program account (indefinite)		192,447,000	192,447,000	+192,447,000	
(Limitation on direct loans)		(300,000)	(300,000)	(+300,000)	
Administrative expenses		160,437,000	160,437,000	+160,437,000	
Guaranty and indemnity program account (indefinite)	158,643,000			-158,643,000	
Administrative expenses	105,226,000			-105,226,000	
Loan guaranty program account (indefinite)	14,091,000			-14,091,000	
Administrative expenses	33,810,000			-33,810,000	
Direct loan program account (indefinite)	30,000			-30,000	
(Limitation on direct loans)	(300,000)			(-300,000)	
Administrative expenses	80,000			-80,000	
Education loan fund program account	1,000	1,000	1,000		
(Limitation on direct loans)	(3,000)	(3,000)	(3,000)		
Administrative expenses	195,000	200,000	200,000	+5,000	
Vocational rehabilitation loans program account	49,000	44,000	44,000	-5,000	
(Limitation on direct loans)	(2,822,000)	(2,278,000)	(2,278,000)	(-544,000)	
Administrative expenses	377,000	388,000	388,000	+11,000	

Native American Veteran Housing Loan Program Account	205,000	515,000	515,000	+310,000	....
Total, Veterans Benefits Administration	21,327,936,000	21,704,389,000	21,704,389,000	+376,453,000	....
Veterans Health Administration					
Medical care	16,313,447,000	16,958,846,000	16,393,846,000	+80,399,000	-565,000,000
Delayed equipment obligation	700,000,000	....	565,000,000	-135,000,000	+565,000,000
Total	17,013,447,000	16,958,846,000	16,958,846,000	-54,601,000	....
Medical care cost recovery collections:					
Offsetting receipts	....	-604,000,000	-604,000,000	-604,000,000	....
Appropriations (indefinite)	....	604,000,000	604,000,000	+604,000,000	....
Total available	(17,013,447,000)	(17,562,846,000)	(17,562,846,000)	(+549,399,000)	....
Medical and prosthetic research	262,000,000	234,374,000	267,000,000	+5,000,000	+32,626,000
Medical administration and miscellaneous operating expenses	61,207,000	60,160,000	60,160,000	-1,047,000	....
General Post Fund, National Homes:					
Loan program account (by transfer)	(7,000)	(7,000)	(7,000)	....	....
Administrative expenses (by transfer)	(54,000)	(54,000)	(54,000)	....	....
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)	....	....
General post fund (transfer out)	(-61,000)	(-61,000)	(-61,000)	....	....
Total, Veterans Health Administration	17,336,654,000	17,253,380,000	17,286,006,000	-50,648,000	+32,626,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Departmental Administration					
General operating expenses	827,584,000	846,385,000	853,385,000	+25,801,000	+7,000,000
Offsetting receipts	(32,000,000)	(36,000,000)	(36,000,000)	(+4,000,000)	....
Total, Program Level	(859,584,000)	(882,385,000)	(889,385,000)	(+29,801,000)	(+7,000,000)
National Cemetery System	76,864,000	84,183,000	84,183,000	+7,319,000	....
Office of Inspector General	30,900,000	31,013,000	31,013,000	+113,000	....
Construction, major projects	250,858,000	79,500,000	155,600,000	-95,258,000	+76,100,000
Construction, minor projects	175,000,000	166,300,000	175,000,000	....	+8,700,000
Parking revolving fund	12,300,000	....	....	-12,300,000	....
Grants for construction of State extended care facilities	47,397,000	41,000,000	60,000,000	+12,603,000	+19,000,000
Grants for the construction of State veterans cemeteries	1,000,000	10,000,000	10,000,000	+9,000,000	....
Total, Departmental Administration	1,421,903,000	1,258,381,000	1,369,181,000	-52,722,000	+110,800,000
Total, title I, Department of Veterans Affairs	40,086,493,000	40,216,150,000	40,359,576,000	+273,083,000	+143,426,000
(By transfer)	(61,000)	(61,000)	(61,000)	....	....
(Limitation on direct loans)	(3,195,000)	(2,651,000)	(2,651,000)	(-544,000)	....
Consisting of:					
Mandatory	(21,187,993,000)	(21,542,804,000)	(21,542,804,000)	(+354,811,000)	....
Discretionary	(18,898,500,000)	(18,673,346,000)	(18,816,772,000)	(-81,728,000)	(+143,426,000)

TITLE II					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Selected Housing Programs					
Housing Certificate Fund	....	10,676,000,000	10,393,000,000	+10,393,000,000	-283,000,000
Expiring section 8 contracts	....	(9,232,000,000)	(9,200,000,000)	(+9,200,000,000)	(-32,000,000)
Section 8 amendments	....	(850,000,000)	(850,000,000)	(+850,000,000)	....
Section 8 relocation assistance	....	(594,000,000)	(343,000,000)	(+343,000,000)	(-251,000,000)
Prevention of resident displacement	4,640,000,000	....	....	-4,640,000,000	....
Expiring section 8 contracts	(3,600,000,000)	....	....	(-3,600,000,000)	....
Section 8 amendments	(850,000,000)	....	....	(-850,000,000)	....
Section 8 relocation assistance	(190,000,000)	....	....	(-190,000,000)	....
Transfer from recaptures	(50,000,000)	....	....	(-50,000,000)	....
Subtotal	(4,690,000,000)	(10,676,000,000)	(10,393,000,000)	(+5,703,000,000)	(-283,000,000)
Annual contributions (rescission)	....	-855,000,000	-565,000,000	-565,000,000	+290,000,000
Rescission (P.L. 105-18)	-3,650,000,000	....	....	+3,650,000,000	....
Public housing capital fund	....	2,500,000,000	2,500,000,000	+2,500,000,000	....
Public housing operating fund	....	2,900,000,000	2,900,000,000	+2,900,000,000	....
Preserving existing housing investment	5,750,000,000	....	....	-5,750,000,000	....
Public housing operating subsidies	(2,900,000,000)	....	....	(-2,900,000,000)	....
Public housing modernization	(2,500,000,000)	....	....	(-2,500,000,000)	....
Preservation	(350,000,000)	....	....	(-350,000,000)	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Rescission of recaptures	-150,000,000			+150,000,000	
Prepayment authority	2,000,000			-2,000,000	
Supplemental (P.L. 105-18)	3,500,000			-3,500,000	
Subtotal	(5,605,500,000)	(5,400,000,000)	(5,400,000,000)	(-205,500,000)	
Drug elimination grants for low-income housing	290,000,000	290,000,000	290,000,000		
Revitalization of severely distressed public housing (HOPE VI)	550,000,000	524,000,000	524,000,000	-26,000,000	
Homeownership and opportunity for people everywhere grants (HOPE grants) (transfer out) (P.L. 105-18)	(-30,200,000)			(+30,200,000)	
Native American housing block grant		485,000,000	650,000,000	+650,000,000	+165,000,000
Indian housing loan guarantee fund program account	3,000,000	3,000,000	3,000,000		
(Limitation on guaranteed loans)	(36,900,000)	(36,900,000)	(36,900,000)		
Development of additional new subsidized housing	1,039,000,000			-1,039,000,000	
Housing for the elderly	(645,000,000)			(-645,000,000)	
Housing for the disabled	(194,000,000)			(-194,000,000)	
Indian housing development	(200,000,000)			(-200,000,000)	
Capacity Building for Community Development and Affordable Housing					
National community development initiative (by transfer)	(30,200,000)			(-30,200,000)	

Community Planning and Development					
Housing opportunities for persons with AIDS	171,000,000	204,000,000	204,000,000	+33,000,000	
Transfer from recaptures	(25,000,000)			(-25,000,000)	
Community development block grants	4,600,000,000	4,600,000,000	4,600,000,000		
Emergency appropriations (P.L. 105-18)	250,000,000			-250,000,000	
Emergency appropriations, FY 1998 (P.L. 105-18)	250,000,000			-250,000,000	
Section 108 loan guarantees:					
(Limitation on guaranteed loans)	(1,500,000,000)	(1,261,000,000)	(1,261,000,000)	(-239,000,000)	
Credit subsidy	31,750,000	29,000,000	29,000,000	-2,750,000	
Administrative expenses	675,000	1,000,000	1,000,000	+325,000	
Brownfields redevelopment		25,000,000			-25,000,000
HOME investment partnerships program	1,400,000,000	1,309,000,000	1,500,000,000	+100,000,000	+191,000,000
Supportive housing program (rescission)		-6,000,000	-6,000,000	-6,000,000	
Shelter plus care (rescission)		-4,000,000	-4,000,000	-4,000,000	
Homelesss assistance grants	823,000,000	823,000,000	823,000,000		
Youthbuild		30,000,000			-30,000,000
Housing counseling assistance		23,000,000			-23,000,000
Empowerment Zones and Enterprise Communities		100,000,000			-100,000,000
Total, Selected housing programs (net)	16,003,925,000	23,657,000,000	23,842,000,000	+7,838,075,000	+185,000,000
Housing Programs					
Housing for special populations		474,000,000	839,000,000	+839,000,000	+365,000,000
Housing for the elderly		(300,000,000)	(645,000,000)	(+645,000,000)	(+345,000,000)
Housing for the disabled		(174,000,000)	(194,000,000)	(+194,000,000)	(+20,000,000)
Rental housing assistance:					
Rescission of budget authority, indefinite		-125,000,000	-125,000,000	-125,000,000	
(Limitation on annual contract authority, indefinite)	(-2,000,000)			(+2,000,000)	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item	Appropriated, 1997 (enacted to date)	Budget estimates, 1998	Recommended in bill	Bill compared with appropriated, 1997	Bill compared with budget estimates, 1998
(1)	(2)	(3)	(4)	(5)	(6)
Federal Housing Administration					
FHA - Mutual mortgage insurance program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)		
(Limitation on direct loans)	(200,000,000)	(200,000,000)	(200,000,000)		
Administrative expenses	350,595,000	333,421,000	333,421,000	-17,174,000	
Offsetting receipts	-350,595,000	-333,421,000	-333,421,000	+17,174,000	
FHA - General and special risk program account:					
Program costs	85,000,000	81,000,000	81,000,000	-4,000,000	
(Limitation on guaranteed loans)	(17,400,000,000)	(17,400,000,000)	(17,400,000,000)		
(Limitation on direct loans)	(120,000,000)	(120,000,000)	(120,000,000)		
Administrative expenses	207,470,000	222,305,000	222,305,000	+14,835,000	
Subsidy - multifamily	-18,000,000	-18,000,000	-18,000,000		
Subsidy - single family	-64,000,000	-64,000,000	-64,000,000		
Subsidy - Title I	-25,000,000	-25,000,000	-25,000,000		
Total, Federal Housing Administration	185,470,000	196,305,000	196,305,000	+10,835,000	

Government National Mortgage Association					
Guarantees of mortgage-backed securities loan guarantee program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(130,000,000,000)	(130,000,000,000)	(+20,000,000,000)	
Administrative expenses	9,383,000	9,383,000	9,383,000		
Offsetting receipts	-218,000,000	-204,000,000	-204,000,000	+14,000,000	
Policy Development and Research					
Research and technology	34,000,000	39,000,000	39,000,000	+5,000,000	
Fair Housing and Equal Opportunity					
Fair housing activities	30,000,000	39,000,000	30,000,000		-9,000,000
Management and Administration					
Salaries and expenses	420,000,000	451,000,000	451,000,000	+31,000,000	
(By transfer, limitation on FHA corporate funds)	(546,782,000)	(544,443,000)	(544,443,000)	(-2,339,000)	
(By transfer, GNMA)	(9,383,000)	(9,383,000)	(9,383,000)		
(By transfer, Community Planning and Development)	(675,000)	(1,000,000)	(1,000,000)	(+325,000)	
Total, Salaries and expenses	(976,840,000)	(1,005,826,000)	(1,005,826,000)	(+28,986,000)	
Office of Inspector General	36,567,000	36,567,000	45,567,000	+9,000,000	+9,000,000
(By transfer, limitation on FHA corporate funds)	(11,283,000)	(11,283,000)	(11,283,000)		
(By transfer from Drug Elimination Grants)	(5,000,000)	(10,000,000)	(10,000,000)	(+5,000,000)	
Total, Office of Inspector General	(52,850,000)	(57,850,000)	(66,850,000)	(+14,000,000)	(+9,000,000)
Office of federal housing enterprise oversight	15,500,000	16,312,000	16,312,000	+812,000	
Offsetting receipts	-15,500,000	-16,312,000	-16,312,000	-812,000	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Administrative Provisions					
Sec. 203 - FHA Assignment Reform, 1997	-128,000,000			+128,000,000	
Sec. 204 - Multifamily property disposition - FHA fund	-80,000,000			+80,000,000	
Sec. 210 - financing adjustment	464,442			-464,442	
Sec. 212 - demonstration	10,000,000			-10,000,000	
Total, administrative provisions	-197,535,558			+197,535,558	
Total, title II, Department of Housing and Urban Development (net)	16,303,809,442	24,573,255,000	25,123,255,000	+8,819,445,558	+550,000,000
Appropriations	(19,453,809,442)	(25,563,255,000)	(25,823,255,000)	(+6,369,445,558)	(+260,000,000)
Rescissions	(-3,650,000,000)	(-990,000,000)	(-700,000,000)	(+2,950,000,000)	(+290,000,000)
Emergency appropriations	(250,000,000)			(-250,000,000)	
Emergency appropriations, FY 1998	(250,000,000)			(-250,000,000)	
(Limitation on annual contract authority, indef)	(-2,000,000)			(+2,000,000)	
(Limitation on guaranteed loans)	(238,900,000,000)	(258,661,000,000)	(258,661,000,000)	(+19,761,000,000)	
(Limitation on corporate funds)	(573,123,000)	(576,109,000)	(576,109,000)	(+2,986,000)	

TITLE III					
INDEPENDENT AGENCIES					
American Battle Monuments Commission					
Salaries and expenses	22,265,000	23,897,000	26,897,000	+4,632,000	+3,000,000
Department of the Treasury					
Community Development Financial Institutions					
Community development financial institutions fund program account	50,000,000	125,000,000	125,000,000	+75,000,000	....
Consumer Product Safety Commission					
Salaries and expenses	42,500,000	45,000,000	44,000,000	+1,500,000	-1,000,000
Corporation for National and Community Service					
National and community service programs operating expenses	400,500,000	546,500,000	400,500,000	....	-146,000,000
Office of Inspector General	2,000,000	2,500,000	2,000,000	....	-500,000
Total	402,500,000	549,000,000	402,500,000	....	-146,500,000
Court of Veterans Appeals					
Salaries and expenses	9,229,000	9,380,000	9,319,000	+90,000	-61,000
Department of Defense - Civil					
Cemeterial Expenses, Army					
Salaries and expenses	11,600,000	11,815,000	11,815,000	+215,000	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Environmental Protection Agency					
Science and Technology	552,000,000	614,269,400	656,223,000	+104,223,000	+41,953,600
Transfer from Hazardous Substance Superfund	35,000,000	39,755,900	35,000,000		-4,755,900
Subtotal, Science and Technology	587,000,000	654,025,300	691,223,000	+104,223,000	+37,197,700
Environmental Programs and Management	1,752,221,000	1,887,590,900	1,763,352,000	+11,131,000	-124,238,900
Office of Inspector General	28,500,000	28,500,000	28,501,000	+1,000	+1,000
Transfer from Hazardous Substance Superfund	11,000,000	11,641,300	11,641,000	+641,000	-300
Transfer from Leaking Underground Storage Tanks	577,000			-577,000	
Subtotal, OIG	40,077,000	40,141,300	40,142,000	+65,000	+700
Buildings and facilities	87,220,000	141,420,000	182,120,000	+94,900,000	+40,700,000
Hazardous Substance Superfund	1,294,245,000	2,094,245,000	1,500,699,000	+206,454,000	-593,546,000
Delay of obligation	100,000,000			-100,000,000	
Transfer to Office of Inspector General	-11,000,000	-11,641,300	-11,641,000	-641,000	+300
Transfer to Science and Technology	-35,000,000	-39,755,900	-35,000,000		+4,755,900
Subtotal, Hazardous Substance Superfund	1,348,245,000	2,042,847,800	1,454,058,000	+105,813,000	-588,789,800

Leaking Underground Storage Tank Trust Fund	60,000,000	71,210,700	60,000,000	....	-11,210,700
Transfer to Office of Inspector General	-577,000	....	....	+577,000	....
(Limitation on administrative expenses)	(7,000,000)	....	(7,000,000)	....	(+7,000,000)
Subtotal, LUST	59,423,000	71,210,700	60,000,000	+577,000	-11,210,700
Oil spill response	15,000,000	15,000,000	15,000,000	....	....
(Limitation on administrative expenses)	(8,000,000)	....	(8,000,000)	....	(+8,000,000)
State and Tribal Assistance Grants	2,236,000,000	2,043,000,000	2,275,925,000	+39,925,000	+232,925,000
Categorical grants	674,207,000	750,257,000	750,257,000	+76,050,000	....
Subtotal, STAG	2,910,207,000	2,793,257,000	3,026,182,000	+115,975,000	+232,925,000
Working capital fund	(101,526,000)	(101,000,000)	(101,000,000)	(-526,000)	....
Total, EPA	6,799,393,000	7,645,493,000	7,232,077,000	+432,684,000	-413,416,000
Executive Office of the President					
Office of Science and Technology Policy	4,932,000	4,932,000	4,932,000	....	....
Council on Environmental Quality and Office of Environmental Quality	2,436,000	3,020,000	2,506,000	+70,000	-514,000
Total	7,368,000	7,952,000	7,438,000	+70,000	-514,000
Federal Deposit Insurance Corporation					
Office of Inspector General (transfer)	....	(34,365,000)	(34,365,000)	(+34,365,000)	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Federal Emergency Management Agency					
Disaster relief	1,320,000,000	370,000,000	500,000,000	-820,000,000	+130,000,000
Emergency appropriations (P.L. 105-18)	3,300,000,000			-3,300,000,000	
Emergency approp (transfer out) (P.L. 105-18)	(-20,000,000)			(+20,000,000)	
Disaster assistance direct loan program account:					
State share loan	1,385,000	1,495,000	1,495,000	+110,000	
(Limitation on direct loans)	(25,000,000)	(25,000,000)	(25,000,000)		
Administrative expenses	548,000	341,000	341,000	-207,000	
Community disaster loans (by transfer) (emergency)	(20,000,000)			(-20,000,000)	
Salaries and expenses	170,500,000	171,773,000	171,773,000	+1,273,000	
Office of Inspector General	4,673,000	4,803,000	4,803,000	+130,000	
Emergency management planning and assistance	218,701,000	202,146,000	321,646,000	+102,945,000	+119,500,000
Emergency food and shelter program	100,000,000	100,000,000	100,000,000		
National Flood Insurance Fund (limitation on administrative expenses):					
Salaries and expenses	(20,981,000)	(21,610,000)	(21,610,000)	(+629,000)	
Flood mitigation	(78,464,000)	(78,464,000)	(78,464,000)		
Working capital fund	(16,816,000)			(-16,816,000)	
Administrative provision: REP savings	-12,251,000	-12,000,000	-12,000,000	+251,000	
Total, Federal Emergency Management Agency	5,103,556,000	838,558,000	1,088,058,000	-4,015,498,000	+249,500,000

General Services Administration					
Consumer Information Center Fund	2,260,000	2,119,000	2,419,000	+159,000	+300,000
Department of Health and Human Services					
Office of Consumer Affairs	1,500,000	1,800,000	....	-1,500,000	-1,800,000
National Aeronautics and Space Administration					
Human space flight	5,362,900,000	5,326,500,000	5,426,500,000	+63,600,000	+100,000,000
Science, aeronautics and technology	5,767,100,000	5,642,000,000	5,690,000,000	-77,100,000	+48,000,000
Mission support	2,562,200,000	2,513,200,000	2,513,200,000	-49,000,000	....
Office of Inspector General	17,000,000	18,300,000	18,300,000	+1,300,000	....
Administrative provision: Transfer authority	(177,000,000)	....	(150,000,000)	(-27,000,000)	(+150,000,000)
Total, NASA	13,709,200,000	13,500,000,000	13,648,000,000	-61,200,000	+148,000,000
National Credit Union Administration					
Central liquidity facility:					
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	....	....
(Limitation on administrative expenses, corporate funds)	(560,000)	(203,000)	(203,000)	(-357,000)	....
Revolving loan program	1,000,000	....	....	-1,000,000	....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
National Science Foundation					
Research and related activities	2,432,000,000	2,514,700,000	2,537,700,000	+105,700,000	+23,000,000
Major research equipment	80,000,000	85,000,000	175,000,000	+95,000,000	+90,000,000
Education and human resources	619,000,000	625,500,000	632,500,000	+13,500,000	+7,000,000
Salaries and expenses	134,310,000	136,950,000	136,950,000	+2,640,000	
Office of Inspector General	4,690,000	4,850,000	4,850,000	+160,000	
Total, NSF	3,270,000,000	3,367,000,000	3,487,000,000	+217,000,000	+120,000,000
Neighborhood Reinvestment Corporation					
Payment to the Neighborhood Reinvestment Corporation	49,900,000	50,000,000	70,000,000	+20,100,000	+20,000,000
Selective Service System					
Salaries and expenses	22,930,000	23,919,000	23,413,000	+483,000	-506,000
Total, title III, Independent agencies	29,505,201,000	26,200,933,000	26,177,936,000	-3,327,265,000	-22,997,000
(Limitation on administrative expenses)	(114,445,000)	(100,074,000)	(115,074,000)	(+629,000)	(+15,000,000)
(Limitation on direct loans)	(625,000,000)	(625,000,000)	(625,000,000)		
(Limitation on corporate funds)	(560,000)	(203,000)	(203,000)	(-357,000)	

Grand total (net)	85,895,503,442	90,990,338,000	91,660,767,000	+5,765,263,558	+670,429,000
Appropriations	(85,745,503,442)	(91,980,338,000)	(92,360,767,000)	(+6,615,263,558)	(+380,429,000)
Rescissions	(-3,650,000,000)	(-990,000,000)	(-700,000,000)	(+2,950,000,000)	(+290,000,000)
Emergency appropriations (net)	(3,550,000,000)			(-3,550,000,000)	
(By transfer)	(82,170,564,442)	(91,024,764,000)	(91,691,093,000)	(+9,520,528,558)	(+666,329,000)
(Limitation on administrative expenses)	(114,445,000)	(100,074,000)	(115,074,000)	(+629,000)	(+15,000,000)
(Limitation on annual contract authority, indef)	(-2,000,000)			(+2,000,000)	
(Limitation on direct loans)	(985,095,000)	(984,551,000)	(984,551,000)	(-544,000)	
(Limitation on guaranteed loans)	(238,900,000,000)	(258,661,000,000)	(258,661,000,000)	(+19,761,000,000)	
(Limitation on corporate funds)	(573,683,000)	(576,312,000)	(576,312,000)	(+2,629,000)	
Total amounts in this bill	85,895,503,442	90,990,338,000	91,660,767,000	+5,765,263,558	+670,429,000
Scorekeeping adjustments	-3,832,100,000	32,100,000	32,100,000	+3,864,200,000	
Total mandatory and discretionary	82,063,403,442	91,022,438,000	91,692,867,000	+9,629,463,558	+670,429,000
Mandatory	21,187,993,000	21,542,804,000	21,542,804,000	+354,811,000	
Discretionary: General purposes:					
Defense	125,930,000	128,919,000	129,413,000	+3,483,000	+494,000
Nondefense	60,749,480,442	69,350,715,000	70,020,650,000	+9,271,169,558	+669,935,000
Total, General purposes	60,875,410,442	69,479,634,000	70,150,063,000	+9,274,652,558	+670,429,000
Total, Discretionary	60,875,410,442	69,479,634,000	70,150,063,000	+9,274,652,558	+670,429,000

ADDITIONAL VIEWS OF HON. DAVID R. OBEY

In many ways, the 1998 VA-HUD-Independent Agencies Appropriations bill is a reasonably balanced measure. It includes increases above the President's budget request for the Department of Housing and Urban Development, the Department of Veterans Affairs, the National Aeronautics and Space Administration, the National Science Foundation, and the Federal Emergency Management Agency. In addition, in contrast with the situation of two years ago when a score of anti-environmental riders were included, this year's bill contains virtually no extraneous legislative riders.

The allocation of resources, however, raises some concerns about priorities and about the budget process as well. Although the Committee has recommended increases above the budget of $550 million for the Department of Housing and Urban Development, $250 million for the Federal Emergency Management Agency, $148 million for the National Aeronautics and Space Administration, $120 million for the National Science Foundation, and $110 million for administration of the Department of Veterans Affairs, it decided not to add funds for the veterans medical care account and it has not included the President's requested increase to speed the cleanup of Superfund sites across the country. Unfortunately, the priorities represented by these funding decisions may be driven as much by the vagaries of the budget process as by a well thought out, full and open discussion weighing opposing points of view.

The simple truth of the matter is that this subcommittee's allocation made pursuant to the budget resolution is rich in budget authority and poor in outlays. The result is a bill that tends to penalize those accounts and agencies that spend money quickly and unnecessarily reward those that spend money relatively slowly. Looked at in isolation, for any given year, an approach like this may make sense. However, when decisions are made in this way year after year, it merely compounds the problem and limits future discretion—much the way that our discretion for 1998 has been severely hampered by similar decisions made in previous years. The funding decisions reflected in this bill will come back in un-intentioned ways in the years ahead. The most serious flaw with the Committee's approach on this bill is that the looming bow wave of outlays will come due for many of the recommended increases at just the time when discretionary spending is declining precipitously to conform with the unrealistic outyear projections of the budget resolution. The resulting budget crunch will probably mean that several programs of higher merit than many of the ones funded in this bill will be hurt.

Perhaps the most curious example of a funding decision in this bill which will undoubtedly have undesirable future impacts is $60 million recommended for a full-scale windstorm simulation center. The rather cryptic reference to this project contained in the bill and report neglects to point out that $60 million is the first installment of a proposed, three-year, $180 million construction project to be built on a non-competitive basis by the contractor operating the government owned Department of Energy Idaho National Engineering and Environmental Technology Laboratory.

Although the contractor maintains that $34 million for design and engineering expenses is the most that can be used on the project in 1998, the Committee has recommended nearly double that amount. The project is not authorized, and as noted above, has not been competitively awarded. It has not been requested by the agency that would receive the funding, the Department of Energy; nor by the Federal Emergency Management Agency, which would act as a conduit for the funding. It has not been addressed in Congressional hearings in anything more than a cursory manner. The project has not been peer reviewed. Although the project was discussed at some length during a recent symposium hosted by the American Association of Wind Engineers, the report of this symposium is not yet available. Concerns have been expressed in the university community that unless adequate provisions are made for sustained operating budgets, the high cost of individual experiments may preclude many schools from participating. FEMA has indicated that its support for the project is contingent upon development of a broad based consortium. FEMA has also stated that it "should not be the primary source of funding for the partnership for natural disaster reduction or the construction and use of any proposed facilities." Although the contractor markets the proposal as an innovative public-private partnership, to date, the insurance and home building industries that potentially stand to gain from the facility have not provided any financial support.

No one can disagree with the objectives of the windstorm simulation facility—research and engineering to help reduce the terrible costs to many elements of our society inflicted by tornadoes, hurricanes and other severe winds. The issue for the Congress to decide is whether the proposed facility at the Department of Energy's Idaho laboratory has been sufficiently reviewed and is the best way to proceed at this time. I hope that during House consideration of this measure it will be possible to address many of the questions raised by the Committee's recommendation for the windstorm simulation center.

DAVE OBEY.

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