Another proposal I introduced in the last Congress addresses a provision in current tax law that limits the deduction for a gift of appreciated property to 30 percent of adjusted gross income. Under current law, the limit for gifts of cash is 50 percent of adjusted gross income. This provision would raise the cap for qualified gifts of conservation land and easements from 30 percent to 50 percent. Under the bill, any amount that cannot be deducted in the year in which the gift is made can be carried over to subsequent tax years until the deduction has been exhausted. Current law gives the donor 5 years in which to use up the deduction.

Conservation easements are a partial interest in property transferred to an appropriate nonprofit or governmental entity. These easements restrict the development, management, or use of the land in order to keep the land in a natural state or to protect historic or scenic values. Easements are widely used by land trusts, conservation groups, and developers to protect valuable land.

The 30-percent limit in current law actually works to the disadvantage of taxpayers who may be land rich but cash poor.

Our former colleague from New Jersey [Mr. ZIMMER] introduced two proposals in the last Congress related to the donation of land or easements. One would encourage heirs to donate undeveloped land to the Federal Government. If the inherited land is desired by a Federal agency for conservation, the heirs would be allowed to transfer the land to the Government and take a credit for the fair market value. The other would provide for more equitable taxation of the gains from selling land or an easement at below market value to a government entity or a nonprofit organization. I intend to introduce these measures, with a few modifications, in the new Congress.

Mr. Speaker, to save our Nation's green spaces, we must save our cities as well. There is no single, simple solution, but we here in Congress must do what we can to help our communities. I am looking forward to working with my colleagues to address these challenges in the coming weeks and months.

THE MEDICAL EDUCATION TRUST FUND ACT OF 1997, THE HONORABLE KENNETH E. BENTSEN, JR. OF TEXAS, BEFORE THE U.S. HOUSE OF REPRESENTATIVES, TUESDAY, JANUARY 7, 1997

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. BENTSEN. Mr. Speaker, I rise to introduce legislation, the Medical Education Trust Fund Act of 1997, to ensure that our nation continues to invest in medical research through the training of medical professionals in a time of declining federal expenditures and as our health care system makes its transition to the increased use of managed care.

This legislation establishes a new Trust Fund for medical education that would be financed primarily by Medicare including managed care plans. This trust fund would provide a guaranteed source of funding for graduate medical education at our nation's teaching hospitals and help ensure that we continue to train a sufficient number of physicians and other health care providers particularly in the advent of managed care. Without such a guarantee, I am deeply concerned that the availability and quality of medical care in our country could be at risk.

Teaching hospitals have a different mission and caseload than other medical institutions. These hospitals are teaching centers where reimbursements for treating patients must pay for the cost not only of patient care, but also for medical education including research. In the past, teaching hospitals were able to subsidize the cost of medical education through higher reimbursements from private and public health insurance programs. With the introduction of managed care, these subsidies are being reduced and eliminated.

As the representative for the Texas Medical Center, home of two medical schools, Baylor College of Medicine and University of Texas Health Science Center at Houston, I have seen firsthand the invaluable role of medical education in our health care system and the stresses being placed on it today. Baylor College of Medicine offers medical training in 21 medical specialities and currently teaches 668 medical students, 341 graduate students, and 1325 residents. Baylor College of Medicine also employs 1,470 full-time faculty and 3,007 full-time staff. The University of Texas Medical School at Houston has 833 medical students, 799 accredited residents and fellows, and 1,532 faculty.

Under current law, the Medicare program provides payments to teaching hospitals for medical education. These reimbursements are paid through the Direct Medical Education (DME) and Indirect Medical Education (IME) programs. DME and IME payments are based upon a formula set by Congress.

Last year, the Republican budget resolution adopted by the House proposed cutting DME and IME payments by $8.6 billion over 7 years. I strongly opposed these efforts and will continue to fight any cuts of this magnitude to these payments. Such cuts would be detrimental enough in a stable health care market. But they are especially harmful given the impact of our changing health care market on medical education.

As more Medicare beneficiaries enroll in managed care plans, payments for medical education are reduced in two ways. First, many managed care patients no longer seek services from teaching hospitals because their plans do not allow it. Second, direct DME and IME payments are cut because the formula for these payments is based on the number of traditional, fee-for-service Medicare patients served at these hospitals. Managed care does not pay for medical education.

My legislation would provide new funding for graduate medical education by recapturing a portion of the Adjusted Average Per Capita Cost (AAPCC) payment given to Medicare managed care plans. The AAPCC is the Medicare reimbursement paid to insurance companies to provide health coverage for Medicare beneficiaries under a managed care model. These recaptured funds would be deposited into a Trust Fund. I believe managed care plans should contribute toward the cost of medical education and my legislation would ensure this. This is a matter of fairness. All health care consumers, including those in managed care, benefit from this training and should contribute equally towards this goal.

These funds would be deposited into a trust fund at the U.S. Department of the Treasury. All funds would be eligible to earn interest and grow. The Secretary of Health and Human Services would be authorized to transfer funds from the trust fund to teaching hospitals throughout the nation. The formula for distribution of funds would be determined by a new National Advisory Council on Post-Graduate Medical Education that would be established by this legislation. This legislation would also allow Congress to supplement the Trust Fund with appropriated funds which the Secretary of Health and Human Services (HHS) would distribute. All of this funding would be in addition to the current federal programs of direct and indirect medical education. This supplemental funding is necessary to enable medical schools to maintain sufficient enrollment and keep tuition payments reasonable for students.

My legislation would also take an additional portion of the AAPCC payment given to managed care plans and return it to the Secretary of Health and Human Services to spend on the disproportionate share program. Disproportionate share payments are given to those hospitals which serve a large number of uncompensated or charity care patients. Many of our nation's teaching hospitals are also disproportionate share hospitals. Thus, my legislation would create two new and necessary funding sources for teaching hospitals.

This legislation would also create a National Advisory Council on Post-Graduate Medical Education. This Advisory Council would advise Congress and the Secretary of Health and Human Service about the future of post-graduate medical education. The Council would consist of a variety of health care professionals, including consumer health groups, physicians working at medical schools, and representatives from other advanced medical education programs. The Council would also advise Congress on how to allocate these new dedicated funds for medical education. This Council will provide Congress with needed information about the current state of medical education and any changes which should be made to improve our medical education system.

Our nation's medical education program are the best in the world. Maintaining this excellence requires continued investment by the federal government. Our teaching hospitals need and deserve the resources to meet the challenge of our aging population and our changing health care marketplace. This legislation would ensure that our nation continues to have the health care professionals we need to provide quality health care services to them in the future.

I urge my colleagues to support this effort to provide guaranteed funding for medical education.

THE HOMELESS HOUSING PROGRAMS CONSOLIDATION AND FLEXIBILITY ACT OF 1997

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. LAZIO of New York. Mr. Speaker, today I am introducing the Homeless Housing Programs Consolidation and Flexibity Act of 1997, a bill designed to help one of this Nation's most vulnerable populations, the homeless.

Homelessness is one of the Nation's most pressing social dilemmas. As much as half of the adult homeless population has a current or past substance abuse problem, and up to one-third has severe mental illness.

The Federal Government's most potent tool for responding to homelessness has been the 1987 McKinney Act with emergency food and shelter programs. This reflected the belief that homelessness was temporary in nature. When homelessness continued to intensify, more programs were created and Federal policy became muted through a multitude of Federal programs, creating the current collage of programs so in need of consolidation.

The General Accounting Office reports that the application and recordkeeping requirements of the various McKinney programs are overly burdensome and sometimes conflicting or duplicative; this places a great strain on nonprofits.

When provided with stable, permanent housing and flexible support services, formerly homeless persons with severe mental illness are able to greatly decrease their use of costly acute psychiatric hospital care and emergency room treatment. In Boston, a study of homeless people with severe mental illness showed that after a year and a half, 78 percent remained in housing, and only 11 percent returned to streets or shelters.

When provided with permanent supportive housing, graduates of chemical dependency treatment programs are able to greatly increase their rates of sobriety. A study by Eden programs, a Minneapolis social service provider, tracked 201 graduates of a chemical dependency treatment program—90 percent who had supportive living a year later remained sober.

Despite a significant proportion of homeless individuals suffering from mental or physical disabilities, we must also recognize a portion of the homeless community, particularly families, that because of economic tragedies, are without permanent homes. It is this population that we too must concentrate our efforts to ensure that they don't evolve into mental or physical disabilities.

Mr. Speaker, as with the other bills I am introducing today, I intend to work in a bipartisan manner with my colleagues to make sure that low-income families and American taxpayers get the relief they deserve as quickly as possible.

HOMELESS HOUSING PROGRAMS CONSOLIDATION AND FLEXIBILITY ACT

SECTION-BY-SECTION ANALYSIS

Section 1: Title cited as the ''Homeless Housing Programs Consolidation and Flexibility Act.''

Section 2: Findings and Purpose conclude that a consolidation of the 7 existing McKinney Homeless Housing programs would provide flexibility and allow states, localities, and non-profits the ability to provide housing to homeless individuals with coordination of needed supportive services through other agencies.

Section 3: General Provisions provide technical changes to the McKinney Act.

Section 4: Permanent Housing Development and Flexible Block Grant Homeless Assistance Program is created and replaces existing Title IV of the Stewart B. McKinney Homeless Act as follows:

Subtitle A—General Provisions

Sec. 401: Purpose is established to provide assistance for permanent housing development and flexible homeless housing assistance.

Sec. 402: Grant Authority allows the HUD Secretary to provide grants to states, metropolitan cities, urban counties, and insular areas under subtitles B (Permanent Housing Development) and C (Flexible Block Grant Homeless Assistance).

Sec. 403: Eligible Grantees are insular areas (or designees) and recipients (state, metropolitan city or urban county) of Permanent Housing Development and the Flexible Homeless Block Grant Assistance Programs.

Sec. 404: Use of Project Sponsors provides criteria from which the eligible grantee may select entities to carry out its eligible activities.

Sec. 405: Comprehensive Housing Affordability Strategy Compliance requires each jurisdiction (eligible grantee) to submit and comply with the requirements of the comprehensive housing affordability strategy under Sec. 105 of the Cranston-Gonzalez National Affordable Housing Act.

Sec. 406: Allocation and Availability of Amounts requires, at enactment, 20% of total funds made for the Permanent Housing Development Grants, with a transitional sliding scale upward to 30% in the fourth year of the bill; the Flexible Block Grant Homeless Assistance, at enactment, receives 80% of total funds with a transitional sliding scale down to 70% in the fourth year and a sliding scale cap on the amounts used for supportive services from 30%, at enactment, to 15% in the fourth year. The permanent housing development grants are totally competitive at the national level; the Flexible Block Grant is allocated with 70% for metropolitan cities and urban counties and 30% for states, based on a formula in the Housing and Community Development Act of 1974 (or the Emergency Shelter Grant formula). A minimum appropriated threshold amount of $750 million is required for block grant and permanent development housing. Otherwise, all the homeless funds are nationally competitive.

Sec. 407: Matching Funds Requirements provide for each eligible grantee to match at least 50% of the federal funds received, unless the grant is less than $100,000. The eligible grantee is restricted from transferring matching requirements to a project sponsor or other non-profit carrying out the jurisdiction's homeless activities to no more than a 25% match of federal funds. Matches include (i) value of donated material, (ii) value of building lease, (iii) proceeds from bond financing with limitations, (iv) amount of salary paid to staff, and (v) the cost or value of donated goods, without including the value of any time or services contributed by volunteers.

Sec. 408: Program Requirements provide the Secretary with the authority to establish the application, form and procedure for acquiring homeless grants. Under the Permanent Housing Development Grants or Flexible Block Grant Homeless Assistance, eligible grantees must provide detailed descriptions of the activities planned. The eligible grantee or project sponsor is authorized to charge an occupancy charge from assisted individuals, capped at a maximum 30% of income. Eligible grantees and project sponsors are required to have at least one homeless individual as a member of the board of directors unless the Secretary provides a waiver. Administrative expenses are capped at 5% of federal funds received or 7.5% in cases where the recipient utilizes a standardized homeless database management system to record and assess the use of housing, services and homeless individual. Housing Quality Standards are keyed to local housing standards; and in the absence of local codes, a federal housing quality standard is enforced.

This section requires coordination and consultation between HUD and other federal agencies who have grant programs where eligible activities include homeless assistance, e.g. HHS, Labor, Education, VA, and Agriculture. Such coordination would provide for other agency funding for companion services to HUD housing grants. In the event of failure to coordinate or provide sufficient services, HUD and the Interagency Council on the Homeless would create a companion service block grant, capped at the authorized amounts for Title IV McKinney Appropriations, which this bill authorizes at $1 billion.

Use restrictions are applicable to permanent and supportive service housing, requiring at least a 20 year use with requirements for repayment or conversion monitored by the Secretary.

Local advisory boards are required to assist and provide professional and community assistance in creating, monitoring and evaluating local homeless initiatives using federal funds.

Sec. 409: Supportive Services are required for each homeless housing facility to meet specifically the needs of the residents, and include activities such as child care, employment assistance, outpatient health services, housing location, security arrangements, and case-management coordination of benefits.

Subtitle B—Permanent Housing Development Activities

Sec. 411: Use of Amounts and General Requirements provide authority to states, metropolitan cities and urban counties to implement permanent housing development for homeless individuals through construction, substantial rehabilitation, or acquisition. Substantial reliance on non-profit organizations is required, with a minimum amount of 50% of funds required to pass-through to such organizations. Special populations, to the maximum extent possible, are provided permanent housing opportunities.

Sec. 412: Permanent Housing Development consists of long-term housing, single room occupancy housing (with or without kitchen or bathroom facilities for each unit) rental, cooperative, shared-living arrangements, single family housing or other housing arrangements.

Subtitle C—Flexible Block Grant Homeless Assistance

Sec. 421: Eligible Activities provide authority to the eligible grantee to use funds for acquisition and rehabilitation of supportive housing; new construction of supportive housing, leasing of supportive housing, operating costs for supportive housing with limits, homelessness prevention, permanent housing development under subtitle B, emergency shelter, supportive services with caps, and technical assistance. Matching amounts only require an amount equal to the federal funds to be used for housing; therefore, grantees are much more flexible in providing different sources of funds. Federal funds are capped for emergency shelters at 10% of the recipients' McKinney housing funds.

Sec. 422: Use of Amounts Through Private Non-Profit Providers requires a pass-through of no less than 50% of funds.

Sec. 423: Supportive Housing is defined as housing providing supportive services that is either transition or permanent supportive housing.

Sec. 424: Emergency Shelter is defined as housing for overnight sleeping accommodations. Grants for emergency shelter are restricted for emergency needs and, in the case of rehabilitation and conversion, a 10 year use requirement for emergency or other homeless housing.

Subtitle D—Reporting, Definitions, and Funding

Sec. 431: Performance Reports by Grantees requires the eligible grantee to review and

report on the progress of the homeless activities under the grants from Title IV as well as meeting the needs of the comprehensive housing affordability strategy.

Sec. 432: Annual Report by Secretary requires a summary of activities, conclusions and recommendations.

Sec. 433: Definitions.

Sec. 434: Regulations are required within 30 days of enactment for interim rules and final rules to follow, within 90 days of enactment.

Sec. 435: Authorization of Appropriations is $1 billion for FY98 through FY02.

Section 5: Interagency Council on the Homeless statutory language is amended to provide authority to coordinate under Title IV with HUD and other agencies and provide an independent determination on companion supportive service funding. Authorization of appropriations is for such sums as may be necessary in FY98 through FY02.

Section 6: Repeals and Conforming Amendments provide for the termination of (i) Innovative Homeless Initiative Demonstration; (ii) FHA Single Family Property Disposition for Homeless Use; (iii) Housing for Rural Homeless and Migrant Farmworkers; and, (iv) Termination of SRO Assistance Program.

Section 7: Savings Provision provides a guarantee of federal funds obligated for homeless activities prior to enactment under earlier laws.

Section 8: Treatment of Previously Obligated Amounts are guaranteed under the applicable provisions of law prior to enactment.

INTRODUCTION OF TARGETED TAX CUT BILLS

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. POMEROY. Mr. Speaker, today I introduce a trio of targeted tax cut bills designed to help working families meet their most pressing financial challenges. The centerpiece of an agenda to advance the economic security of North Dakota's middle and working income families, these measures will make it easier for workers to afford health care and education and to set money aside for retirement.

The first measure I introduce today, The Self-Employed Health Affordability Act of 1997, continues my long dedication to providing full deductibility of health insurance costs for self-employed individuals. On the first day of the last Congress, I introduced a bill to give the self-employed a full 100 percent deduction for these costs. Eighty-two of my House colleagues became co-sponsors of my bill, and this bipartisan coalition fought successfully to include an increased self-employed deduction as part of the health insurance legislation passed by Congress last summer. Under this so-called Kennedy-Kassebaum law, the self-employed deduction will slowly increase to 80 percent by the year 2006. While this was progress, it does not bring sufficient relief to the hard-working farm and small business families which must pay their own health insurance premiums. The bill I introduced today will immediately increase the self-employed deduction to a full 100 percent, making the increasing cost of health insurance more affordable and keeping these families healthy.

Mr. Speaker, the second of the targeted tax cut bills I introduce today is The Education and Training Affordability Act of 1997. This legislation will allow a tax deduction of up to $5,000 a year for higher education and job training expenses for middle-income families. The deduction will be fully available to individuals earning less than $60,000 and households earning less than $80,000, and will phase out for individuals at $75,000 and for households at $95,000.

Unfortunately, college costs are moving beyond middle-class reach. Many families are forced to incur greater and greater debt to finance their children's higher education and some must forego higher education altogether. The Education and Training Affordability Act will help combat these trends, providing a needed tax savings and helping parents afford the cost of a college education for their children. Under this bill, a family of five earning $60,000 with three children in North Dakota's state universities will save $1,400 per year.

The Education and Training Affordability Act will also make job training more affordable. It's clear that the best-paying jobs will increasingly go to those workers with advanced training beyond high school. Employees willing to continually update their skills are the ones who will be able to take full advantage of the opportunities in today's rapidly changing economy. The Education and Training Affordability Act will help workers seize these new opportunities by making vocational, technical and other job training programs more affordable. For example, a worker earning $28,000 and enrolled full-time at Interstate Business College in Fargo would save $1,400 on his or her tax bill.

Mr. Speaker, the final bill in my trio of targeted tax cuts is the IRA Savings Opportunity Act of 1997. This legislation will help working families overcome what can be the extreme difficulty of setting aside money for retirement given all the other expenses families face. In doing so, it will help us take a step forward in meeting our emerging retirement savings crisis. As a nation, we are simply not saving enough to ensure a financially secure retirement. The personal savings rate has fallen from a level of more than 7 percent during much of this century to barely more than 3 percent today. Indeed, only one in three baby-boomers is saving enough to guarantee an adequate income in retirement.

The IRA Savings Opportunity Act gives working families expanded new opportunities to start and contribute to an individual retirement account (IRA). THe bill has three provisions, each designed to expand savings opportunities in a different way. First, for those at modest income levels who often find it most difficult to save, the bill provides a tax credit equal to 20 percent of the amount contributed to an IRA. This credit will reduce tax liability for individuals earning less than $35,000 and households earning less than $50,000 while providing a meaningful incentive to save for retirement.

Second, the IRA Savings Opportunity Act will allow those without access to a workplace retirement plan to contribute additional dollars to their IRA. Retirement security in our economy is premised on a three-legged stool of (1) employer pension, (2) Social Security, and (3) personal savings. Yet many workers—farmers, those who work for small businesses—do not have access to a retirement plan in the workplace. And many large employers are discontinuing their pension plans, leaving workers without a retirement vehicle at their place at work. These employees thus lack the important employer pension leg of the retirement security stool. THe IRA Savings Opportunity Act addresses this problem by strengthening the personal savings leg. The bill will allow middle-income workers without workplace plans to contribute an additional $2,000 to their IRA, bringing the total annual amount that can be contributed to $4,000. While the additional $2,000 contribution is not tax deductible, these funds will accumulate tax-free, providing a significant advantage over other savings vehicles such as mutual funds.

Finally, the IRA Savings Opportunity Act will help to strengthen the personal savings leg of the stool for those who are fortunate enough to have access to a retirement plan at the workplace. By doubling the income ceilings below which workers can deduct their IRA contributions, the IRA Savings Opportunity Act once again makes the tax advantages of IRAs available to all middle-class Americans. Remedying the vast reduction in IRA participation caused by the 1986 tax reform law, the IRA Savings Opportunity Act will allow individuals earning up to $70,000 and households earning up to $100,000 to deduct their IRA contributions from their taxes, up to a maximum of $2,000. This restored deduction will provide meaningful tax relief for middle-income families, and will encourage the personal savings which must be a critical part of everyone's retirement savings strategy.

Mr. Speaker, one strength of the tax relief measures I introduce today is that they target the relief at families' most pressing economic challenges—the high cost of health care and education and the difficulty of saving for retirement. They also target the tax relief at middle and working income families in order to limit the cost and not require unsustainable cuts in programs on which our seniors, children and working families rely. This doubly targeted approach means that the revenue loss to the federal treasury from my proposals is modest, on the order of $40–50 billion. As with the proposals others will make for tax relief, my targeted tax cuts can only be enacted as part of a budget agreement that includes the necessary spending cuts to reach balance by 2002. From my position on the Budget Committee, I will be working to ensure that targeted tax relief in the context of a balanced budget is accomplished.

Mr. Speaker, I look forward to working hard in the coming weeks and months to advance these three targeted tax cut bills. With passage of these measures, Congress can provide needed tax relief to middle and working income families and can help them secure the foundations of economic security—health care, education and training, and a secure retirement.

THE INTRODUCTION OF THE NATIONAL RIGHT TO WORK ACT OF 1997

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. GOODLATTE. Mr. Speaker, I am pleased to introduce on this first day of the 105th Congress the National Right to Work Act of 1997.