HOUSE OF REPRESENTATIVES—*Thursday, July 21, 1994*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray, O God, that Your mighty hand will touch people in any need and will heal from any infirmity. We know that every person comes to those moments when illness restricts the freedoms that they enjoy and we realize how vulnerable we truly are. Into these moments, O gracious God, we pray that Your spirit will renew and strengthen and give new hope and faith to all Your people. Bless all those who turn to You for comfort and peace, and may Your hand of healing be with us all. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. DERRICK. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DERRICK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 235, nays 161, not voting 38, as follows:

[Roll No. 341]

YEAS—235

Abercrombie	Brooks	Coyne
Ackerman	Browder	Cramer
Andrews (ME)	Brown (FL)	Danner
Andrews (NJ)	Brown (OH)	Darden
Andrews (TX)	Bryant	Deal
Applegate	Byrne	DeFazio
Bacchus (FL)	Cantwell	DeLauro
Baesler	Cardin	Derrick
Barca	Clayton	Deutsch
Barcia	Clement	Dicks
Barlow	Clinger	Dingell
Barrett (WI)	Clyburn	Dooley
Bateman	Coleman	Durbin
Berman	Collins (IL)	Edwards (CA)
Bevill	Collins (MI)	Edwards (TX)
Bilbray	Combest	English
Bishop	Condit	Eshoo
Bonior	Cooper	Evans
Borski	Coppersmith	Everett
Brewster	Costello	Farr
Fazio	Lehman	Reynolds
Fields (LA)	Levin	Richardson
Filner	Lewis (GA)	Roemer
Fingerhut	Lipinski	Rose
Fish	Long	Rostenkowski
Flake	Lowey	Rowland
Foglietta	Mann	Roybal-Allard
Frank (MA)	Manzullo	Rush
Frost	Margolies-Mezvinsky	Sabo
Furse	Markey	Sanders
Gejdenson	Martinez	Sangmeister
Gibbons	Matsui	Sarpalius
Gillmor	Mazzoli	Sawyer
Gilman	McCloskey	Schenk
Glickman	McCurdy	Schumer
Gonzalez	McDermott	Scott
Gordon	McHale	Serrano
Green	McKinney	Sharp
Gutierrez	McNulty	Shepherd
Hall (OH)	Meehan	Sisisky
Hall (TX)	Meek	Skaggs
Hamburg	Menendez	Skelton
Hamilton	Mfume	Slattery
Hansen	Miller (CA)	Slaughter
Hastings	Mineta	Smith (NJ)
Hayes	Minge	Snowe
Hilliard	Mink	Spratt
Hinchey	Moakley	Stark
Hoagland	Mollohan	Stenholm
Hochbrueckner	Montgomery	Strickland
Holden	Moran	Studds
Houghton	Murtha	Stupak
Hoyer	Myers	Swett
Hughes	Nadler	Swift
Hutto	Neal (MA)	Synar
Inglis	Oberstar	Tanner
Inslee	Obey	Tauzin
Jefferson	Olver	Tejeda
Johnson (GA)	Ortiz	Thompson
Johnson (SD)	Orton	Thornton
Johnson, E.B.	Owens	Thurman
Johnston	Pallone	Torres
Kanjorski	Parker	Torricelli
Kasich	Pastor	Traficant
Kennedy	Payne (NJ)	Unsoeld
Kennelly	Payne (VA)	Valentine
Kildee	Pelosi	Vento
Kingston	Penny	Visclosky
Kleczka	Peterson (FL)	Volkmer
Klein	Peterson (MN)	Waters
Klink	Pickett	Watt
Kopetski	Pombo	Waxman
Kreidler	Pomeroy	Wheat
LaFalce	Poshard	Wise
Lambert	Price (NC)	Woolsey
Lancaster	Rahall	Wyden
Lantos	Rangel	Wynn
LaRocco	Reed	Yates
Laughlin		

NAYS—161

Allard	Calvert	Fowler
Archer	Camp	Franks (CT)
Armey	Castle	Franks (NJ)
Bachus (AL)	Clay	Gallegly
Baker (CA)	Coble	Gekas
Baker (LA)	Collins (GA)	Gilchrest
Ballenger	Cox	Gingrich
Barrett (NE)	Crane	Goodlatte
Bartlett	Crapo	Goodling
Barton	Cunningham	Goss
Bentley	DeLay	Grams
Bereuter	Diaz-Balart	Grandy
Billirakis	Dickey	Gunderson
Billey	Doolittle	Hancock
Blute	Dornan	Hastert
Boehlert	Dreier	Hefley
Boehner	Duncan	Herger
Bonilla	Dunn	Hobson
Brown (CA)	Ehlers	Hoekstra
Bunning	Emerson	Hoke
Burton	Ewing	Horn
Buyer	Fawell	Huffington
Callahan	Fields (TX)	Hutchinson
Hyde	Meyers	Schroeder
Inhofe	Mica	Sensenbrenner
Jacobs	Michel	Shaw
Johnson (CT)	Miller (FL)	Shays
Johnson, Sam	Molinari	Shuster
Kim	Moorhead	Skeen
King	Morella	Smith (MI)
Klug	Murphy	Smith (OR)
Knollenberg	Nussle	Smith (TX)
Kolbe	Oxley	Solomon
Kyl	Packard	Spence
Lazio	Paxon	Stearns
Leach	Petri	Stump
Levy	Portman	Sundquist
Lewis (CA)	Pryce (OH)	Talent
Lewis (FL)	Quillen	Taylor (MS)
Lewis (KY)	Quinn	Taylor (NC)
Lightfoot	Ramstad	Thomas (CA)
Linder	Ravenel	Thomas (WY)
Livingston	Regula	Torkildsen
Lloyd	Ridge	Upton
Lucas	Roberts	Vucanovich
Machtley	Rogers	Walker
McCandless	Rohrabacher	Walsh
McCollum	Roth	Weldon
McCrery	Roukema	Wolf
McDade	Royce	Young (AK)
McHugh	Santorum	Young (FL)
McInnis	Saxton	Zeliff
McKeon	Schaefer	Zimmer
McMillan	Schiff	

NOT VOTING—38

Becerra	Ford (TN)	Pickle
Bellenson	Gallo	Porter
Blackwell	Gephardt	Ros-Lehtinen
Boucher	Geren	Smith (IA)
Canady	Greenwood	Stokes
Carr	Harman	Towns
Chapman	Hefner	Tucker
Conyers	Hunter	Velázquez
de la Garza	Istook	Washington
Dellums	Kaptur	Whitten
Dixon	Maloney	Williams
Engel	Manton	Wilson
Ford (MI)	Neal (NC)	

□ 1025

Mr. KYL changed his vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. WISE). Will the gentleman from Washington [Mr. MCDERMOTT] lead the House in the Pledge of Allegiance.

Mr. MCDERMOTT led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Edwin Thomas, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

that the Senate had passed without amendment a bill and a joint resolution of the House of the following titles:

H.R. 4322. An act to amend the Small Business Act to increase the authorization for the development company program, and for other purposes; and

H. Con. Res. 261. Concurrent resolution to honor the United States astronauts who flew in space as a part of the program of the National Aeronautics and Space Administration to reach and explore the Moon.

The message also announced that the Senate agrees to the amendments of the House to the resolution (S.J. Res. 172) "Joint resolution designating May 30, 1994, through June 6, 1994, as a 'Time for the National Observance of the 50th Anniversary of World War II.'"

THE CATHOLIC HEALTH ASSOCIATION REPORT ON HEALTH CARE REFORM AND UNIVERSAL COVERAGE

(Mr. DERRICK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERRICK. Mr. Speaker, I bring to my colleagues' attention a letter and attached report commissioned by the Catholic Health Association that I sent to their offices yesterday.

The report finds that health care reform without universal coverage will harm, not protect, the American middle class. Incremental reform proposals like the Dole plan, the Cooper bill, the Rowland-Bilirakis bill and others will leave the middle class hanging.

The study finds:

Insurance market reforms alone would cover only 1.1 million people, just 3 percent of people projected to be uninsured in 1998.

Combined with subsidies, insurance coverage would increase to 40 percent, still leaving 22 million uninsured Americans consuming $25 billion in health care a year. This cost would be shifted onto the privately insured.

To cover the cost, average annual premiums for insured families would increase by $260—and still leave 22 million uninsured.

With no universal coverage there is no real health care reform. Please read my "Dear Colleague" and the attached report and find out why.

A CLEAN GATT PROMISES TO BE GOOD FOR NEBRASKA

(Mr. BARRETT of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARRETT of Nebraska. Mr. Speaker, I urge my colleagues to pass a clean General Agreement on Tariffs and Trade [GATT] implementing bill, to give States like Nebraska more opportunities to export and create jobs.

Nebraska's exports have grown at an extraordinary rate—a 429-percent increase in the last 7 years. Nebraska's exports have gone from $328 million in 1987 to more than $1.7 billion last year. Since 1987, my State has had the second biggest export growth among the 50 States.

Food products has been the biggest sector experiencing growth, increasing from just $45 million in 1987, to more than $1.1 billion last year—more than a 1,000-percent increase.

Ninety-six percent of Nebraska's export sales were of manufactured goods, with 95 percent of exporting businesses having fewer than 500 employees.

If GATT is implemented correctly—without raising taxes and without unrelated sidekick deals—it could help further expand export market opportunities.

Mr. Speaker, I urge my colleagues to pass a clean GATT implementing bill to give all States more opportunities to export and create jobs.

□ 1030

INTRODUCTION OF THE PROSTATE CANCER DIAGNOSIS AND TREATMENT ACT OF 1994

(Mr. MCDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, the Prostate Cancer Diagnosis and Treatment Act of 1994, which I am introducing today, is an important part of the campaign to reverse the rising incidence of prostate cancer in American men.

Prostate cancer is not some unusual disease that you rarely hear about; it is the most commonly diagnosed cancer among men, and the second leading cause of cancer death among men. Experts are projecting a troubling growth in both the number of diagnosed cases and deaths per year. By the year 2000, researchers are predicting increases of 90 percent in diagnosis cases and 37 percent in deaths per year.

In recent years, researchers have developed a simple, inexpensive blood test that detects signs of prostate cancer in the blood. Look in the President's or in other committee bills—you will find immunizations, mammograms, pap smears, cholesterol tests—everything but screening for prostate cancer. It is not there. It is time for us to do our job and provide quality care and treatment for the most commonly diagnosed cancer among men.

BEYOND THE PRESIDENT'S WORDS

(Ms. DUNN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DUNN. Mr. Speaker, as the President turns up the rhetoric regarding his health care plan I urge the American people to look beyond the words.

The President says his plan will help the middle class. But if you are a member of the middle class and you are satisfied with your current health care insurance, you need to know the Clinton plan will actually hurt you. In fact, you will end up paying a lot more money for lower quality health care.

The President says his plan will help younger Americans. But his mandated community ratings will penalize the young by making them pay higher premiums for health care few of the young ever use.

The President says his plan will help the working poor. But his employer mandates will kill millions of jobs that the working poor now desperately need while hurting small business expansion that could help the poor become prosperous.

Mr. Speaker, the President says his plan is good for America. I urge the American people to look beyond the President's words to find the real truth.

THE ECONOMY

(Mr. CLYBURN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLYBURN. Mr. Speaker, the deficit is down. Job growth is up, and 15 million American families are happy with their tax returns.

These 15 million families benefited from the President's earned income tax credit.

According to the latest available statistics, over $300 million alone has been refunded to South Carolina families who filed for the earned income tax credit with their 1993 tax returns.

And as a result of a newsletter I recently distributed to constituents in the Sixth Congressional District, many more families have discovered that they are eligible for this tax break.

The EITC is but one tangible example of the economic decisions made 18 months ago by this administration that demonstrates its commitment to investing in people.

Other tangible examples of this investment in people include the creation of over 3.5 million private sector jobs, including the establishment of the National Civilian Community Corps, where over 100,000 young Americans will perform community service for college aid. The naval base in Charleston, SC, is one of the sites chosen for this program.

Mr. Speaker, these programs are the reasons constituents send us to Washington, and in the past 18 months, we have delivered.

THE PRESIDENT MUST OFFER LEADERSHIP ON HEALTH CARE

(Mr. EWING asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. EWING. Mr. Speaker, I hope the Democratic health care busdrivers which are headed to Washington do not cause too many accidents, because if the drivers follow the President's lead, we can expect them to be swerving from one side of the road to the other all across the Nation.

For months the President has been demanding that health care reform include universal coverage, presumably meaning that the Government would require every American to have coverage. Then 2 days ago he said it was impossible to cover everyone. Then yesterday he reversed his reversal, and now says he is for universal coverage again.

For months the President has been insisting on a mandate by the Government that businesses pay for health care, and suddenly he says he is willing to look at alternatives.

Mr. Speaker, the Democratic leadership in the House are our busdrivers on health care, and if they follow the President's lead, they will not know whether to drive on the left side of the road, the right side of the road, or straight down the middle.

I hope the President will give them some direction before we have a health care crash.

THE DEMOCRATIC ECONOMIC PLAN IS A SUCCESS

(Mr. VISCLOSKY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VISCLOSKY. Mr. Speaker, Bill Clinton was elected in part because of his willingness to provide leadership for our economy, which was adrift under George Bush.

Last August, the Democrats in Congress passed the President's economic plan, which contained the largest deficit reduction in history, big cuts in Federal spending, a tax cut for 15 million filers, and made the very richest pay their fair share.

The Democratic economic plan is working.

Job growth is up. More than 6,000 jobs a day are being created. In the first 17 months of the Clinton administration, 58 percent more jobs have been created than during the entire Bush administration.

Unemployment has dropped from 7.7 to 6 percent.

And Federal spending as a percentage of the gross domestic product is lower under this administration than under Presidents Bush or Reagan.

Mr. Speaker, it's clear the Democratic economic plan is a success. We must now apply the same leadership toward health care and ignore the naysayers who would stand in the way of reform to protect the status quo at the expense of the middle class.

CLINTONCARE

(Mr. GOODLATTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOODLATTE. Mr. Speaker, with the clock running down and public support nosediving for his big government health care takeover, the President has decided to focus on folks he has ignored during his first 18 months in office—the middle class.

The White House is courting them with slick television ads, fancy campaign style bus tours, and speech after speech.

So far he has not been successful because the middle class knows that for them Clintoncare means lost jobs and income through employer mandates and higher taxes. Clintoncare means Washington bureaucrats choosing doctors and available treatments instead of families. Clintoncare means health care rationing. And Clintoncare means big government nannyism at its worst that assumes government always knows best and should dictate decisions to average folks. That is why President Clinton and the Democrat leadership is trying to ram their plan through before any more debate can occur.

LA-VAN HAWKINS—AN EXAMPLE OF ECONOMIC RECOVERY

(Ms. McKINNEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. McKINNEY. Mr. Speaker, I rise to salute the hard-working men and women who have led the economic recovery that we enjoy today.

I want to share an example from my district, Mr. La-Van Hawkins of Checkers restaurants. Mr. Hawkins will soon open his restaurant chain nationwide.

Recognizing the need of many other American families during the 12 years of dwindling real income under the previous administrations, Mr. Hawkins offers families an affordable meal at Checkers restaurant. His hard work has returned to him economic success, and to the community much-needed jobs for our young people. As he proudly flies the American flag over his establishments, Mr. La-Van Hawkins is an example of what can happen when the economy is back on track.

Today's economic recovery did not come easy. It came by the decisions of Congress to give small business a 94-percent tax break, tax relief for working low-income families and to substantially cut the deficit. These benefits to American families and workers were accomplished by a Democratic President and a Democratic Congress.

SEVEN OUT OF TEN

(Mr. HEFLEY asked and was given permission to address the House for 1 minute.)

Mr. HEFLEY. Mr. Speaker, like the ads on TV, 7 out of 10 doctors agree. This time they agree the Clinton health care plan is bad for your health. In fact, according to a recent poll, 75 percent of doctors oppose the Clinton plan, and for good reason.

Bill's bill is bad medicine for our health care quality. Because of its global budgets, the Clinton bill will promote health care rationing, causing long lines, and limited choice.

Because of its employer mandates, the Clinton bill will hurt economic growth, kill millions of jobs, and stunt business growth.

And with its mandated community ratings, the healthy and the young will have to pay more for their health care while getting a great deal less.

Mr. Speaker, there is a better way to health care reform. I urge the President to work with Republicans in a bipartisan fashion to craft a commonsense approach to health care.

Fix the problems of our current system, without creating more problems in the future. Drop the mandates, drop the taxes, and drop the Government takeover of health care.

□ 1040

THE ECONOMY IS UP

(Mrs. MEEK of Florida asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Speaker, the economy is up. It is very obvious. You do not need to make assumptions to know that the economy is up. You just need to deal with facts, not assumptions.

Mr. Speaker, this chart shows very vividly that private sector employment growth has soared. It shows that just since January 1993 there have been 208,000 jobs added in the economy. It is up, Mr. Speaker. Our economy is on a 20-month upswing, due largely to President Clinton's handling of the economy. It took real readership to do that, Mr. Speaker. Job growth is up, business investment is up, U.S. exports are up, double the rate of other industrial nations.

President Clinton has put his pencil where his mind is, and that is a hefty economy of this country.

Now, by any standard our economy is doing very well, and this administration is doing it with both inflation and unemployment under control. Mr. Speaker, Members of the House, a rising tide lifts all boats. With the economy growing as it is, the future looks bright for all of us.

ONE-STOP SHOP FOR CONGRESSIONAL REFORM

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, an overly generous pension plan is only one more perk that separates us from the average American worker and voter. Sunday's Washington Post had an article detailing how our pension plan provides us with much more than any other plan around. Like parking at airports and the gym, you can bet this will come to haunt us in November.

What makes it even worse is that Congress is looking at cutting entitlement programs for others. Thrift, like charity, Mr. Speaker, should begin at home. As elected leaders, we should lead in reforming our own pensions.

We need to reform to put us on the same footing as other Federal employees. We passed the plans for them, so they should be good enough for us, too. If a pension is good enough for a career civil servant or a veteran, it should be good enough for a Member of Congress.

Support total congressional reform. Support H.R. 4444, the one-stop shop for congressional reform. My bill reforms congressional pensions. It also brings us under the same laws we pass for others and does away with the perks and privileges that have alienated the American people. We need total reform of Congress, we need H.R. 4444.

ECONOMIC RECOVERY

(Mr. FARR of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FARR of California. Mr. Speaker, last Friday the administration released some good news on the economy. In its mid-year report, the administration showed that Federal spending is down, the deficit is down, job growth is up, inflation is in check, and the economy continues to grow at a consistent pace.

That is good news.

But even better news is what is happening at the local level, the trickle-down effect.

Just this past Monday in my district was a meeting of local business people, elected officials, and academics who issued their own mid-year economic report on the state of the local economy.

The prognosis: The local economy is in better shape now than it has been in the past 2 years, and things continue to look bright.

Much of this good news is due to the pro-active nature of the administration's drive to convert an abandoned military base in my district to a model for economic development. That drive culminated in a visit from Defense Secretary Perry 2 weeks ago when he handed over the land at Fort Ord to local ownership.

Mr. Speaker, the administration's economic plan is working and I intend to help move it along any way I can, for the good of the country, and the good of my district.

SEEKING THE TRUTH ON WHITEWATER

(Mr. GRAMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRAMS. Mr. Speaker, for the last year, the American people have been waiting to learn the truth about what really happened with the Whitewater Development Corp.

But during next week's hearings, only those subjects fully addressed by the Fiske investigation will actually be discussed. That means less than 5 percent of the events surrounding Whitewater will even be on the table when the Banking Committee convenes on Tuesday.

To limit these hearings to 5 percent of Whitewater is like slapping the face of every taxpayer who bailed out Madison Guaranty with their hard-earned dollars. For most Americans, it is just another example of a government that has grown too arrogant, too corrupt, and too out of touch with reality.

Mr. Speaker, the American people are fed up with White House antics and congressional coverups; 5 percent may satisfy the Washington standard for truth, but it will not sell in Minnesota or anywhere else outside the beltway.

For these reasons, I call on Congress to hold a second round of hearings on the rest of Whitewater. By taking this action, we can begin the process of restoring the faith of the people in the decency of their Government. And we can help rebuild the reputation of this body for honesty and candor.

The American people are only after one thing: The truth, the whole truth and nothing but the truth. Will Congress deliver? Tune in next week and find out.

AMERICA'S ECONOMY

(Mr. HILLIARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIARD. Mr. Speaker, many Republican Members of this body say they doubt the statistics and data which confirm that our American economy is doing better under this Democratic administration than it has done under both Reagan and Bush. That is really hard to understand when you consider the plain facts. For instance, the last administration's unemployment rate was 7.7 percent, whereas today's rate is 6 percent. The Joint Economic Council tells us that consumer confidence is at its highest level in over 4 years. Business investment in equipment in 1993 was at its highest level in 20 years, and according to Fortune magazine—which is by no means associated with the Democratic Party—chief executive officers of large, and small businesses are more confident in the economy than they have been in over 10 years.

This good news concerning our economy, is more than just ink and paper, it is real. But, as they say in Alabama, "the proof is in the pudding." We just located in my congressional district in Alabama, the biggest industrial plum in the Nation. I am speaking of the brandnew, first-ever in America. Mercedes Benz manufacturing facility. It will employ literally thousands of Alabamians. In closing, I would like to tell my Republican friends, "Yes, we are on the road to economic recovery. Hop aboard this American phenomenon and enjoy the ride."

REDEMPTION: IT'S GOOD FOR THE POLL

(Mr. SMITH of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Texas. Mr. Speaker, most of us believe in redemption.

And with the President's poll numbers in the tank, he might consider what he needs to do to redeem himself with the American people.

The CNN-USA Today-Gallup Poll reveals that most Americans disapprove of the President's job performance, disapprove of his handling of the economy, disapprove of his health care plan, and do not feel he is honest and trustworthy. It does not get much worse than that.

To earn the Nation's respect and gratitude, what the President needs to do is simple, but not easy: Keep his word. Listen to the people. Tell the truth.

Keeping his word means giving the American people a tax cut, not a tax hike on income, Social Security, gas, and small businesses. It means real welfare reform, not a $9 billion even more expensive program.

Listening to the people means not wrecking the best health care system in the world, but just fixing it for the people who need it.

Telling the truth means answering character and ethics questions directly, and apologizing if necessary.

The President has got the toughest job in the world. But if he is going to gain our trust, the changes he seeks will have to be within himself first.

LET'S FACE IT: THE NEWS IS GOOD

(Mr. INSLEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

79-059 O—97 Vol. 140 (Pt. 12) 25

Mr. INSLEE. Mr. Speaker, sometimes we in Congress need to step up to the plate and do hard things. One of the hard things, I recognize, is to recognize and note good news. Some folks do not want to recognize 3.8 million new jobs, some folks do not want to recognize tremendous increases in business investment; some folks do not want to recognize a reduction in the unemployment rate, for reasons that might be hard to understand. But it is important to do so because we have got to evaluate the decisions we are making.

Let me tell you about one decision this administration made to get apples into China.

□ 1050

Last week the first box of Washington apples arrived in China. We are creating jobs in this country, in my districts, and my State as a result of the right decisions, and it is time for us to start recognizing good news because of good ideas.

PROSTATE CANCER DIAGNOSIS AND TREATMENT ACT OF 1994

(Mr. FIELDS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FIELDS of Texas. Mr. Speaker, I rise today in strong support of the Prostate Cancer Diagnosis and Treatment Act of 1994. Prostate cancer is a serious killer that is striking more and more men every year. It is the most common form of cancer among men and the second leading cause of cancer death. And death rates from this disease are growing rapidly.

In recent years, we have developed new tests that can effectively screen the high-risk population. In addition to the traditional DRE, physicians can also use ultrasound and the relatively new prostate-specific antigen [PSA] blood test. The PSA test has been shown to be particularly effective in early detection of prostate cancer—identifying cases before they are picked up in a DRE or ultrasound. Early detection is critical if treatment through prostatectomy or radiation therapy is to stop the cancer before it spreads to the bone. Once the cancer leaves the prostate, treatment is much less effective. The American Urological Association now recommends routine screening for men over age 50.

While we know these tests could be the difference between life and death for tens of thousands of men, we are not making all of them available through Federal programs like Medicare and veterans medical centers for men in the highest risk categories. This despite the fact that over 90 percent of prostate cancer is found in men in the Medicare age groups. We are also not making complete treatment available through these programs for men that have the disease. Although studies have found combination therapies with oral and intravenous drugs to be most effective in prolonging the lives of patients with late stage prostate cancer, these therapies are not covered under Medicare or generally available through veterans medical centers.

This legislation would change that. It would make an annual prostate cancer screening, including the option of a PSA test, available to all men enrolled in Medicare or in veterans health programs. It would also provide Medicare and veterans health coverage for oral drugs in cases where the oral drugs are part of a combination therapy for prostate cancer.

Finally, this legislation would increase funding for research and development of new treatments for prostate cancer, and would direct the agency for health care policy and research [AHCPR] to expand research into effective treatments for prostate cancer leading to the development of medical guidelines.

It is time for us to take action to halt the progress of this deadly cancer. At the very least, we must take the roadblocks out of our Federal programs that bar men from receiving the screening and treatment that have been shown to be effective with this disease. I urge my colleagues to join me in making our proposed attack on prostate cancer a reality.

THE IMPORTANCE OF UNIVERSAL COVERAGE

(Mr. HAMBURG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAMBURG. Mr. Speaker, a report released by the Secretary of the Treasury this week shows that there are over 100,000 people without health insurance in my district; 85 percent of them are in working families and 22,000 are children.

The President is right that incremental reforms alone will not work and could lead to more people uninsured. The only thing that will work is universal—100 percent—coverage. Only universal coverage will end the cost shifting and make health care affordable. Only universal coverage will make the insurance reforms work. Only universal coverage will protect middle-income families.

Universal coverage is of critical importance to rural communities like those in my district. Providing uncompensated care to the millions of uninsured rural Americans is a major drain on the rural health care system. Universal coverage would provide the critical resources needed to stabilize and enhance rural health care delivery.

GOOD ECONOMIC NEWS

(Mr. KLINK asked and was given permission to address the House for 1 minute.)

Mr. KLINK. Mr. Speaker, a friend of mine, a Republican from Westmoreland County, was telling me just a few weeks ago, "We got to get rid of this administration." He works at Kennametal in Latrcbe. He said:

Ever since this administration came into office, I can't get a day off. We're working three straight shifts every day, and we're adding new employees.

Well, some of the other success stories in southwestern Pennsylvania include J&L Structural Steel in Aliquippa. They are going to add 100 new jobs in the next 2 years. This is an area where during the Reagan administration we lost 13,000 jobs on the same site. Koppel Steel on average is going to add 71 new jobs by April of 1995. World Class Processing in Ambridge has added a fourth shift to meet their demand. In Jeannette, PA, GenCorp Polymer Products and Event Horizon Software are both hiring.

Things are starting to look up in the job market, Mr. Speaker. It is in no small part due to the economic plan that Congress passed last year. I remind my colleagues that a lot of the same people who told us that we were going to have horrendous times if and when that plan passed are the same people telling us today that this health care reform is going to kill us. I do not think, Mr. Speaker, they have any credibility whatsoever.

QUESTIONS THAT NEED TO BE ANSWERED ABOUT HAITI

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, in my district I had the honor of representing the 24th Infantry Division, and when I asked the men of the United States Army about Haiti, they quickly replied that they are the doers, that they are not the policymakers. They are the ones that get the job done. They are not the ones who make the decisions to go there. They are very patriotic, and they are willing to rely on the wisdom of the U.S. Congress to make the right decision.

Mr. Speaker, let me repeat that they are willing to rely on the wisdom of the U.S. Congress and the President of the United States. What a scary thought.

As I talked to Members, and not just Members of Congress, but other people in Washington, we are all asking these questions:

What are we doing in Haiti?
What is the President doing in Haiti?
What is the long-term plan in Haiti?
What is the short-term plan in Haiti?
What is today's plan in Haiti?
What is the American peril?

What is the American objective?

If we invade, when will we accomplish our mission, and when will we come home, and how will we come home?

Mr. Speaker, Members of Congress, until these questions are answered I do not believe we should be going further along the road to an invasion of Haiti.

POLITICAL HANKY-PANKY

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, these are important topics, but I have heard of politicians being able to reach into their pockets for a bag of tricks, but this one is right out of Victoria's Secret.

That is right.

After having lunch with his staffers, Mr. Speaker, a powerful Washington politician reached into his pocket and pulled out a pair of women's panties.

That is right.

A staffer later said, "Lo and behold."

Now that is real American slang.

"Lo and behold, the boss mistakenly has taken his wife's panties thinking it was a handkerchief."

Mr. Speaker, the staff said it was not hanky-panky, strictly a hankie.

My colleagues, this may be the truth, but thank God he did not pull out a product made by Maidenform.

Mr. Speaker, I say, "Ever since Fannie Fox was dragged out of the Potomac, you don't know what to expect from all these powerful politicians."

PRIME MINISTER RABIN AND KING HUSSEIN TO ADDRESS JOINT SESSION OF CONGRESS

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute.)

Mr. MAZZOLI. Mr. Speaker, last September, along with many of my colleagues, I was present on the south lawn of the White House on that historic day when the Prime Minister of Israel, Mr. Rabin, the Foreign Minister of Israel, Mr. Peres, and the Chairman of the Palestine Liberation Organization, Yasser Arafat, met along with President Clinton, shook hands, and signed that historic framework accord for bringing peace to the Middle East.

It was a beautiful day. It was a golden day for that golden handshake, and I thought to myself, "Does it get any better?"

□ 1100

The short answer is, yes. Next Tuesday, just behind where I am standing today, we will be addressed in the House of Representatives jointly by the Prime Minister of Israel, Mr. Rabin, and by the King of the Hashemite Kingdom of Jordan, King Hussein, who will have been on the day earlier, on Monday, at the White House, hopefully to sign some peace agreement, but, at the least, they will be talking about peace in the Middle East.

This just seems to me so remarkable. I cannot help but marvel at how far these men of courage have come because it has been at some political and even personal peril that they have taken these steps to forge peace out of what was a raging war for decades.

Mr. Speaker, I commend their efforts, salute them, and wish them well.

RATIONING OF MEDICARE TO SENIOR CITIZENS SEEN AS A THREAT

(Mr. SHAW asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHAW. Mr. Speaker, this morning there appeared in the Washington Post a full-page ad, and it carries a simple message: "What will you tell your voters if you cut $110 billion from Medicare?"

Well, I can tell the members that the Committee on Ways and Means has reported out a health care bill that cuts out over the next 9 years almost half a trillion dollars from Medicare. When we ask them, "Where are they going to make up these amounts?" They say, "Through cost savings."

Now, listen to this logic. Medicare today pays only about 80 percent of the bills of our senior citizens. That means that the other 20 percent is made up by the rest of the population, through insurance premiums, through costs that have been incurred in hospitals and in doctors' offices.

Now, what the administration is telling us and what the Committee on Ways and Means is telling us is that we are going to cut an additional amount and that is going to be paid for by additional savings. When we have a Medicare system right now that is not paying its fair share, that has been cut until it is too low, could it be that there is a conspiracy to actually cut the amount of services that are going to be available to our seniors?

Mr. Speaker, I think we had better think this one over. We do not want to ration Medicare to our seniors who have this as an earned right.

CLINTON TAX BILL PENALIZES MARRIED COUPLES

(Mr. DOOLITTLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOOLITTLE. Mr. Speaker, there was an article in the Washington Post on July 10, 1994, that many of us will find interesting. The headline reads; "For Many Tax Laws Take the Bliss Out of Being Wedded." The article states, "Combined with changes in the earned income tax credit, the tax law brings back the so-called marriage penalty with a vengeance."

Amongst the worst hit by the Clinton marriage penalty are working couples at the bottom of the income spectrum. According to the article, under certain circumstances, a married couple, both working with two children, and with total earnings of $20,000, will pay $3000 more in taxes on income this year than they would if they were single.

Mr. Speaker, this example is one of the results of the Clinton tax package imposed upon the people of the United States. We have heard this package extolled for economic growth, and yet new job creation is running less than one-third the amounts normally seen 3 years after a recession ends. And as for deficit reduction, we have yet to bring our deficits down to what they were under Ronald Reagan, who has been so critized by Mr. Clinton and other liberal Democrats for deficit spending.

Mr. Speaker, to add fuel to the fire, if the Democrats impose their socialistic health care plan on us, taxes will dramatically increase, further penalizing families and businesses within the United States.

THREATENED INVASION OF HAITI MAY BE POLITICALLY MOTIVATED

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, a year ago today, in the White House office of Vince Foster, obstruction of justice was taking place. Access to Foster's office was denied to FBI, Park Police investigators, and even Justice Department lawyers while Foster's desk and files were rifled for anything politically embarrassing. One investigator familiar with the investigation was quoted as saying, "I thought they all should have been arrested for obstruction of justice." And I find it absolutely astounding that politics would be driving stories, in conservative and liberal newspapers, that we may invade Haiti because the President needs something to bring up his poll numbers.

There have been massacres in Haiti. Just recently 12 young men were slaughtered. But just a few miles to the west, closer to the United States on the Island of Cuba and in the waters surrounding it, massacres have continued for 35 years. Within the month, just a few weeks ago, a tugboat was appropriated by some freedom-loving Cubans. When it passed the 7-mile limit, it was surrounded by Castro's more modern military boats, and with high-powered hoses they blew women and children off the tug to drown in the waters. Then they circled it, creating a maelstrom, and only 30 out of 75 men, women, and children survived.

Mr. Speaker, that is a massacre. If this President is looking for a country to invade, let it be Cuba, not Haiti. Cuba is the more morally compelling case.

THE MESSAGE IN TRADE DEFICITS

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, yesterday's media reported that the U.S. merchandise trade deficit is $12.7 billion for May and the yearly deficit would approach $140 billion. This is the second highest deficit in U.S. history. Despite the lower yen, the deficit with Japan is still 10 percent ahead of last year's at $24.9 billion. The deficit with China is up 22 percent, as is the deficit with the newly industrialized Asian countries and Europe.

The Secretary of Commerce claims the answer is to open more markets. That sounds fine, but many of the products we buy from Japan and other places in the world cannot be substituted or replaced, overnight so these are not affected with currency fluctuations. These products include items such as ceramic packages for microcomputers and flat panel screens from Japan and oil from the Middle East. Obviously, there is something wrong with the standard theories that cheaper currency makes it easier to sell products abroad. This is true when you manufacture items that are useful. The message we should learn from the trade deficit is the United States needs to rebuild an industrial base and create more jobs in America.

ANNOUNCEMENT OF THE DEATH OF THE LATE HONORABLE PATRICK J. HILLINGS OF CALIFORNIA

(Mr. DREIER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, it saddens me to report to our colleagues on the passing of Patrick J. Hillings, who was a former member of this institution. He was a constituent of AL MCCANDLESS, living in the desert empire of California.

Pat Hillings was the ultimate political animal, and I mean that in the most complimentary way. I had lunch with another of our former colleagues, Tom Railsback, about 6 weeks ago, with Pat, and Pat was asking about virtually everything that was going on here in this body that he loved, and, or course, he was asking and talking about politics in California.

His services will be held next Thursday afternoon at Arlington, and I know that all of our colleagues would want to join in extending condolences to his wife Celia and all the members of his family.

FAMILY OF VINCENT FOSTER SEEKS RELIEF FROM PUBLIC SCRUTINY

(Mr. GIBBONS asked and was given permission to address the House for 1 minute.)

Mr. GIBBONS. Mr. Speaker, I yield to the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Speaker, in today's Washington Post, the family of Vincent Foster has asked that his death not be subject to further public comment and further public scrutiny.

I want to tell the Members that I know that family, and I would ask all Members, let us leave them alone. Nothing is achieved by talking about it other than making the family miserable.

I have heard some remarks on this matter that I would not expect to hear in the lowest dive in this country. These remarks have been absolutely uncalled for and reprehensible, not to mention totally lacking in class.

Mr. Speaker, I would ask all Members on both sides of the aisle, let us not have any further comment on this subject.

□ 1110

PRIVILEGES OF THE HOUSE—RETURNING TO THE SENATE S. 729, LEAD EXPOSURE REDUCTION ACT OF 1994

Mr. GIBBONS. Mr. Speaker, I rise to a question of the privileges of the House.

Mr. Speaker, I offer a privileged resolution (H. Res. 486) and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 486

Resolved, That the bill of the Senate (S. 729) to amend the Toxic Substances Control Act to reduce the levels of lead in the environment, and for other purposes, in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of this House and that such bill be respectfully returned to the Senate with a message communicating this resolution.

The SPEAKER pro tempore (Mr. WISE). In the opinion of the Chair, the resolution constitutes a question of privilege.

The gentleman from Florida [Mr. GIBBONS] will be recognized for 30 minutes, and the gentleman from Missouri [Mr. HANCOCK] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 486 returns to the Senate the bill, S. 729, because it contravenes the constitutional requirement that revenue measures originate in the House of Representatives.

S. 729 amends the Toxic Substances Control Act to restrict the levels of lead contained in various products, authorizes appropriations for lead testing, and contains other provisions to reduce lead exposure. Title I of S. 729 contains a number of provisions which prohibit the import of specific categories of products which contain more than specified quantities of lead as identified by the Administrator of the Environmental Protection Agency. The product categories potentially subject to the import ban are broad, including paints, toys and game pieces, curtain weights, inks, glass coatings, lead solder, and plumbing fittings and fixtures, as well as new motor vehicles or parts coated with a paint or primer exceeding the permitted lead content levels.

The import prohibitions are a change in our tariff laws and constitute a revenue measure in the constitutional sense, because they would have a direct and potentially significant effect on customs revenues.

There are numerous precedents for taking the action I am requesting. For example, on February 25, 1992, the House returned to the Senate S. 884, requiring the President to impose sanctions, including import restrictions against countries that fail to eliminate large scale driftnet fishing. On October 31, 1991, the House returned to the Senate S. 320, including provisions imposing, or authorizing imposition of, a ban on imports in connection with export administration. On June 16, 1988, the House returned to the Senate S. 1748, prohibiting all imports from Iran.

Mr. Speaker, adoption of this resolution is intended solely to protect the constitutional prerogative of the House to originate revenue matters. I want to make it clear to all Members that our action today does not constitute a rejection of the Senate bill on its merits. Rather, it makes clear to the Senate that the appropriate procedure for dealing with tariff measures that affect revenues is for the House to act first on a revenue bill and the Senate to add its amendments and seek a conference.

Mr. Speaker, I reserve the balance of my time.

Mr. HANCOCK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this resolution.

I agree with the gentleman from Florida [Mr. GIBBONS] that the procedure we are following does not constitute a rejection of the provision in question on its merits.

The resolution simply tells the other body that we must insist on respecting the constitutional requirement that this and all other revenue measures

originate in the House of Representatives.

The resolution is procedural in nature—not substantive. It is, however, an important procedure that preserves the responsibilities of the House of Represenatives on revenue matters.

Certainly the Senate sponsors are free to seek an appropriate vehicle for consideration of the provision which has caused us to take this action today.

In this form, however, we must insist on preserving the prerogatives of the House.

Mr. Speaker, I yield back the balance of my time.

Mr. GIBBONS. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRIVILEGES OF THE HOUSE—RETURNING TO THE SENATE S. 1030, VETERANS HEALTH PROGRAMS IMPROVEMENT ACT OF 1994

Mr. GIBBONS. Mr. Speaker, I rise to a question of privileges of the House.

Mr. Speaker, I offer a privileged resolution (H. Res. 487) and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 487

Resolved, That the bill of the Senate (S. 1030) entitled the "Veterans Health Programs Improvement Act of 1994", in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of this House and that such bill be respectfully returned to the Senate with a message communicating this resolution.

The SPEAKER pro tempore. In the opinion of the Chair, the resolution constitutes a question of privilege.

The gentleman from Florida [Mr. GIBBONS] will be recognized for 30 minutes, and the gentleman from Missouri [Mr. HANCOCK] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 487 is a simple resolution returning to the Senate the bill (S. 1030) because it contravenes the constitutional requirement that revenue measures originate in the House of Representatives. S. 1030 contains a provision that would exempt from taxation certain payments made on behalf of participants in the Education Debt Reduction Program.

This provision constitutes a revenue measure in the constitutional sense, because it would have an immediate affect on revenues. Under the provision, Federal tax would not be collected on payments that otherwise would be taxable. Therefore, I am asking that the House insist on its constitutional prerogatives.

There are numerous precedents for taking the action I am requesting. For example, on October 22, 1991, the House passed House Resolution 251, returning to the Senate (S. 1241), which would have excluded certain police corps scholarships from gross income for tax purposes and would have made various other changes to tax laws. On November 9, 1989, the House passed House Resolution 287, returning to the Senate (S. 686), which would have allowed a credit against the oil spill liability tax for certain amounts transferred to the oil spill liability trust fund. On June 15, 1989, the House passed House Resolution 177, returning to the Senate (S. 774), which would have conferred tax-exempt status to two newly-created corporations that otherwise would have been taxable entities. On October 21, 1988, the House passed House Resolution 604, returning to the Senate (H.R. 1315), which would have imposed mandatory fees to finance a Federal uranium reclamation fund. On that same date, the House passed House Resolution 603, returning to the Senate (S. 2097), which contained similar mandatory fees for a uranium reclamation fund.

While the House, by adopting this resolution, will preserve its prerogative to originate revenue matters, I want to make it clear to all Members that our action does not constitute a rejection of the Senate bill on its merits. Our action today is merely procedural in nature. It makes it clear to the Senate that the appropriate procedure for dealing with revenue measures is for the House to act first on a revenue bill and the Senate to add its amendments and seek a conference.

Mr. Speaker, I reserve the balance of my time.

Mr. HANCOCK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the privileged resolution offered by the chairman of the Ways and Means Committee.

As the ranking Republican member on the Select Revenue Subcommittee, I want to underscore the gentleman's comment that the procedure we are following does not constitute a rejection of the provision in question on its merits.

The resolution does not address the substance of the Senate amendment at all. It simply tells the other body that we must insist on respecting the constitutional requirement that this and all other revenue measures originate in the House of Representatives.

The resolution is truly procedural in nature—but it is an important procedure that protects the rights and responsibilities of the House of Representatives.

Adoption of this privileged resolution to return the amendment to the Senate should in no way prejudice its consideration in a constitutionally acceptable manner.

□ 1120

Mr. Speaker, I yield back the balance of my time.

Mr. GIBBONS. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 4604, BUDGET CONTROL ACT OF 1994

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 484 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 484

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 4604) to establish direct spending targets, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and the amendments made in order by this resolution and shall not exceed one hour, with thirty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Rules and thirty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule and amendment in the nature of a substitute consisting of the text of the bill modified by the amendment printed in part 1 of the report of the Committee on Rules accompanying this resolution. That amendment in the nature of a substitute shall be considered as read. No other amendment shall be in order except those printed in part 2 of the report of the Committee on Rules. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment except as specified in the report, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in part 2 of the report are waived. If more than one of the amendments printed in part 2 of the report is adopted, only the last to be

adopted shall be considered as finally adopted and reported to the House. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been finally adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. (Mr. WISE). The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Florida [Mr. GOSS], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 484 provides for the consideration of H.R. 4604, the Budget Control Act of 1994. The resolution allows up to 1 hour of general debate, with 30 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Rules, and 30 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations.

Under the rule, after general debate the bill will be considered as read and considered for amendment as specified in House Report 103–614 accompanying the resolution.

Part 1 of House Report 103–614 makes in order, as an original bill for the purpose of amendment, an amendment in the nature of a substitute consisting of a modified H.R. 4604 which exempts Social Security from the provisions of the bill.

No amendments would be in order except the three amendments in the nature of substitutes printed in part 2 of House Report 103–614. The amendments would be considered in the following order under a king-of-the-hill procedure: first, the amendment by Representative KASICH or a designee; second, the amendment by Representative STENHOLM or a designee; and third, the amendment by Representative STUPAK or a designee. Should more than one amendment be adopted, only the last amendment adopted would be reported to the House.

Each amendment would be debatable for 40 minutes, equally divided and controlled by the proponent and an opponent thereto. The amendments would not be subject to further amendment or to a demand for a division of the question in the House or the Committee of the Whole, and all points of order against the amendments would be waived.

Finally, the resolution provides for one motion to recommit, with or without instructions.

Mr. Speaker, the Budget Control Act of 1994 is designed to improve the budget process and safeguard the deficit reduction achieved in last year's reconciliation act.

As the Members know, the 1993 Deficit Reduction Act has already reduced the Federal budget deficit dramatically in the mere 11 months since its passage.

A deficit that exceeded $290 billion in fiscal year 1992 fell to $255 billion in fiscal year 1993 and will fall to $200 billion or less this year, according to private economists and the Congressional Budget Office.

For the first time since the administration of Harry Truman, America is poised to enjoy 3 consecutive years of declining budget deficits. This is a great achievement. And let the record show that these declining deficits were made possible by the tough medicine administered by the President and the Democrats in this Congress.

Although the budget deficit is falling and all signs indicate that it will continue to fall over the next few years, Americans clearly want us to make additional deficit reductions, and we are doing so. In May and June of this year we passed appropriations bills for next year calling for spending nearly $11 billion less than the current budget freeze would allow.

Last week we passed another bill to give the President a modified line-item veto. That bill is now pending in the Senate, which I hope will act soon.

Health care reform legislation, which is a critical part of the President's deficit reduction program due to burgeoning growth in Federal health care programs, is under consideration.

Today, I bring to the House another deficit reduction measure to make process changes dealing with the largest category of Federal spending, so-called entitlements.

Mr. Speaker, H.R. 4604 will create a process whereby the President and Congress will review annually through fiscal year 1997 the entitlement portion of the Federal budget. This review will compare spending on entitlements in the previous year, the budget year, and the 4 succeeding years, to targets established pursuant to the bill.

The targets would be set by the Office of Management and Budget within 30 days of enactment and would be based on spending resulting from laws enacted as of 5 days before OMB set the targets. To set the targets OMB would use the assumptions underlying last year's budget resolution to the extent feasible.

OMB would adjust the targets each year to reflect changes in beneficiary populations, legislated net revenue increases, and spending resulting from legislation designated as emergency under the Budget Enforcement Act.

If the annual review reveals that entitlement spending exceeded or will exceed the target in any year by more than one-half of 1 percent, then the President would have to include in his budget recommendations for addressing the overage. To eliminate the overage, the President could recommend any combination of cuts in entitlements, reductions in discretionary appropriations, or revenue increases.

In the event the President finds an overage, the House Budget Committee must include, in a separate section of the budget resolution, provisions instructing the appropriate committees to report legislation cutting spending or increasing revenues. These instructions must call for savings equal to, or exceeding, the total recommended by the President for action, up to the full amount of the overage. In the event the Budget Committee failed to report a budget resolution addressing overages, then the President's recommendations could be brought directly to the floor for a vote.

If a budget resolution proposes to offset less than the full overage found by the President, the Budget Committee must report a resolution directing the Government Operations Committee to report legislation increasing the targets by the amount of the overage not offset. This mechanism is intended to create an opportunity for a separate vote on raising the targets if the Budget Committee does not fully address an overage. It would not be in order to consider a budget resolution addressing less than the full overage until the separate vote on raising the targets had occurred.

In addition, the bill contains other enforcement measures. First, a budget resolution conference report must fully address any overage found by the President either through spending cuts, revenue increases or target increases, or be subject to a point-of-order. Second, it would not be in order to consider any appropriations bills in the House until a budget resolution fully addressing any overages had been agreed to. These enforcement measures are designed to preclude Congress from shirking its responsibility to deal with any overages found by the President.

Mr. Speaker, as introduced, H.R. 4604 is identical to provisions included in the House version of last year's reconciliation bill. Due to parliamentary constraints in the Senate, the provisions did not appear in the Senate version of the bill or in the conference report. So the President imposed the requirements on himself by Executive order, and the House adopted House Resolution 235, which imposed procedural requirements on us similar to those contemplated by the bill.

The rule before us today would modify H.R. 4604 to improve it in one very important way: to exclude Social Security from the entitlement review and

exclude benefit cuts from consideration as a recommended solution to an overage.

Given the large balances in the trust funds, Social Security could not cause an overage. Since Social Security could not cause the problem, it ought not be part of the solution. Including Social Security in this process would make no sense and frighten our senior citizens unnecessarily.

Mr. Speaker, passing this bill would codify and improve the process created by the Executive order and House Resolution 235. It would give the Senate another opportunity to add provisions allowing that body to consider remedial legislation if entitlement spending exceeds the levels contemplated in last year's budget. I urge all Members to support the bill.

I also urge Members to vote for the rule. It makes in-order all the substitutes the Committee on Rules was asked to make in-order, and provides for a king-of-the-hill procedure in the event more than one of the amendments is adopted. The rule will modify the base bill to exempt Social Security and allow for a full airing of the remaining issues involved.

□ 1130

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we take the next step in the majority leadership's elaborate plan to derail the A-to-Z spending cut proposal. For the A-to-Z experts, this legislation is a train wreck being passed off as a station stop. Last week, the House repassed a measure we had passed once before—the so-called expedited rescission bill—that died an uneventful death in the other body.

Today's bill was also passed once by this House, as part of last year's budget resolution—but it too died because of the other body. Yet, the majority leadership is bound and determined to block the commonsense A-to-Z plan for cutting spending, so we are taking valuable legislative time to cover this ground again, even though these measures will not ever reach the President's desk. As a member of the President's bipartisan Commission on Entitlement and Tax Reform, I am troubled that this issue is being rammed onto the House floor at this time. The 32 commissioners are working hard to study thoughtfully and specifically the whole entitlement picture and develop meaningful policy recommendations by the end of the year. So why undercut these serious efforts with a short-term political ploy? Could it be the elections in November? H.R. 4604 also represents the first real effort to divide and conquer comprehensive congressional reform. Everyone knows that, to pass the necessary changes in the way Congress operates, Members need to have some good news sweeteners to vote for to make the bitter medicine of real reform a bit easier to swallow. By breaking apart the joint committee package, the Speaker is practically ensuring that the tougher provisions of reform will not pass this House. It is especially frustrating that the only so-called reform provisions we are dealing with have little chance of being enacted and would accomplish little even if they were. It is just more hoops. Members should note that the so-called entitlement spending caps established by H.R. 4604 and set by OMB will likely have little impact on the explosion of entitlement spending—because the targets keep rising in the out years, just enough to stay above the estimated levels of direct spending. So, cap or no cap, this measure is unlikely to force politically difficult reductions in entitlement spending. But, if you read the fine print of this rule, which self-executes a change in language to H.R. 4604, you will find that the bill actually opens the door for higher Social Security taxes in the event that entitlement spending does ever exceed the caps. We are gratified that the majority belatedly recognized the need to protect Social Security benefits from cuts—Social Security is self-financing, should remain off-budget and should not be used to cover shortfalls in other programs. But the new and improved language may be worse than the original because it opens the door for higher Social Security payroll taxes presumably these can be used for other entitlements. Members who know that higher taxes are not the answer to our budget problems should recognize that this language provides a major opportunity for tax increases. Mr. Speaker, this rule also employs the unfair procedure known as King of the Hill to give Members' cover in their votes here today. It stacks the deck against the Kasich-McMillan-Kolbe substitute—which actually has real teeth, forces Congress to set and live with meaningful targets, and properly exempts the entire Social Security Program. Even if this House approves Kasich, the majority will have a shot to reverse that vote, by bringing the Spratt-Stupak text of H.R. 4604 back up at the end of debate for one more vote. Sandwiched in the middle is a third proposal, the Stenholm-Penny-Deal-LaRocco-Orton plan, which leaves Social Security benefits vulnerable and leaves the targets up to OMB. Under this rule, Members could vote for more than one option with the security of knowing the leadership's favorite will still prevail. We should do away with this disingenuous confusing procedure, and instead have clean votes on all proposals, with the highest vote getter winning the day. In closing, I urge my colleagues to support Mr. DREIER in his attempt to defeat the previous question so that he may offer a further amendment on comprehensive congressional reform. We have missed too many opportunities for reform already—vote no on the previous question.

Mr. Speaker, I include the following documents relating to open versus restrictive rules and rollcall votes;

ROLLCALL VOTES IN THE RULES COMMITTEE ON MOTIONS TO PROPOSED RULE ON THE BUDGET CONTROL ACT, WEDNESDAY, JULY 20, 1991

1. Modified King-of-Hill.—It is moved that in lieu of the king-of-the hill language in the rule providing that the last amendment adopted be reported to the House, the amendment adopted receiving the most favorable votes shall be considered as the one finally adopted and reported back to the House. Rejected: 4–6. Yeas: Solomon, Quillen, Dreier, and Goss. Nays: Moakley, Derrick, Beilenson, Frost, Hall and Slaughter. Not Voting: Bonior, Wheat and Gordon.

2. Consideration of Legislative Reorganization Act.—It is moved that the text of H.R. 3801 (except for Subtitle E, "Budget Control") shall be considered as a further amendment at the end of the bill, following the disposition of other amendments made in order by the rule to the Budget Control Act. The text of H.R. 3801 would be considered as original text for further amendment under the five-minute rule if such amendments are offered by Reps. Hamilton, Dreir, or their designees, and confined to the specified subject areas of the bill. Points of order are waived against the amendment. Rejected: 4–6. Yeas: Solomon, Quillen, Dreier, and Goss. Nays: Moakley, Derrick, Beilenson, Frost, Hall and Slaughter. Not Voting: Bonior, Wheat and Gordon.

3. Motion to Report Rule.—Motion to report rule as originally moved, providing for one-hour of general debate, an amendment in the nature of a substitute as base text, three substitute amendments under king-of-hill procedure, 40 minutes debate each, and one motion to recommit, with or without instructions. Adopted: 6–4. Yeas: Moakley, Derrick, Beilenson, Frost, Hall and Slaughter. Nays: Solomon, Quillen, Dreier and Goss. Not Voting: Bonior, Wheat and Gordon.

ROLLCALL VOTES ON MOTIONS IN THE RULES COMMITTEE ON PROPOSED RULE FOR THE ENTITLEMENT BILL (H.R. 4604), THURSDAY, JULY 14, 1994

(1) Dreier Motion to Table H.R. 4604.—A motion that the Committee table H.R. 4604, the "Budget Control Act of 1994." Rejected: 3–4. Yeas: Solomon, Dreier and Goss. Nays: Moakley, Derrick, Beilenson and Slaughter. Not Voting: Frost, Bonior, Hall, Wheat, Gordon and Quillen.

(2) Dreier Motion to Postpone Consideration to a Date Certain.—A motion to postpone consideration of H.R. 4604, the "Budget Control Act of 1994," to a date certain, that date being the meeting date following the day after the Committee has disposed of consideration of H.R. 3801, the "Legislative Reorganization of 1994." Rejected: 3–4. Yeas: Solomon, Dreier and Goss. Nays: Moakley, Derrick, Beilenson and Slaughter. Not Voting: Frost, Bonior, Hall, Wheat, Gordon and Quillen.

(3) Dreier Motion to Commit With Instructions.—A motion to commit the bill H.R. 4604, the "Budget Control Act of 1994," to the Subcommittee on Legislative Process with instructions not to report back to the same to the Committee until it has conducted hearings and studies the provisions of the bill in the overall context of the need for comprehensive reform of the Congress and reported back to the Committee its findings

and recommendations thereon. Rejected: 3–4. Yeas: Solomon, Dreier and Goss. Nays: Moakley, Derrick, Beilenson and Slaughter. Not Voting: Frost, Bonior, Hall, Wheat, Gordon and Quillen.

OPEN VERSUS RESTRICTIVE RULES 95TH–103D CONG.

Congress (years)	Total rules granted [1]	Open rules		Restrictive rules	
		Number	Percent [2]	Number	Percent [3]
95th (1977–78)	211	179	85	32	15
96th (1979–80)	214	161	75	53	25
97th (1981–82)	120	90	75	30	25
98th (1983–84)	155	105	68	50	32
99th (1985–86)	115	65	57	50	43
100th (1987–88)	123	66	54	57	46
101st (1989–90)	104	47	45	57	55
102d (1991–92)	109	37	34	72	66
103d (1993–94)	78	19	24	59	76

[1] Total rules counted are all order of business resolutions reported from the Rules Committee which provide for the initial consideration of legislation, except rules on appropriations bills which only waive points of order. Original jurisdiction measures reported as privileged are also not counted.

[2] Open rules are those which permit any Member to offer any germane amendment to a measure so long as it is otherwise in compliance with the rules of the House. The parenthetical percentages are open rules as a percent of total rules granted.

[3] Restrictive rules are those which limit the number of amendments which can be offered, and include so-called modified open and modified closed rules, as well as completely closed rule, and rules providing for consideration in the House as opposed to the Committee of the Whole. The parenthetical percentages are restrictive rules as a percent of total rules granted.

Sources: "Rules Committee Calendars & Surveys of Activities," 95th–102d Cong.; "Notices of Action Taken," Committee on Rules, 103d Cong., through July 20, 1994.

OPEN VERSUS RESTRICTIVE RULES: 103D CONG.

Rule number date reported	Rule type	Bill number and subject	Amendments submitted	Amendments allowed	Disposition of rule and date
H. Res. 58, Feb. 2, 1993	MC	H.R. 1: Family and medical leave	30 (D–5; R–25)	3 (D–0; R–3)	PQ: 246–176. A: 259–164. (Feb. 3, 1993).
H. Res. 59, Feb. 3, 1993	MC	H.R. 2: National Voter Registration Act	19 (D–1; R–18)	1 (D–0; R–1)	PQ: 248–171. A: 249–170. (Feb. 4, 1993).
H. Res. 103, Feb. 23, 1993	C	H.R. 920: Unemployment compensation	7 (D–2; R–5)	0 (D–0; R–0)	PQ: 243–172. A: 237–178. (Feb. 24, 1993).
H. Res. 106, Mar. 2, 1993	MC	H.R. 20: Hatch Act amendments	9 (D–1; R–8)	3 (D–0; R–3)	PQ: 248–166. A: 249–163. (Mar. 3, 1993).
H. Res. 119, Mar. 9, 1993	MC	H.R. 4: NIH Revitalization Act of 1993	13 (d–4; R–9)	8 (D–3; R–5)	PQ: 247–170. A: 248–170. (Mar. 10, 1993).
H. Res. 132, Mar. 17, 1993	MC	H.R. 1335: Emergency supplemental Appropriations	37 (D–8; R–29)	1(not submitted) (D–1; R–0)	A: 240–185. (Mar. 18, 1993).
H. Res. 133, Mar. 17, 1993	MC	H. Con. Res. 64: Budget resolution	14 (D–2; R–12)	4 (1-D not submitted) (D–2; R–2)	PQ: 250–172. A: 251–172. (Mar. 18, 1993).
H. Res. 138, Mar. 23, 1993	MC	H.R. 670: Family planning amendments	20 (D–8; R–12)	9 (D–4; R–5)	PQ: 252–164. A: 247–169. (Mar. 24, 1993).
H. Res. 147, Mar. 31, 1993	C	H.R. 1430: Increase Public debt limit	6 (D–1; R–5)	0 (D–0; R–0)	PQ: 244–168. A: 242–170. (Apr. 1, 1993).
H. Res. 149 Apr. 1, 1993	MC	H.R. 1578: Expedited Rescission Act of 1993	8 (D–1; R–7)	3 (D–1; R–2)	A: 212–208. (Apr. 28, 1993).
H. Res. 164, May 4, 1993	O	H.R. 820: Nate Competitiveness Act	NA	NA	A: Voice Vote. (May 5, 1993).
H. Res. 171, May 18, 1993	O	H.R. 873: Gallatin Range Act of 1993	NA	NA	A: Voice Vote. (May 20, 1993).
H. Res. 172, May 18, 1993	O	H.R. 1159: Passenger Vessel Safety Act	NA	NA	A: 308–0 (May 24, 1993).
H. Res. 173 May 18, 1993	MC	S.J. Res. 45: United States forces in Somalia	6 (D–1; R–5)	6 (D–1; R–5)	A: Voice Vote (May 20, 1993)
H. Res. 183, May 25, 1993	O	H.R. 2244: 2d supplemental appropriations	NA	NA	A: 251–174. (May 26, 1993).
H. Res. 186, May 27, 1993	MC	H.R. 2264: Omnibus budget reconciliation	51 (D–19; R–32)	8 (D–7; R–1)	PQ: 252–178. A: 236–194 (May 27, 1993).
H. Res. 192, June 9, 1993	MC	H.R. 2348: Legislative branch appropriations	50 (D–6; R–44)	6 (D–3; R–3)	PQ: 240–177. A: 226–185. (June 10, 1993).
H. Res. 193, June 10, 1993	O	H.R. 2200: NASA authorization	NA	NA	A: Voice Vote. (June 14, 1993).
H. Res. 195, June 14, 1993	MC	H.R. 5: Striker replacement	7 (D–4; R–3)	2 (D–1; R–1)	A: 244–176.. (June 15, 1993).
H. Res. 197, June 15, 1993	MO	H.R. 2333: State Department. H.R. 2404: Foreign aid	53 (D–20; R–33)	27 (D–12; R–15)	A: 294–129. (June 16, 1993).
H. Res. 199, June 16, 1993	C	H.R. 1876: Ext. of "Fast Track"	NA	NA	A: Voice Vote. (June 22, 1993).
H. Res. 200, June 16, 1993	MC	H.R. 2295: Foreign operations appropriations	33 (D–11; R–22)	5 (D–1; R–4)	A: 263–160. (June 17, 1993).
H. Res. 201, June 17, 1993	O	H.R. 2403: Treasury-postal appropriations	NA	NA	A: Voice Vote. (June 17, 1993).
H. Res. 203, June 22, 1993	MO	H.R. 2445: Energy and Water appropriations	NA	NA	A: Voice Vote. (June 23, 1993).
H. Res. 206, June 23, 1993	O	H.R. 2150: Coast Guard authorization	NA	NA	A: 401–0. (July 30, 1993).
H. Res. 217, July 14, 1993	MO	H.R. 2010: National Service Trust Act	NA	NA	A: 261–164. (July 21, 1993).
H. Res. 220, July 21, 1993	MC	H.R. 2667: Disaster assistance supplemental	14 (D–8; R–6)	2 (D–2; R–0)	PQ: 245–178. F: 205–216. (July 22, 1993).
H. Res. 226, July 23, 1993	MC	H.R. 2667: Disaster assistance supplemental	15 (D–8; R–7)	2 (D–2; R–0)	A: 224–205. (July 27, 1993).
H. Res. 229, July 28, 1993	MO	H.R. 2330: Intelligence Authority Act, fiscal year 1994	NA	NA	A: Voice Vote. (Aug. 3, 1993).
H. Res. 230, July 28, 1993	O	H.R. 1964: Maritime Administration authority	NA	NA	A: Voice Vote. (July 29, 1993).
H. Res. 246, Aug. 6, 1993	MO	H.R. 2401: National Defense authority	149 (D–109; R–40)		A: 246–172. (Sept. 8, 1993).
H. Res. 248, Sept. 9, 1993	MO	H.R. 2401: National defense authorization			PQ: 237–169. A: 234–169. (Sept. 13, 1993).
H. Res. 250, Sept. 13, 1993	MC	H.R. 1340: RTC Completion Act	12 (D–3; R–9)	1 (D–1; R–0)	A: 213–191–1. (Sept. 14, 1993).
H. Res. 254, Sept. 22, 1993	MO	H.R. 2401: National Defense authorization		91 (D–67; R–24)	A: 241–182. (Sept. 28, 1993).
H. Res. 262, Sept. 28, 1993	O	H.R. 1845: National Biological Survey Act	NA	NA	A: 238–188 (10/06/93).
H. Res. 264, Sept. 28, 1993	MC	H.R. 2351: Arts, humanities, museums	7 (D–0; R–7)	3 (D–0; R–3)	PQ: 240–185. A: 225–195. (Oct. 14, 1993).
H. Res. 265, Sept. 29, 1993	MC	H.R. 3167: Unemployment compensation amendments	3 (D–1; R–2)	2 (D–1; R–1)	A: 239–150. (Oct. 15, 1993).
H. Res. 269, Oct. 6, 1993	MO	H.R. 2739: Aviation infrastructure investment	N/A	N/A	A: Voice Vote. (Oct. 7, 1993).
H. Res. 273, Oct. 12, 1993	MC	H.R. 3167: Unemployment compensation amendments	3 (D–1; R–2)	2 (D–1; R–1)	PQ: 235–187. F: 149–254. (Oct. 14, 1993).
H. Res. 274, Oct. 12, 1993	MC	H.R. 1804: Goals 2000 Educate America Act	15 (D–7; R–7; I–1)	10 (D–7; R–3)	A: Voice Vote. (Oct. 13, 1993).
H. Res. 282, Oct. 20, 1993	C	H.J. Res. 281: Continuing appropriations through Oct. 28, 1993	N/A	N/A	A: Voice Vote. (Oct. 21, 1993).
H. Res. 286, Oct. 27, 1993	O	H.R. 334: Lumbee Recognition Act	N/A	N/A	A: Voice Vote. (Oct. 28, 1993).
H. Res. 287, Oct. 27, 1993	C	H.J. Res. 283: Continuing appropriations resolution	1 (D–0; R–0)	0	A: 252–170. (Oct. 28, 1993).
H. Res. 289, Oct. 28, 1993	O	H.R. 2151: Maritime Security Act of 1993	N/A	N/A	A: Voice Vote. (Nov. 3, 1993).
H. Res. 293, Nov. 4, 1993	MC	H. Con. Res. 170: Troop withdrawal Somalia	N/A	N/A	A: 390–8. (Nov. 8, 1993).
H. Res. 299, Nov. 8, 1993	MO	H.R. 1036: Employee Retirement Act–1993	2 (D–1; R–1)	N/A	A: Voice Vote. (Nov. 9, 1993).
H. Res. 302, Nov. 9, 1993	MC	H.R. 1025: Brady handgun bill	17 (D–6; R–11)	4 (D–1; R–3)	A: 238–182. (Nov. 10, 1993).
H. Res. 303, Nov. 9, 1993	O	H.R. 322: Mineral exploration	N/A	N/A	A: Voice Vote. (Nov. 16, 1993).
H. Res. 304, Nov. 9, 1993	C	H.J. Res. 288: Further CR, FY 1994	N/A	N/A	
H. Res. 312, Nov. 17, 1993	MC	H.R. 3425: EPA Cabinet Status	27 (D–8; R–19)	9 (D–1; R–8)	F: 191–227. (Feb. 2, 1994).
H. Res. 313, Nov. 17, 1993	MC	H.R. 796: Freedom Access to Clinics	15 (D–9; R–6)	4 (D–1; R–3)	A: 233–192. (Nov. 18, 1993).
H. Res. 314, Nov. 17, 1993	MC	H.R. 3351: Alt Methods Young Offenders	21 (D–7; R–14)	6 (D–3; R–3)	A: 238–179. (Nov. 19, 1993).
H. Res. 316, Nov. 19, 1993	C	H.R. 51: D.C. statehood bill	1 (D–1; R–0)	N/A	A: 252–172. (Nov. 20, 1993).
H. Res. 319, Nov. 20, 1993	MC	H.R. 3: Campaign Finance Reform	35 (D–6; R–29)	1 (D–0; R–1)	A: 220–207. (Nov. 21, 1993).
H. Res. 320, Nov. 20, 1993	MC	H.R. 3400: Reinventing Government	34 (D–15; R–19)	3 (D–3; R–0)	A: 247–183. (Nov. 22, 1993).
H. Res. 336, Feb. 2, 1994	MC	H.R. 3759: Emergency Supplemental Appropriations	14 (D–8; R–5; I–1)	5 (D–3; R–2)	PQ: 244–168. A: 342–65. (Feb. 3, 1994).
H. Res. 352, Feb. 8, 1994	MC	H.R. 811: Independent Counsel Act	27 (D–8; R–19)	10 (D–4; R–6)	PQ: 249–174. A: 242–174. (Feb. 9, 1994).
H. Res. 357, Feb. 9, 1994	MC	H.R. 3345: Federal Workforce Restructuring	3 (D–2; R–1)	2 (D–2; R–0)	A: VV (Feb. 10, 1994).
H. Res. 366, Feb. 23, 1994	MO	H.R. 6: Improving America's Schools	NA	NA	A: VV (Feb. 24, 1994).
H. Res. 384, Mar. 9, 1994	MC	H. Con. Res. 218: Budget Resolution FY 1995–99	14 (D–5; R–9)	5 (D–3; R–2)	A: 245–171 (Mar. 10, 1994).
H. Res. 401, Apr. 12, 1994	MO	H.R. 4092: Violent Crime Control	180 (D–98; R–82)	68 (D–47; R–21)	A: 244–176 (Apr. 13, 1994).
H. Res. 410, Apr. 21, 1994	MO	H.R. 3221: Iraqi Claims Act	N/A	N/A	A: Voice Vote (Apr. 28, 1994).
H. Res. 414, Apr. 28, 1994	O	H.R. 3254: NSF Auth. Act	N/A	N/A	A: Voice Vote (May 3, 1994).
H. Res. 416, May 4, 1994	C	H.R. 4296: Assault Weapons Ban Act	7 (D–5; R–2)	0 (D–0; R–0)	A: 220–209 (May 5, 1994).
H. Res. 420, May 5, 1994	O	H.R. 2442: EDA Reauthorization	N/A	N/A	A: Voice Vote (May 10, 1994).
H. Res. 422, May 11, 1994	MO	H.R. 518: California Desert Protection	N/A	N/A	PQ: 245–172 A: 248–165 (May 17, 1994).
H. Res. 423, May 11, 1994	O	H.R. 2473: Montana Wilderness Act	N/A	N/A	A: Voice Vote (May 12, 1994).
H. Res. 428, May 17, 1994	MO	H.R. 2108: Black Lung Benefits Act	4 (D–1; R–3)	N/A	A: VV (May 19, 1994).
H. Res. 429, May 17, 1994	MO	H.R. 4301: Defense Auth., FY 1995	173 (D–115; R–58)		A: 369–49 (May 18, 1994).
H. Res. 431, May 20, 1994	MO	H.R. 4301: Defense Auth., FY 1995		100 (D–80; R–20)	A: Voice Vote (May 23, 1994).
H. Res. 440, May 24, 1994	MC	H.R. 4385: Natl Hiway System Designation	16 (D–10; R–6)	5 (D–5; R–0)	A: Voice Vote (May 25, 1994).
H. Res. 443, May 25, 1994	MC	H.R. 4426: For. Ops. Approps, FY 1995	39 (D–11; R–28)	8 (D–3; R–5)	PQ: 233–191 A: 244–181 (May 25, 1994).
H. Res. 444, May 25, 1994	MC	H.R. 4454: Leg Branch Approp, FY 1995	43 (D–10; R–33)	12 (D–8; R–4)	A: 249–177 (May 26, 1994).
H. Res. 447, June 8, 1994	O	H.R. 4539: Treasury/Postal Approps 1995	N/A	N/A	A: 236–177 (June 9, 1994).
H. Res. 467, June 28, 1994	MC	H.R. 4600: Expedited Rescissions Act	N/A	N/A	PQ: 240–185 A:Voice Vote (July 14, 1994).
H. Res. 468, June 28, 1994	MO	H.R. 4299: Intelligence Auth., FY 1995	N/A	N/A	A: Voice Vote (July 19, 1994).
H. Res. 474, July 12, 1994	MO	H.R. 3937: Export Admin. Act of 1994	N/A	N/A	A: Voice Vote (July 14, 1994).
H. Res. 475, July 12, 1994	O	H.R. 1188: Anti. Redlining in Ins	N/A	N/A	A: Voice Vote (July 20, 1994).
H. Res. 482, July 20, 1994	O	H.R. 3838: Housing & Comm. Dev. Act	N/A	N/A	
H. Res. 483, July 20, 1994	O	H.R. 3870: Environ. Tech. Act of 1994	N/A	N/A	
H. Res. 484, July 20, 1994	MC	H.R. 4604: Budget Control Act of 1994	3 (D–2; R–1)	3 (D–2; R–1)	

Note.—Code: C-Closed; MC-Modified closed; MO-Modified open; O-Open; D-Democrat; R-Republican; PQ: Previous question; A-Adopted; F-Failed.

Mr. Speaker, I yield such time as he may consume to the distinguished ranking member, the gentleman from Glens Falls, NY [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Sanibel, FL, for yielding me the time.

Mr. Speaker, make no mistake about it, the previous question vote on this rule is where we draw the line between those who want to reform this House and those who do not.

A survey of House Members taken last year by the Joint Committee on the Organization of Congress revealed that 91.2 percent of House Members agreed that major procedural and organizational improvements are needed in the way Congress conducts its legislative business.

And that was an overwhelming bipartisan response—87.7 percent of the Democrats agreed we need major reform and 96.4 percent of the Republicans.

Well, here is your chance to put your vote where your heart and mind and mouth are. A "no" vote on the previous question on this rule is a vote to consider the joint committee's congressional reform bill under a fair and open amendment process at the end of this bill.

Mr. Speaker, the former chairman of the joint reform committee, LEE HAMILTON, has met with the Speaker and the chairman of the Rules Committee to urge that we consider the Legislative Reorganization Act of 1994 under a generous rule and that we keep that bill intact and not split it up into several pieces. That commitment has not been forthcoming.

Instead, today we are being asked by this rule to consider just one piece of the joint committee's bill relating to entitlement process review as a separate matter. This is the first installment of a 3-D strategy to divide, dilute and delay on real reform. That is why this is where we must make our stand and give a resounding "no" vote on the previous question.

Up until now, the leadership has only been hearing from the opponents of any meaningful reform—the committee bulls, the special interests, their in-House caucuses, and the appropriators. The leadership has not been getting equally strong signals from proponents of reform—rank and file members like you and me and our constituents.

Well, today is your chance to send that message by your vote on the previous question for this rule.

If your constituents are anything like mine, and I suspect they are, they do not think we are presently organized or operate in their best interests and they want us to change all that so that we are more open, representative, deliberative, and responsive.

This all boils down to a question of whose government this is, anyway: the people's or the professional politicians' and special interest groups'? Right now the people think they have been shut out of their own House and they want back in.

Mr. Speaker, do not mistake the lack of a groundswell for a special congressional reform bill for the lack of interest in reform.

Nothing could be more mistaken, foolish, or politically suicidal. The American people still want change, and they want change to begin at home—in the people's House. Ignore this at your own peril.

Mr. Speaker, I am continuously amazed at how out of touch some people in this House are about what the people they represent are thinking and saying.

The chairman of the Democratic caucus was quoted in the July 9 Congressional Quarterly as saying that, with the exception of the congressional coverage issue, the rest of the reform bill is inside baseball stuff that will not help to improve the poor public image of Congress.

Mr. Speaker, I must take strong exception to this cynical view that we only have an image problem, that can somehow be fixed with a little public relations job of bringing Congress under the laws we impose on others.

As important as that issue may be, that is not the main reason we have less than a 30-percent public approval rating.

We have an image problem because we do not work the way the Constitution and the people think we should work—and that is for the people. The people look at us and cannot relate what we are doing and how we are doing it to the real, workaday world in which they live.

They really think we are living on another planet if not in another universe. We are not connecting.

Reform of this House is overdue—long overdue. The people said that in the 1992 elections. So far we have ignored them. They are going to say it again in the 1994 elections if we do not act now.

Their concerns and demands for change are valid and deserve to be addressed. The time is at hand to restore the people's House to the people. If we do not respond to this demand for change now, the people will see to it that new people are elected to this House who are more responsive.

Here is your chance to show you are for change and congressional reform. Vote down the previous question so that we can consider the congressional reform bill under a fair and open amendment process.

□ 1140

Mr. DERRICK. Mr. Speaker, for the purposes of debate only, I yield 5½ minutes to the distinguished gentleman from Texas [Mr. STENHOLM], a leading conservative in this body, I might add.

Mr. STENHOLM. Mr. Speaker, it is often confusing to those of us on the floor and those of us who read the CONGRESSIONAL RECORD what the subject of the debate was that we are here to talk about. It is the rule. It has nothing to do with congressional reform, because I will assure my colleague from New York that I will be joining him at the appropriate time in the appropriate place for a thorough consideration of the congressional reform bill. This is not the time to do it, and it just confuses the issue.

I was listening to my friend from New York and I was thinking that I think on these rules many times I could serve up the biggest, best dish of Blue Bell ice cream in Texas, and pour the chocolate on it, and spoon-feed it to the gentleman, and he would not be happy with the rule. But anyway, enough of that right now. Let us get back to the subject which we are talking about, the rule on the bill that we have to do, because I think I find this rule interesting.

Mr. Speaker, I rise today in support of the rule allowing for the consideration of H.R. 4604, the Budget Control Act of 1994. This rule makes in order the three leading approaches to controlling entitlement spending: First, a Kasich amendment which changes the current budget resolution into a joint resolution requiring a Presidential signature, in which entitlement caps are set without restriction at whatever level Congress selects every year, and cap overages are dealt with ultimately through categorical sequestration; Second, the Stenholm amendment which sets mandatory targets for the next 5 years, sets out a process by which Congress could reduce entitlement spending and set categorical caps, ultimately enforceable through sequestration; and third, the Spratt base bill which creates an entitlement control mechanism to monitor the total costs of direct spending programs and, in the event that actual or projected costs exceed targeted levels, requires the Congress and the President to address the overage, enforceable through House points of order.

Let me first commend our leadership for bringing this issue to a vote here in the House of Representatives. It is easy for each of us to make endless speeches about entitlement spending as the ultimate culprit in our national deficits. Far more difficult is creating the process whereby we will be forced to deal with that so-called uncontrollable spending, and more difficult still will be the specific policy changes that will be required to actually reduce entitlement spending.

For years I have called for an honest show of how Members of Congress will choose to move beyond the stump speech and into action. What I have found encouraging in this process this year has been the increasing willingness to deal with the entitlement issue.

There is a growing awareness among House Members that the only way we deal with deficit reduction is through entitlement spending restraint. That awareness extends from members of the Rules Committee to freshmen to the leadership and many spots in between. I am proud of our leadership, and particularly leader GEPHARDT, for providing us this opportunity today.

There are some who will complain about this rule because it is structured in a so-called king-of-the-hill fashion. While I agree that there might be other ways to structure this rule, I commend the Rules Committee for allowing up-or-down votes on each of the amendments that were brought before them. Members who are nervous about the substance of these amendments should not hide behind the skirts of procedural arguments for protection.

Many of the arguments which generally are lodged against king-of-the-hill rules are irrelevant in this case. This is not a case where the most extreme amendment is offered first and can then be covered by a weaker amendment offered second. As my opponents on the Republican side have gleefully and frequently pointed out, my amendment, which will be offered second, takes the harsh approach of including all programs in the potential sequestration. I believe this inclusion is, in truth, not dangerous as my opponents call it but, in fact, the only fair way to proceed. I will have more to say on that point later on. I make the point now, however, to say that the people who will complain about this rule are also the ones who talk about the harsher approach of this second amendment, a procedural position which theoretically is more protected under a king-of-the-hill rule.

Furthermore, my amendment, the second amendment to be offered, is the stronger one because it is the only amendment which CBO could actually score as creating savings over the next 4 years. Under the first amendment, the Kasich amendment, a CBO score is impossible because no one knows what cap Congress will come up with. It certainly would be the easiest option for Congress to set a cap which never would be breached and therefore no entitlement cuts were ever required. No wonder CBO couldn't score this amendment. But again, my point at this time is simply to say that from a deficit hawk's perspective, this second amendment—this amendment supposedly protected by king-of-the-hill—is the stronger one.

Therefore, I again would say to my colleagues, don't hide behind procedure as protection from expressing your true position on entitlement spending. Regardless of your approach on entitlement spending, regardless of whether you are HENRY WAXMAN or CHARLIE STENHOLM, the Black Caucus or the Conservative Opportunity Society, here is your chance to show where you stand on entitlements.

Vote "yes" on the rule and then show your true colors on entitlement spending.

□ 1150

Mr. GOSS. Mr. Speaker, I yield 3½ minutes to my distinguished colleague, the gentleman from greater San Dimas, CA [Mr. DREIER], who understands what this reform is about.

Mr. DREIER. Mr. Speaker, I thank my friend, the gentleman from Sanibel, FL, for yielding and for the excellent job he is doing on this rule as he does on all rules upstairs.

Mr. Speaker, let me say, having listened to the arguments provided by my friend from Texas, he did not offer me any ice cream or chocolate sauce at all. We do, on more than a few occasions, support rules, and we support them when they deal in an open way allowing for virtually every item that is considered to be debated here.

But he said that it really is not appropriate for us to deal with congressional reform on this, and I would say to him that H.R. 4604, what we are dealing with, is part of the congressional reform package which we have been promised would be coming forward here for the last, oh, about 10 months now, really since last fall. And so what we have decided is that since we have been promised time and time again that this measure will be brought forward that we would say, hey, when one of those items which is part of our reform package is being brought down from the Committee on Rules, we should simply move to include the reform package with that. That is the reason we are trying to defeat the previous question, so that we can include the Budget Control Act and a wide range of other provisions which this House and the American people desperately want us to pursue.

Now, I am sure many of us saw the Roll Call earlier this week in which an editorial described where we are going on the issue of congressional reform, and it was very unfortunate in this piece entitled, "Who Lost Reform"; they said that the Joint Committee on the Organization of Congress is a total failure, and they went on to say that the Speaker and other Democratic leaders were clearly never serious about reform.

Now, I know that there are Democrats and Republicans in this House who are serious about reform, but we all know that there are many people, committee chairmen and others, who thrive on the status quo and do not want us to shake up a half a century of a system that has been handled without the kind of reform that is necessary, nearly half a century since we have really brought about the kind of reform the American people and, I believe, a majority of this institution wants.

Now, we have been joined here by every Member on the minority who served on the Joint Committee on the Organization of Congress. We have got the gentlewoman from Washington [Ms. DUNN], the gentleman from Pennsylvania [Mr. WALKER], the gentleman from Missouri [Mr. EMERSON], and we have got the gentleman from Colorado [Mr. ALLARD] here and others, the gentleman from New York [Mr. SOLOMON], who worked for that period of a year trying to bring about meaningful reform, and tragically we have been shut out, and that is why we have been led to the point where we want to do everything that we can to bring H.R. 3801 up here under an amendment process which will allow all of the items that we had to be considered.

Let me just raise one other item specifically on the rule that I think bears touching on, and that is this king of the hill question. My friend said the king of the hill procedure under this rule will allow for the measure to consider different ideas.

Well, frankly, the king of the hill procedure that we have presently is very unfair. I believe, and a majority of the Members on our side clearly believe, that the king of the hill procedure that we have should require that the amendment that gets the largest number of votes is the one that stands, not the last one that passes. That is the way the king of the hill procedure should be offered.

Mr. GOSS. Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from Washington [Ms. DUNN], a member of the committee.

Ms. DUNN. Mr. Speaker, I thank the gentleman from Florida for yielding me this time.

Mr. Speaker, we are told over and over and over again, even by Members whom we all respect like the distinguished gentleman from Texas, that it is not the time to argue on behalf of congressional reform.

Well, Mr. Speaker, I disagree. I think it is the time to argue for reform, and so I again rise to urge my colleagues to do the right thing, to defeat the previous question so that we can bring real congressional reform to the floor of the House this year.

Once again, we see a piecemeal approach to reform shaping up. Once again, we see a lack of desire to take on the kind of package of reforms that most of us promised the American people. Once again, I remind my colleagues that the House chairman of the Joint Committee on the Organization of Congress, the gentleman from Indiana [Mr. HAMILTON], and his cochairman, the gentleman from California [Mr. DREIER], have called for rejection of the piecemeal approach so that the House may consider a comprehensive package of reforms.

Mr. Speaker, the editors at Roll Call got it right on Monday when they

wrote an editorial that Democrat leaders were clearly never serious about reform; they have stalled and stalled.

My colleagues, the time for stalling is past. We can take back the system and give this institution the kind of reform that it needs and that the people desire, if we simply defeat the previous question. Then we can take up the bill that the gentleman from California [Mr. DREIER] refers to that came out of all of the work that was put in by the members of the Joint Committee on the Organization of Congress.

And let me remind the House that package is hardly revolutionary. Quite the contrary; in fact, Roll Call called it a mouse, and I have described the reforms as pastel changes, nothing bold.

The bill, however, is at least a starting point, and under an open rule we can amend it and vote in bolder amendments.

Mr. Speaker, there are some here who will argue that a vote on congressional compliance will suffice for reform this year. I disagree strongly.

I refer my colleagues again to the insightful editorial by Roll Call, and I quote:

What about other meaningful congressional reforms that the public was led to expect from the joint committee, changes like a more rational system of committee jurisdiction, like a family-friendly schedule, like strict new limits on the numbers of committee and subcommittee assignments? These apparently will fall by the wayside. They should not.

Mr. Speaker, I agree, let us get to real reform. Let us defeat the previous question. Let us not continue to build a voting record against even considering bold reform. Let us do the right thing, Mr. Speaker, because until we get real congressional reform to this floor, the real reformers around here are bound and determined never to give up.

Let us defeat the previous question.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to my colleague, the distinguished gentlewoman from Florida [Mrs. FOWLER], who has helped lead the charge on congressional reform.

Mrs. FOWLER. Mr. Speaker, I rise in opposition to the rule.

Make no mistake about it, this vote is a litmus test on reform.

The Joint Committee spent an entire year conducting one of the most comprehensive studies of this institution. The result was a bill that addresses several areas of reform. The bill is not as strong as some of us would like, but there's no reason we should not bring it to the floor where we can improve it and pass it.

Most of what is in the Budget Control Act is in the joint committee bill. Bringing this bill up by itself marks the beginning of the end of our chance to pass comprehensive congressional reform in a single package.

A vote for this rule is a vote in support of the leadership's strategy of picking, choosing, and diluting what reform we will deal with this year.

A vote against this rule is a vote for real reform, the kind of reform the American people demanded in 1992 when they elected the largest freshman class since the 1940's.

As a Member of that freshman class who has been very active in the reform effort, I can tell you that this is a key vote. If you have talked about the need for reform, this is where your rhetoric meets up with your record.

Vote "no" on the previous question and let the hard work of Mr. DREIER, Mr. HAMILTON, and the rest of the Joint Committee see the light of day.

□ 1200

Mr. GOSS. Mr. Speaker I yield 2 minutes to the distinguished gentleman from Colorado [Mr. ALLARD], a member of the Joint Committee on Reform.

Mr. ALLARD. I thank the gentleman for yielding this time to me to speak on this very important issue.

Mr. Speaker, I rise today to urge my colleagues to vote "no" on the previous question. The Budget Control Act is not new, and the intentions behind it are barely concealed by claims of fiscal responsibility.

H.R. 4604 is very similar to title III, subsection (e), of H.R. 3801, the Congressional Reform Act proposed by the Joint Committee on the Reorganization of Congress.

Within the context of this bill the Budget Control Act would be effective as one element contributing to the substantial reform package. By removing the Budget Control Act from H.R. 3801, the leadership has taken the first step in plucking the reform package apart. The obvious purpose is to allow the leadership to select the reforms that they deem appropriate and harmless.

Furthermore, the leadership has found a way to make reform even less effective. This bill lacks any significant enforcement measures. Considering this weakness, the reason for this proposal is puzzling unless we conclude that the only objective is to attack true, comprehensive reform.

If we support this rule, the leadership will continue to pick and choose reform issues and we will surrender our chance for meaningful reform.

Again, I urge you to vote "no" on the previous question to H.R. 4604, so that the Dreier amendment may be considered. The Dreier amendment opens the process to the consideration of true congressional reform.

Vote "no" on the previous question so that a "yes" vote can be voted for more meaningful budget reform and true congressional reform.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. EMERSON], also a member of the Joint Committee on Reform.

Mr. EMERSON. I thank the gentleman for yielding this time to me.

Mr. Speaker, I think we should vote down here today and I seriously urge the House to vote down the previous question so that we may consider the issue of congressional reform. I listened to the speech of the distinguished gentleman from Texas, my friend, about Republican disingenuity. I think that is what it boiled down to. The fact of the matter is I think the majority is disingenuous as to how they run this place.

In the earliest hearing of the Joint Committee on the Reorganization of Congress, Speaker FOLEY came to us and made a speech, which was received, I think, very well by the whole group, urging the majority to address the issues of congressional reform as though it were the minority, and he urged the minority to consider the issues of congressional reform as though it were the majority. The idea was that we could both understand where each other was coming from.

I think we in the minority have had a great deal of practice of imagining ourselves in the majority, which I think we will soon become, and I think we will become the majority because of the lack of fairness on the part of the current majority.

The public sees this; this congressional reform issues is one that has languished and has been torpedoed from every angle. What is really intended as congressional reform somehow does not wind up before us, but instead some other subject that gets the name of congressional reform but is not what the reform committee really produced.

A couple of us, Mr. DREIER and I, Republicans on the committee, voted with the majority to report a measure out with an understanding with Chairman HAMILTON that he would seek a generous rule so that this matter could be fully considered and the House could work its will and perhaps some comity could be restored in this body by everybody having a piece of the action.

Since that time, since we reported the measure of the joint committee there has been every effort to put it under the table, to not let it come forward, however you want to put it, the year-long efforts of the Joint Committee on the Reorganization of Congress. I do not know what the majority has to fear other than its leadership may lose the hammerlock hold it has on this body.

Vote "no" on the previous questions so we can get the legitimate subject of congressional reform before this body for debate and vote.

Mr. GOSS. Mr. Speaker, I yield myself a moment or two of the time remaining and then I will yield time to the gentleman from Pennsylvania [Mr. WALKER] and the gentleman from California [Mr. DREIER] to close.

Mr. DERRICK. Mr. Speaker, I may possibly make a couple of remarks in

closing, but other than that, at this time we have no additional speakers.

Mr. GOSS. Mr. Speaker, with that understanding, I yield myself such time as I may consume, and I simply would like to say what we have here is really two subjects we are talking about here. The first is the question about reform. And there is the potential for reform when we are talking about entitlements. It is an appropriate subject for reform. It is a subject that the Joint Committee on Reform dealt with and we missed an opportunity here. I think it has been characterized not only as a missed opportunity but it has been labeled outright stalling. This is not gridlock. This is a chance to do something, an appropriate chance to do something. We are not going to do anything.

So I think it is fair to characterize this as a major stall by the leadership, the majority leadership.

The second thing I wanted to talk about is this question of getting some kind of control on entitlement spending. We are talking about—we talked about expedited rescission, which is pending in the Senate, pending unto death in the Senate.

Now we have some talk, my distinguished colleague from South Carolina said, "Well, the deficit is under control." The operative words, "for the next few years."

Yes, the deficit may be only in the vicinity of $200 billion or so. If that is under control, that is your definition and not mine.

But we are going to be looking at a deficit going south after the next few years. It is not just going south, it is going south big time. We are talking about $6 trillion-plus after 1996, which is, incidentally, as everybody knows, the next Presidential election.

The point here is that we are trying to do something meaningful about entitlement spending. What we have come up with is a bunch of floating targets, a bunch of rubber triggers, in fact what is a decoy. My prediction is we will end up right back where we started from, pretend we have done something, and it is a decoy.

I am reminded of the New York Times article back in 1993 that took Mr. FOLEY, our Speaker, to task, saying, "The bill readying for the floor is a sham. It is only to protect incumbents and wealthy special interests at the expense of democracy and cleaner government." The New York Times using those harsh words about the Speaker was, of course, talking about campaign finance reform. But I think the word sham applies when we talk here today about we are getting control of entitlement spending. We simply are not.

Mr. Speaker, I yield 2 minutes to the gentleman from the Commonwealth of Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding this time to me.

Mr. Speaker, the subject here today is really reform, and I too would suggest that we defeat the previous question. What we find out on the floor today is what kind of reforms we get when people are squeezed a little to get reform on the floor and who is willing to do the squeezing. Because what we have here is a process that brought us a reform bill that is included in the Hamilton-Dreier committee's platform or in their presentation, and yet the whole Hamilton-Dreier program cannot come to the floor because the pressure on the Democratic side of the aisle to squeeze for those kinds of reforms has not been there. Instead what we are getting is little bits and pieces paraded onto the floor that are called reform.

Today there has been enough of a squeeze to get the entitlement program out here; next week or the week after we may have enough of a squeeze to get congressional compliance out here to have us covered by the rest of the laws. But what about all the other reforms? Who on the Democratic side of the aisle is going to squeeze the process enough to get us real reform?

I do not think it is going to happen. The arrangement made yesterday indicates that we are going to leave some of those reforms until September and we all know what is going to happen then. In fact, if you believe we are going to get major reform here in September, I have some oceanfront property in Arizona I would be happy to sell to anyone who believes that.

Vote "no" on the previous question; let us get real reform on the floor right now.

□ 1210

Mr. GOSS. Mr. Speaker, I yield the balance of our time to the distinguished gentleman from California [Mr. DREIER].

Mr. DREIER. Mr. Speaker, I join with my colleagues who have spoken saying that a no vote on the previous question is really our great opportunity to bring about congressional reform. We have talked about it for a long period of time. It began in the summer of 1992, 2 years ago, when we had all of those great scandals that were hovering over this place, the post office and the bank, and some people were not paying their restaurant bills downstairs, and in a bipartisan way the membership decided that we would spend a year and put into place a committee that would bring about reforms, the first time in nearly half a century reforms that would look at the committee structure, look at the budget process, look at the scheduling, look at all of the things that have been going on, and on, and on here for years that frankly need to be modified.

Why? Not just to make things go more efficiently, but so that this institution can become more accountable, more deliberative, the way the Founding Fathers envisaged the greatest deliberative body known to man. Now there are some who have said oh, yes, we are going to have an opportunity to bring about reform later on. We heard about this plan of bringing it up after the Labor Day break. But you know we were promised last fall that we would have this considered on the floor before the joint committee went out of existence on December 31, 1993. Then we were promised that it would come up in early spring of this year, then in late spring, then in early summer, and here we are at mid-summer, and we have been told now that some deal has been struck which is going to create what I believe is nothing more than a divide and conquer strategy, trying to separate out congressional compliance and say we will in the future, we will look at all the other items for congressional reform which the American people and a majority of this institution clearly wants to see implemented.

Well, frankly, Mr. Speaker, we are not moving in that direction in a positive way. We need to defeat the previous question so that we can make in order the package reported out, H.R. 3801.

I urge a "no" vote.

I thank the gentleman from Sanibel for yielding me this time and ask unanimous consent to revise and extend my remarks.

Mr. Speaker, last Monday, the Capitol Hill newspaper Roll Call published an editorial that asked the question, "Who Lost Reform?" The editorial called the work of the Joint Committee on the Organization of Congress "a total failure." It said that the Speaker and "other Democratic leaders were clearly never serious about reform."

Given the obstacles put in the way of efforts this year by the cochairman of the Joint Committee, LEE HAMILTON, and me to bring the reform package to the floor as one package, the editorial painted a stark and accurate picture.

But being the eternal optimist that I am, I believe there is still time to prove the editors of Roll Call wrong. To do that, I urge my colleagues to join me in voting "no" on the previous question on this rule.

That vote will be the first test of whether the House intends to keep the recommendations of the Joint Committee intact, or kill reform by splitting it into little pieces for separate consideration.

As my colleagues know, language virtually identical to H.R. 4604 is contained in the Joint Committee's reform package. As the Joint Committee recognized, for this entitlement control provision to be effective, it must be addressed in the context of comprehensive budget process and congressional reform. A biennial budget process is one such coincidental reform contained in that package.

If the previous question is defeated, Mr. Speaker, I intend to offer an

amendment to the rule that would provide for the consideration of a further amendment at the end of H.R. 4604 consisting of the text of H.R. 3801, the Legislative Reorganization Act of 1994.

It would allow for amendments in the areas of the budget process; the committee system; floor deliberations and scheduling; staff resources and support agencies; enforcement of ethical standards in Congress; application of laws to Congress; bicameral and legislative-executive branch relations; and the use of information resources and technology in Congress.

Defeating the previous question provides one of the best opportunities to prove our critics wrong and bring about real congressional reforms this year.

The debate yesterday on the insurance redlining bill showed how our present committee system breeds gridlock and undermines efforts to modernize our Nation's financial system. How many more contentious floor battles will be necessary before we recognize that the internal structure of the House undermines consensus, accountability, and public credibility?

Mr. Speaker, the work on the congressional reform bill is done and we're ready to go. As Chairman HAMILTON said in a June 30 letter to Chairman MOAKLEY, "It appears to me that work on the entire package is far enough along that splitting up the package is not necessary, and thus the whole package can be considered before the August recess."

[From Roll Call, July 18, 1994]

WHO LOST REFORM?

One week ago in this space, we confessed to being on the verge of declaring the reform effort to the Joint Committee on the Organization of Congress a total failure. Today, we are doing so. What happened in just a few short days? Two things.

First, Speaker Tom Foley (D-Wash) pledged to bring to a vote prior to the August recess one portion of the recommendations of the Joint Committee: the application of private-sector laws to Congress. The rest of the package, he acknowledged, would almost certainly have to be put off. Perhaps until after August recess. Perhaps until next year. Perhaps never. We don't know because he wouldn't say.

Second, and perhaps more significantly, was Foley's response—or lack thereof—to a plea from Reps. Lee Hamilton (D-Ind) and David Dreier (R-Calif), the House chair and vice chair of the reform panel, to keep the package in one piece rather than divide it. In a letter dated June 30, Hamilton told Foley, "If the Joint Committee's package is divided, the application of laws section will no longer function as a valuable sweetener for reforms that are less popular, but still necessary." Splitting up the reforms, Hamilton warned, "will kill the rest of the package." Foley never responded. His answer, we suspect, would be this: "Good."

The transparency of this reform end game doesn't make it any less upsetting to watch. Foley and other Democratic leaders were clearly never serious about reform. They've stalled and stalled (the Joint Committee, after all, finished its work last fall and was dissolved in December), and now that stalling isn't practical for much longer, they're preparing for a "reform vote" that will be nothing more than election-year windowdressing. A vote on applying OSHA and FOIA and a host of other fair labor laws to the Hill isn't the problem. The problem is what won't be voted on.

Congressional coverage is an idea whose time has already come. In recent years, both the House and the Senate have recognized that fact, including Congress in the Americans With Disabilities Act, the Family and Medical Leave Act, and other such bills. This year's Congressional coverage vote will merely speed up the process and—hopefully—provide for a more effective enforcement mechanism than the current House and Senate Offices of Fair Employment Practices.

But what about other meaningful Congressional reforms that the public was led to expect from the Joint Committee? Changes like a more rational system of committee jurisdiction than the current patchwork approach? Like a truly "family friendly" schedule that would enable Members to get their work done during regular hours? Or like strict new limits on the number of committee and subcommittee assignments?

These, apparently, will fall by the wayside. They should not. Congress had a chance to clean up its act on its own—responding to the clear message voters sent in 1992 that they wanted such change. Now that Congress has blown it, the voters may not be so charitable. Since when did changing work-place rules constitute meaningful reform of the legislative process?

"Gridlock" is a nasty word to many on the Hill, but we can't think of a better label for this sorry reform process.

The SPEAKER pro tempore (Mr. BILBRAY). All time of the gentleman from Florida [Mr. GOSS] has expired.

Mr. DERRICK. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, as I pointed out earlier, the Federal budget deficit is down—way down. For the first time since the Truman administration, the United States will experience—thanks entirely to the President and the Democrats in this Congress—3 years of declining Federal budget deficits. But we cannot rest; we must continue battling the deficit until victory is ours.

Mr. Speaker, entitlements are a huge portion of our budget. We cannot ignore them if we truly want to balance our budget. The process contemplated by the Budget Control Act is designed to force the President and Congress to consider trends in entitlement spending and if that spending exceeds the targets, decide consciously how to react. This process does not require any cuts in entitlements. The President could recommend no program changes if he found economic conditions warranted no reductions in the various programs, or no tax increases, at that point in time.

Now, Mr. Speaker, what the gentleman from California [Mr. DREIER] is proposing, that is, amending the resolution to make in order an amendment to the Budget Control Act consisting of the text of H.R. 3801, the Legislative Reorganization Act, is not permissible under House precedents. Such an amendment would not be germane to the resolution and would surely be ruled out on a point of order.

The gentleman well knows it is not in order to amend an order-of-business resolution to accomplish indirectly that which he cannot achieve directly. So let no Member of this House be fooled. Voting against the previous question in hopes of adding H.R. 3801 to H.R. 4604 simply will not work.

I urge all Members to support the rule so we can consider this important legislation.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. DERRICK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a recorded vote, if ordered, may be taken on the question of adoption of the resolution if the previous question is ordered.

The vote is on ordering the previous question.

This will be a 15-minute vote, and it will be followed by a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 245, nays 180, not voting 9, as follows:

[Roll No. 342]

YEAS—245

Abercrombie	Clayton	Fields (LA)
Ackerman	Clement	Filner
Andrews (ME)	Clyburn	Fingerhut
Andrews (NJ)	Coleman	Flake
Andrews (TX)	Collins (IL)	Foglietta
Applegate	Collins (MI)	Ford (TN)
Bacchus (FL)	Condit	Frank (MA)
Baesler	Conyers	Frost
Barca	Costello	Furse
Barcia	Coyne	Gejdenson
Barlow	Cramer	Gephardt
Barrett (WI)	Danner	Geren
Becerra	Darden	Glickman
Bellenson	de la Garza	Gonzalez
Berman	Deal	Gordon
Bevill	DeFazio	Green
Bilbray	DeLauro	Gutierrez
Bishop	Dellums	Hall (OH)
Blackwell	Derrick	Hall (TX)
Bonior	Deutsch	Hamburg
Borski	Dicks	Hamilton
Boucher	Dingell	Harman
Brewster	Dixon	Hastings
Browder	Dooley	Hayes
Brown (CA)	Durbin	Hefner
Brown (FL)	Edwards (CA)	Hilliard
Brown (OH)	Edwards (TX)	Hinchey
Bryant	Engel	Hoagland
Byrne	English	Hochbrueckner
Cantwell	Eshoo	Holden
Cardin	Evans	Hoyer
Chapman	Farr	Hughes
Clay	Fazio	Hutto

Inslee	Mineta	Schumer
Jefferson	Minge	Scott
Johnson (GA)	Mink	Serrano
Johnson (SD)	Moakley	Sharp
Johnson, E.B.	Mollohan	Shepherd
Johnston	Montgomery	Sisisky
Kanjorski	Moran	Skaggs
Kaptur	Murphy	Skelton
Kennedy	Murtha	Slattery
Kennelly	Nadler	Slaughter
Kildee	Neal (MA)	Smith (IA)
Kleczka	Neal (NC)	Spratt
Klein	Oberstar	Stark
Klink	Obey	Stenholm
Kopetski	Olver	Stokes
Kreidler	Ortiz	Strickland
LaFalce	Orton	Studds
Lambert	Owens	Stupak
Lancaster	Pallone	Swett
Lantos	Parker	Swift
LaRocco	Pastor	Synar
Laughlin	Payne (NJ)	Tanner
Lehman	Payne (VA)	Tauzin
Levin	Pelosi	Taylor (MS)
Lewis (GA)	Peterson (FL)	Tejeda
Lipinski	Peterson (MN)	Thompson
Lloyd	Pickett	Thornton
Long	Pickle	Thurman
Lowey	Pomeroy	Torres
Maloney	Poshard	Torricelli
Mann	Price (NC)	Towns
Manton	Rahall	Traficant
Margolies-Mezvinsky	Rangel	Unsoeld
	Reed	Valentine
Markey	Reynolds	Vento
Martinez	Richardson	Visclosky
Matsui	Roemer	Volkmer
Mazzoli	Rose	Washington
McCloskey	Rostenkowski	Waters
McCurdy	Rowland	Watt
McDermott	Roybal-Allard	Waxman
McHale	Rush	Wheat
McKinney	Sabo	Williams
McNulty	Sanders	Wilson
Meehan	Sangmeister	Wise
Meek	Sarpalius	Woolsey
Menendez	Sawyer	Wyden
Mfume	Schenk	Wynn
Miller (CA)	Schroeder	Yates

NAYS—180

Allard	Dunn	Kasich
Archer	Ehlers	Kim
Armey	Emerson	King
Bachus (AL)	Everett	Kingston
Baker (CA)	Ewing	Klug
Baker (LA)	Fawell	Knollenberg
Ballenger	Fields (TX)	Kolbe
Barrett (NE)	Fish	Kyl
Bartlett	Fowler	Lazio
Barton	Franks (CT)	Leach
Bateman	Franks (NJ)	Levy
Bentley	Gallegly	Lewis (CA)
Bereuter	Gekas	Lewis (FL)
Billirakis	Gilchrest	Lewis (KY)
Bliley	Gillmor	Lightfoot
Blute	Gilman	Linder
Boehlert	Gingrich	Livingston
Boehner	Goodlatte	Lucas
Bonilla	Goodling	Machtley
Bunning	Goss	Manzullo
Burton	Grams	McCandless
Buyer	Grandy	McCollum
Callahan	Greenwood	McCrery
Calvert	Gunderson	McDade
Camp	Hancock	McHugh
Canady	Hansen	McInnis
Castle	Hastert	McKeon
Clinger	Hefley	McMillan
Coble	Herger	Meyers
Collins (GA)	Hobson	Mica
Combest	Hoekstra	Michel
Cooper	Hoke	Miller (FL)
Coppersmith	Horn	Molinari
Cox	Houghton	Moorhead
Crane	Huffington	Morella
Crapo	Hunter	Myers
Cunningham	Hutchinson	Nussle
DeLay	Hyde	Oxley
Diaz-Balart	Inglis	Packard
Dickey	Inhofe	Paxon
Doolittle	Istook	Penny
Dornan	Jacobs	Petri
Dreier	Johnson (CT)	Pombo
Duncan	Johnson, Sam	Porter
Portman	Schaefer	Sundquist
Pryce (OH)	Schiff	Talent
Quillen	Sensenbrenner	Taylor (NC)
Quinn	Shaw	Thomas (CA)
Ramstad	Shays	Thomas (WY)
Ravenel	Shuster	Torkildsen
Regula	Skeen	Upton
Ridge	Smith (MI)	Vucanovich
Roberts	Smith (NJ)	Walker
Rogers	Smith (OR)	Walsh
Rohrabacher	Smith (TX)	Weldon
Roth	Snowe	Wolf
Roukema	Solomon	Young (AK)
Royce	Spence	Young (FL)
Santorum	Stearns	Zeliff
Saxton	Stump	Zimmer

NOT VOTING—9

Brooks	Gallo	Tucker
Carr	Gibbons	Velazquez
Ford (MI)	Ros-Lehtinen	Whitten

□ 1235

Mr. WYNN changed his vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote as announced as above recorded.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMUNICATION FROM THE HONORABLE PAUL E. KANJORSKI, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable PAUL E. KANJORSKI:

CONGRESS OF THE UNITED STATES,
Washington, DC, July 20, 1994.

Hon. THOMAS S. FOLEY,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: The purpose of this letter is to notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the United States Bankruptcy Court for the Middle District of Pennsylvania for materials related to a bankruptcy case.

This subpoena was issued to my office at 3:30 p.m. on July 19, 1994, seeking my presence and documents in Bankruptcy Court at 10:00 a.m., July 20, 1994, when I will be in Washington conducting official business.

After consultation with the General Counsel, he has determined that compliance with the subpoena at this time is not consistent with the privileges and precedents of the House. I acknowledge his determination and have agreed not to provide documents which might infringe on the rights of the House of Representatives.

Sincerely,

PAUL E. KANJORSKI,
Member of Congress.

REPORT TO CONGRESS CONCERNING EMIGRATION LAWS AND POLICIES OF THE REPUBLIC OF BULGARIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection referred to the Committee on Ways and Means and ordered to be printed.

To the Congress of the United States:

On June 3, 1993, I determined and reported to the Congress that Bulgaria is in full compliance with the freedom of emigration criteria of sections 402 and 409 of the Trade Act of 1974. This determination allowed for the continuation of most-favored-nation (MFN) status and certain United States Government financial programs for Bulgaria without the requirement of a waiver.

As required by law, I am submitting an updated Report to Congress concerning emigration laws and policies of the Republic of Bulgaria. You will find that the report indicates continued Bulgarian compliance with U.S. and international standards in areas of emigration and human rights policy.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 21, 1994.*

BUDGET CONTROL ACT OF 1994

The SPEAKER pro tempore. Pursuant to House Resolution 484 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4604.

□ 1239

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4604) to establish direct spending targets, and for other purposes, with Mr. VISCLOSKY in the chair.

□ 1240

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

The gentleman from South Carolina [Mr. DERRICK] will be recognized for 15 minutes; the gentleman from Florida [Mr. GOSS] will be recognized for 15 minutes; the gentleman from Michigan [Mr. CONYERS] will be recognized for 15 minutes, and the gentleman from Pennsylvania [Mr. CLINGER] will be recognized for 15 minutes.

The chair recognizes the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Chairman, I yield myself 6 minutes.

I am delighted today to bring to the floor H.R. 4604, the Budget Control Act of 1994.

Last year the Congress passed a landmark 5-year deficit-reduction program. That act was designed to reduce the Federal deficit by $500 billion over 5 years through a combination of revenue increases, entitlement cuts, and a freeze on discretionary spending.

Mr. Chairman, the 1993 Deficit-Reduction Act is working and working well. The deficit is on a downward path after rising steadily, year after year,

since fiscal 1989. Some private economists and the Congressional Budget Office expect the budget deficit to fall to $200 billion or less in the current fiscal year. That figure is down from the record $290 billion in 1992, and down from $255 billion in 1993.

The 1993 deficit-reduction law included provisions reducing entitlement spending in future years. Obviously those provisions were based on certain assumptions about economic conditions and the resulting levels of entitlement spending that would occur in the future. Economic conditions can change very quickly driving entitlement spending—and the deficit—up sharply in a relatively brief period of time.

Mr. Chairman, the Budget Control Act of 1994 will establish a mechanism to safeguard the deficit reduction achieved in last year's reconciliation act.

H.R. 4604 will create a process whereby the President and Congress will review annually through fiscal 1997 the entitlement portion of the Federal budget, except for Social Security, net interest, and deposit insurance. This review will compare spending on entitlements in the previous year, the budget year, and the 4 succeeding years, to targets established pursuant to the bill.

The targets would be set by the Office of Management and Budget within 30 days of enactment and would be based on spending resulting from laws enacted as of 5 days before OMB set the targets. To set the targets OMB would use the assumptions underlying last year's budget resolution to the extent feasible.

OMB would adjust the targets each year to reflect changes in beneficiary populations, legislated net revenue increases, and spending resulting from legislation designated as emergency under the Budget Enforcement Act.

If the annual review reveals that entitlement spending exceeded or will exceed the target in any year by more than one-half of 1 percent, then the President would have to include in his budget recommendations for addressing the overage. To eliminate the overage, the President could recommend any combination of cuts in entitlements, reductions in discretionary appropriations, or revenue increases.

In the event the President finds an overage, the House Budget Committee must include in a separate section of the budget resolution provisions instructing the appropriate committees to report legislation cutting spending or increasing revenues. These instructions must call for savings equal to or exceeding the total recommended by the President for action, up to the full amount of the overage. In the event the Budget Committee failed to report a budget resolution addressing overages, then the President's recommendations could be brought directly to the floor for a vote.

If a budget resolution proposes to offset less than the full overage found by the President, the Budget Committee must report a resolution directing the Government Operations Committee to report legislation increasing the targets by the amount of the overage not offset. This mechanism is intended to create an opportunity for a separate vote on raising the targets if the Budget Committee does not fully address an overage.

Mr. Chairman, the bill contains enforcement measures to prevent Congress from circumventing its obligations. First, it would not be in order to consider a budget resolution addressing less than the full overage until the separate vote on raising the targets had occurred. Second, a budget resolution conference report must fully address any overage found by the President either through spending cuts, revenue increases or target increases, or be subject to a point of order. Third, it would not be in order to consider any appropriations bills in the House until a budget resolution fully addressing any overages had been agreed to.

Mr. Chairman, H.R. 4604 resembles provisions included in the House version of last year's reconciliation bill. However, parliamentary constraints in the Senate prevented the provisions from appearing in final version. So the President imposed the requirements on himself by Executive order, and the House adopted House Resolution 235, which imposed procedural requirements on us similar to those contemplated by the bill.

The President's fiscal 1995 budget submission included the review required under the President's executive order. For the Member's information, the review indicated that entitlement spending is well within the level assumed last year. In fact, if all goes well, entitlement spending will be $82.5 billion under the applicable target during the 1994–97 timeframe. That is good news for the American people; the 5-year deficit-reduction train is firmly on track.

Mr. Chairman, the bill before the committee today would codify the process created last year by the President and improve it in one important way. It would exclude the Social Security program from the entitlement review and exclude benefit cuts from consideration as a recommended solution to an overage.

Given the large balances in the trust funds, Social Security could not cause an overage. Since Social Security could not cause the problem, it ought not be part of the solution. Including Social Security in this process would frighten our senior citizens unnecessarily.

Mr. Chairman, the committee bill represents an improvement over the current situation, and it will give the Senate an opportunity to add its own procedures to the mix. I urge all Members to support the legislation and reserve the balance of my time.

Mr. Chairman, I reserve the balance of my time.

Mr. GOSS. Mr. Chairman, I yield myself 7 minutes.

Mr. GOSS. Mr. Chairman, we have already discussed the various problems with the consideration of this bill from a procedural standpoint. Now I would like to point out the major substantive problems with the Spratt bill H.R. 4604, namely that it is ineffective, unwieldy, and it contains hidden pitfalls.

Our primary difficulty with the so-called Budget Control Act of 1994 is that control seems to be the one thing that is missing. As you can see from the charts next to me, the procedures established under this bill would likely never come into play. This first graph shows how the mandatory spending targets set by the administration are never exceeded by the steep growth in entitlement spending. In other words, this is a floating target. The second chart gives a more complete picture: We see that in August 1993, the first time mandatory spending targets were set, there was no discrepancy between the targets and the expected outlays. But 6 months later, we find that the targets, inexplicably, are raised while the expected outlays have dropped. Six months after that, we see more of the same.

Mr. Chairman, in August 1993, the mandatory spending target for this year is $746 billion; yet today this target has been increased by nearly $7 billion, while the expected outlays have actually decreased by $19 billion. In other words, the administration has created a $25 billion cushion out of thin air. Again, looking at 1997, the target has been revised upward by some $18.5 billion, while the expected outlays are actually down by $0.9 billion.

What these numbers clearly demonstrate is that the so-called budget process reforms in H.R. 4604 are meaningless—the cushion—now $80.2 billion and growing—between targets and outlays insures that the cuts will never be triggered.

Even in the unlikely event that the procedures under this bill are triggered, we can expect sound and fury—but little else, unless you can jump through meaningless hoops.

According to H.R. 4604, if the spending targets are breached, the President is expected to get the ball rolling by including recommendations in his budget message. These recommendations, which would carry little weight to begin with, do not even have to contain solutions. The President can recommend that we address the problem, address part of the problem, or do not address the problem at all.

It gets worse. The complex parliamentary procedures that the Spratt

bill sets in motion via the President's recommendations would make a mockery of an already problematic budget process. In the end, the only teeth in the Spratt bill are a few points of order against the budget resolution and some appropriations bills if Congress chooses to ignore the requirements of the act. Since the House routinely waives all points of order against such bills anyway, we can see that these so-called teeth have no bite.

And one final note: The Spratt bill, even as modified, would throw Social Security back into the reconciliation mix. Even though Mr. Spratt said he fixed the Social Security problem—the fix itself is a big problem. In the unlikely event that we ever took action under this bill, we could be faced with the prospect of raising Social Security payroll taxes to pay for other entitlements. Given the efforts we have taken to separate the Social Security budget and make it self-financing, I do not think that this is an area into which we want to be venturing blindly.

A more responsible approach is the Kasich-McMillan-Kolbe substitute. It would increase Congress' level of accountability for the entitlement budget, while avoiding the problems associated with arbitrary spending caps. And it ensures the independence and integrity of the Social Security system.

As a member of the bipartisan Commission on Entitlement and Tax Reform, I recognize the real threat uncontrolled entitlement spending poses to our future generations. We are working on constructive, responsible solutions to this dilemma. The Spratt bill, H.R. 4604, is neither constructive nor responsible, and I urge Members to think twice before giving it their vote.

MANDATORY SPENDING TARGETS AND OUTLAYS, 1994–97

[In billions of dollars]

Month of estimate	1994	1995	1996	1997	1994–97
August 1993:					
Target	746.4	784.7	823.7	887.7	.....
Outlays	746.4	784.7	823.7	887.7	.....
Difference	0.0	0.0	0.0	0.0	0.0
January 1994:					
Target	752.0	792.7	833.7	901.7	.....
Outlays	734.6	774.7	826.3	887.6	.....
Difference	−17.4	−18.0	−7.4	−14.1	−56.9
July 1994:					
Target	753.1	794.6	837.2	906.2	.....
Outlays	727.7	769.7	826.0	886.8	.....
Difference	−25.4	−24.3	−11.2	−19.3	−80.2

Source: OMB.

□ 1250

Mr. Chairman, I reserve the balance of my time.

Mr. DERRICK. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Chairman, I want to pose a question to the gentleman from Florida [Mr. GOSS], if he would respond, since he raised what I would regard as a red herring and the all-time improbability, the use of payroll taxes, social security taxes, to fund some other program.

Mr. Chairman, I would ask the gentleman if he can recall any time, 1977, 1978, or 1983, when payroll taxes have been raised except when there was a deficiency in existing or projected social security benefits and they had to be raised in order to make the program sound and solid again.

Mr. GOSS. Will the gentleman yield, Mr. Chairman?

Mr. SPRATT. I yield to the gentleman from Florida.

Mr. GOSS. Mr. Chairman, I was not here at those times, and was not a Member of this distinguished body. I think it is important we be prospective in this rather than retrospective in it, or retroactive. I realize that they sometimes like to use retroactivity with taxation, but we do not like to do that, and we want to be prospective.

The fix the gentleman talked about talks about reducing benefits, protection against reducing benefits, and we say thank you for doing that after we pointed that out, because I think that is good news, because they have made that fix, but I think they did not make the whole fix. The whole fix goes to the rest of the question of not raising taxes.

Mr. SPRATT. Mr. Chairman, I would also ask the gentleman, since he talked about runaway entitlement spending, if he is aware of the extent to which entitlements have been tracked in the last fiscal year, the budget that was laid out for them, the base line amount that was projected for them in the Clinton reconciliation bill which we passed last night.

Is the gentleman aware of the fact that entitlement spending is actually below what was projected at that point in time?

Mr. GOSS. If the gentleman will yield further, I am very much aware of that, which is why I am so puzzled about why the targets keep going up. I recognize once we get to the turn of the century, or at least after 1996, that everything falls off the chart or climbs off the chart when we come to entitlement spending, because we are using all of the benefits to keep it under control now, and I admit that the plan has tried to keep that under control, and we are using those benefits well. We are basically burning out our brakes now.

I have to say, Mr. Chairman, why have the outlays gone up?

Mr. SPRATT. The point simply is that entitlements are below what was projected to be. So far the Clinton budget has worked in keeping them in tow.

Mr. CONYERS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we are once again in the Spratt-Kasich-Stenholm mode. What we have got to do is sort out these very ambitious proposals and determine which way we are going in budgetary reform. The complaint is generally there is not enough bite. We really want to tear into this entitlement subject and really do something about it, but wait, the General Accounting Office has now put out a study, within the last few days, in which they have identified some characteristics that suggest that there may be more difficulty in implementing alternative plans to that of the gentleman from South Carolina [Mr. SPRATT].

□ 1300

What about the difficulty caused by fluctuations in program eligibility?

For entitlement programs, predicting eligibility, such as the number of beneficiaries and the amount of services, is frequently very difficult, especially where health, disability, and other services are involved.

What about benefits that are noncash in form? For example, there are Federal payments to States and private social service agencies, who then distribute vital health and social services. The distribution of these benefits are frequently uneven, varying with each individual's need for the particular service at specific times. A person might even experience massive health expenses under a Federal health care program in a short period of time or a person might remain healthy with no bills for years. You cannot take that into consideration with caps.

Another problem is program implementation, or financing shared with other entities such as the States. Listen to what the president of the American Federation of State, County and Municipal Employees says about this kind of proposal: "It would put Texas in a straitjacket when it comes to Medicaid claims. They could face $8 billion of additional costs over 8 years," according to the president, Gerry McEntee, of AFSCME.

We have another problem. Do these entitlement programs interact with other entitlement programs? What I am saying is that many entitlement programs target similar populations and address similar areas of need. The use of one program may increase if another program is reduced or removed from service.

So the programs which are the most difficult to cap and generate savings are also the programs experiencing the largest overage and posing the greatest budgetary risk. By contract, the programs which would be the easiest to cap and generate savings are the ones experiencing the smallest overage and pose the least budgetary risk.

That brings me to the Spratt proposal, which indeed makes a lot of good sense.

I would like to just cite the New York Times and the Washington Post editorials. They point out the Spratt proposal requires the President to propose a solution to Congress if total entitlement spending were to rise above

target. Then Congress would have to vote on the President's proposal. It would force Congress to face up to the problem, but, unlike any other plans, it would allow Congress a full menu of responses, including tax hikes and cuts in discretionary spending. The Washington Post also observes: "Health care costs have risen from a bare footnote in the budget to more than one-sixth of all spending and are still rising."

The answer to that is not caps on entitlements but to enact health care reform that is meaningful. It is time that we get to the true problem and deal with health care reform instead of these artificial proposals that are, I say regretfully, incorporated in both the Stenholm and the Kasich proposals.

Support Spratt and the bill before the committee at this time.

Mr. CLINGER. Mr. Chairman, I yield myself 3½ minutes.

Mr. Chairman, I would like to begin by expressing my appreciation to our colleagues, the gentleman from South Carolina [Mr. SPRATT], the gentleman from Ohio [Mr. KASICH], and the gentleman from Texas [Mr. STENHOLM] for the extraordinary time, thought, and effort they have put into addressing one of the clearly most pressing problems confronting the Nation today. That is, the need for serious and substantive entitlement spending reform. We all know that entitlements are the root cause of the burgeoning deficit problem that we are dealing with and have been dealing with year in and year out.

According to the Bipartisan Commission on Entitlement and Tax Reform, in 1990 the net national debt was about $10,000 for every American man, woman, and child in the country. Today it is over $17,000, and the Bipartisan Commission projects that if tax and spending policies do not change, that debt will amount to $64,000 per American by the year 2030. Unfortunately, there are no easy answers to how we break this ever-escalating number.

Last week this body, the House, took an important first step toward addressing spending reform when it passed the Stenholm-enhanced rescission bill. That legislation is going to permit Congress and the President to strike wasteful spending and unfair tax benefits from the massive appropriations and tax bills which we regularly pass in this Chamber. I sincerely hope that it will be enacted and signed into law. However, discretionary spending restraints alone clearly are not going to be enough to solve our fiscal crisis. It is again the entitlement programs which are driving the deficit.

Last year all discretionary spending combined equaled less than 40 percent of total Federal outlays. We could eliminate every single dollar for every discretionary program in this country, including Head Start, environmental cleanup, job retraining, and even zero out the entire Department of Defense and still not come close to eliminating our national debt. To resolve our financial mess, we have to also address this extraordinary growth of entitlement spending.

Unfortunately, while very well intentioned, H.R. 4604, the bill of the gentleman from South Carolina [Mr. SPRATT] fails to provide the controls needed to contain runaway entitlements. The Spratt targets are designed to exceed expected spending and therefore impose on true restraints. Yet, assuming a target ever were to be triggered, the bill provides no reliable mechanism for enforcing reconciliation. It is well meaning, but H.R. 4604 is not enough.

The Stenholm approach sets real targets to controlling entitlement growth, but similar to H.R. 4604, the Stenholm plan lacks a genuine enforcement mechanism. Without that, I think anything we do here is going to be unavailing.

Finally, both approaches mistakenly bring Social Security back on line and open that trust fund to potential raids, a frightening prospect for America's seniors.

Of the three plans before us, Mr. Chairman, the Kasich amendment alone maintains the integrity and separateness of the Social Security trust fund, provides for yearly cap readjustments to realistically address entitlement spending constraints and offers a strong enforceable mechanism for encouraging Congress to meet its spending targets.

Because it alone sets the stage for substantive spending restraint, which we urgently need, I would urge my colleagues to support the Kasich substitute and cast their votes in favor of true entitlement reform.

Mr. Chairman, I reserve the balance of my time.

Mr. CONYERS. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from South Carolina [Mr. SPRATT], the author of the measure before us.

Mr. SPRATT. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. SPRATT. Mr. Chairman, I rise in support of H.R. 4604. This is a bill that has passed the House twice already. It first passed as part of the reconciliation bill on May 28, 1993. Unfortunately, there is something called the Byrd rule and as a consequence of the Byrd rule, it was stripped out of the reconciliation bill in the Senate. So we passed it as part of another self-executing rule when it was brought up in the budget conference report and made it a rule of the House. The President accepted the provisions. He finally agreed that they would be part of the budget process, and he imposed them on the executive branch by taking those parts that apply to the Presidency and executive branch and imposed them by Executive order. So in effect most of this bill is in place now but it does not apply to the Senate and it needs to be in statutory law.

This time the bill before us has one slight change. It would exclude Social Security benefits from direct spending adjustments. Otherwise it is the same bill we had before. In my opinion this bill adds an important procedure to the budget process. Almost all of the growth in Federal spending as every speaker here has acknowledged, has occurred in the entitlement programs and mainly in the health care entitlements, Medicare and Medicaid.

Discretionary spending, the money that we appropriate and spend so much time out here on the floor upon, 13 different bills, has been capped since 1991, it has hardly increased; it is unlikely to increase in the next several years because we have extended those caps on discretionary spending, freezing discretionary spending just above $540 billion for the next 4 fiscal years. That alone precludes more than $100 billion of spending increases that might otherwise occur just to keep pace with current services. But we have never capped the overall sum committed to entitlements until the past fiscal year. Actual entitlement costs as a consequence have overshot projected costs by a wide margin.

□ 1310

Last year, the good news is, as I noted earlier, entitlement spending is down. It is below what we projected to the extent of about $24 billion.

This bill would codify the entitlement spending targets for fiscal 1994, 1995, 1996, and 1997, and if actual or projected spending in any of these years exceeds the targets, this baseline that we are codifying, this bill would force the President and the Congress to address the problem, the overage, by adjusting direct spending.

Here is basically how the bill works:

First, it requires the Office of Management and Budget to establish a baseline budget for entitlement spending based upon the reconciliation bill we adopted last year, but updated in the light of economic events that have occurred since then.

It then requires the President each year in the budget process in the executive branch to track that baseline, and when there are overages, when we exceed the baseline, to deal with the problem, to confront the problem squarely in his annual budget that he sends to the Congress.

It gives the President three options. He can recoup all of the coverage or eliminate it. He can recoup or eliminate some of the overage or he can just say that in these circumstances and for these reasons, thus we should not deal

with it at all. They can be recouped by spending cuts in discretionary spending, spending cuts in entitlement spending, or they can be recouped by tax increases. I think it is extremely unlikely that we would ever turn to payroll tax increases. I think this is a chimerical argument.

The President can decline to recoup the entire overage, as I said, and so can the Congress. But if we do so, first of all the President has to make the case for not addressing the problem. He has to make the explicit case in his budget message, and we have to vote upon it, because the process next requires that the budget committee, whenever it reports a budget resolution, as a first title in it, to address any reported overage in entitlement spending as reported to us by the President. The resolution itself has to recoup or eliminate at least some or part, or we can waive, we can punt, but we have to vote upon it.

So it adds to the budget process two things. Number one is visibility. It brings entitlement spending to the front burner, off the back burner. As all of us know who participate in the process we mainly deal with discretionary spending and we leave the entitlement spending on automatic pilot. This brings it up to the front burner and says as a first step in the budget process you have to deal with it. By dealing with it we have to vote on it, we have to be held to account. That is the other feature it adds to the process, as the gentlemen from Florida [Mr. GOSS] says. And I agree, there are various ways to get around these things, but it would take many cynical manipulations to pass a law like this and then to waive its application, particularly on something this critically important where we say we are going to deal with it and we are going to have a record vote upon it.

What we proposed in this bill brings to entitlement spending these two things, visibility and accountability.

For that reason I think, Mr. Chairman, this is an important addition to the budget process.

Mr. Chairman, I would like to address the argument quickly that those have made who say it does not have teeth, it just has hoops and loops to jump through.

If this bill had been in effect after the Budget Enforcement Act of 1990 was adopted, then it would have had a decided effect on 1991, 1992, and 1993, because in that particular case the technical assumptions for the cost of Medicare and Medicaid were off over 1991 through 1995 to the tune of $163 billion. Other major benefit programs were off by $99 billion. On technical assumptions alone, this bill would have required that each year before we did anything else in the budget process we deal with these overages in these two programs, and if we had been forced to confront them squarely, the budget projections made in 1990 were not realistic and this would have held us to a more realistic budget path. And we would have less of a deficit problem to deal with now.

Mr. Chairman, this is a good bill, and I urge support for it.

Mr. GOSS. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Glenn Falls, NY [Mr. SOLOMON], the ranking member of the Committee on Rules.

Mr. SOLOMON. Mr. Chairman, I would say to the former speaker, if he wants to talk about cynical manipulations, I have here a record of all of the restricted rules that waive the budget act time after time after time. That is cynical manipulation.

Mr. Chairman, to call this bill the Budget Control Act of 1994 is misleading at best and counterproductive at worst.

I do not for a moment question the motives or sincerity of the author of this bill, Mr. SPRATT, for whom I have the greatest respect. I know he is genuine in his desire to get a better handle on the growth in entitlement spending.

But this bill is not the answer to that problem. Nor am I confident that any process will provide a "magic bullet" or shortcut to curbing entitlement growth other than the old-fashioned legislative process.

That old-fashioned process consists of having the committees of jurisdiction look at these programs one-by-one, on a periodic basis, and recommend legislation changes when the program is costing too much, or not working properly.

The reason I think this particular process may be counterproductive is because the floating targets allowed under this bill will never be breached during the 5 years it is in effect.

Consequently, congressional action to address entitlement growth will never be triggered under the terms of this act.

The fact is, Mr. Chairman, the process called for under this bill has been in effect since last August under Executive Order 12857 and House Resolution 235. The targets have already been set and adjusted in the President's January budget.

And guess what? According to this month's mid-session economic review, for the 4-year period covered by this bill, projected entitlement spending is $80 billion under the targets. We do not breach the target in any of the covered years.

So, all this bill does is to lull us into a false sense of budgetary control, when in fact it will do nothing to restrain entitlement spending.

But we can claim, as soon as we pass this bill, that we have magically saved $80 billion in mandatory spending over 4 years.

Now you know I know that is inside-the-beltway, baseline budget-speak. What is really happening over that 4-year period is that entitlement spending is increasing by $160 billion—a 22 percent increase.

The President's January budget estimates that entitlement spending will grow 34 percent or roughly 7 percent a year between fiscal 1995 and 1999 under current law. It will grow from $764 billion in 1995 to $1.02 trillion in 1999.

So Members, do not try to kid yourselves or anyone else that this passive process or any other process that has floating targets and rubber triggers will save us a dime.

In conclusion, Mr. Chairman, this is another one of those warm and fuzzy, feel-good but phony budget process fixes that does not fix a thing. It only gives us political cover to avoid making the real, hard choices of cutting spending until tomorrow—and, of course, tomorrow never comes.

Mr. Chairman, I yield back the balance of my time.

Mr. DERRICK. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in general support of the bill. I will support one or more of the amendments to the bill today. But let us not lose focus in this debate. Today we are debating entitlement reform to lower the deficit.

I would ask my colleagues and the public to do the math on the budget. Without entitlement reform or tax increases, in order to balance the budget in 1999 we would have to cut $206 billion out of $290 billion of discretionary spending. That cannot be done.

Today's debate has to do with the process reform that is needed to actually accomplish that goal. The only real thing that has worked to lower spending in this decade has been spending caps. The problem is those spending caps have only been applied to discretionary spending.

This debate is whether to extend those caps to mandatory entitlement spending.

I think the House has shown in two votes its will to extend these caps to entitlement spending. Today's debate on the amendments will be how to set those caps and how to enforce those caps.

I believe to accomplish these goals the law that we enact today or the bill that we pass today should exempt nothing, should prohibit no action in the future, should bring the administration and Congress together to come to a solution that will work and must be enforceable.

□ 1320

Our shared goal has to be to take entitlements off autopilot and to give us the mechanisms to actually bring spending under control.

Mr. CLINGER. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. MCCANDLESS], the ranking member on the subcommittee.

Mr. MCCANDLESS. Mr. Chairman, I rise in opposition to H.R. 4604, and in support of the Kasich substitute to control entitlement spending.

As we begin to debate this legislation, I urge my colleagues to consider the seriousness of our current fiscal situation and the pressing need for true entitlement reform. Keep in mind that total entitlement spending will equal $727 billion this year—over 47 percent of our Federal tax dollars. Consider that according to the Congress' own Bipartisan Commission on Entitlement and Tax Reform, entitlement spending and interest of the national debt will exceed 70 percent of all Federal spending by the year 2003. Recall the Bipatisan Commission's further projection that, if left unchecked, Medicare, Medicaid, Social Security, and Federal employee retirement programs will consume all Federal revenues by the year 2030. Consider the just released findings of the Bipartisan Commission that,

> If action is not soon taken, America will be forced to choose between doubling every federal tax or cutting more than half of every federal program and entitlement to balance total federal outlays and revenues.

With a warning that clear, I have to believe we will take heed and pass the most realistic, responsible and enforceable entitlement control plan before us; I have to believe we will pass the Kasich substitute.

Certainly Congressmen SPRATT and STENHOLM are to be commended for the considerable work they have put into their proposals. Both have done yeoman's work in bringing this issue before the House. However, despite their best efforts, their bills are flawed.

H.R. 4604, the Spratt bill, imposes no new restrictions or requirements on entitlement spending. H.R. 4604 merely codifies an existing Presidential Executive order and current House rules which provide a process for dealing with floating and generous entitlement targets. And however unlikely a breach might be, given the liberalness of the targets proposed, if a target were to be violated, H.R. 4604 would provide little enforcement. The bill merely directs the Budget Committee to direct the Committee on Government Operations to report out correcting legislation. Neither H.R. 4604 nor existing rules actually require Government Operations to act, and any violation of House rules could be easily waived. While well meaning and hopeful, H.R. 4604 would do little to reduce entitlement spending.

The Stenholm amendment, while offering much tighter caps, makes the mistake of including Social Security in the sequestration basket. Having spent many years protecting this privately funded trust fund from congressional raiding, I cannot support legislation to once again open it to congressional shenanigans.

The Kasich amendment alone establishes overall caps as part of our yearly budget resolution and provides for the suballocation necessary to encourage responsible planning. It recognizes and maintains the separateness of Social Security, and it imposes a real sequestration enforcement mechanism. It is a serious and honest approach to entitlement spending control, and I urge its adoption.

Mr. DERRICK. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I come to the floor today pleased with the opportunity to discuss a critical issue not only for those of us who worry about today's deficits, and today's recipient of current entitlements but for also those who care about tomorrow's children and grandchildren and their ability to enjoy a standard of living which we have enjoyed.

Clearly, if we are to balance the budget, we must control all Government expenditures, including entitlement spending. Past deficit reduction efforts have not succeeded as we hoped because entitlements grew faster than expected and Congress did not respond with policy changes which would result in spending reductions. Experience has taught us that Congress takes action to reduce entitlement spending only under extraordinary circumstances.

While these increases in entitlement spending are explained as technical changes over which Congress has no control, this argument does not hold much weight with the public. The deficit is blind; increases in the deficit for technical reasons are just as harmful to the economy and the future of our children as increases caused by policy changes. Congress and the President should take greater responsibility for entitlement spending instead of blaming ballooning entitlement spending on technical corrections.

Since 1978, spending on entitlements has increased 286 percent, more than 1½ times the rate of inflation. Since the 1990 budget agreement, entitlement spending has increased $115 billion beyond projections—$18 billion in 1991, $43 billion in 1992 and $54 billions in 1993. Slightly more than half of the increase was in Medicare and Medicaid—$63 billion. Other major increases were in unemployment insurance—$30 billion; food stamps—$9 billion; student loans—$7 billion; and supplemental security income—$5 billion.

Entitlement spending is projected to be $270 billion higher in 1998 than it was in 1993—a 35.8-percent increase. Under current policies, entitlement spending will be $1.035 trillion by 1998 and nearly $1.5 trillion by 2003.

Because of my concern about the continued growth of entitlement spending, I was extremely disappointed the budget resolution we passed earlier this year did not call for a reconciliation bill which would make additional reductions in entitlement spending. While it is true that the deficit is projected to take a slight downturn over the next few years, we remain convinced that sustained deficits of $200 billion a year present a great economic hazard to our Nation's future.

I was pleased, however, that we were able to attach sense-of-the-Congress language to the budget resolution which called for the enactment of enforceable entitlement spending limits as well as other budget process reforms. I was also pleased that there was an agreement for the consideration of further budget process votes within the House of Representatives.

As a result of the commitment to allow the House to debate and vote on legislation to control the growth of entitlement spending, I began to study past legislation dealing with the growth of entitlement spending and canvass my colleagues regarding this issue. The legislation we are voting on today is a product of this effort.

I have never claimed that an entitlement cap is a replacement for the tough choices and specific policy decisions that we need to make. Next month, we will have an opportunity to make some of those tough choices when Mr. ORTON and others offer amendments to cut entitlement spending. That notwithstanding, I have concluded that we will not enact the policy choices necessary to control the growth of entitlement spending unless we have the hammer of an entitlement cap forcing us to do so. One of the tough decisions people are talking about today concerns social security.

You will hear some claims that my amendment will require draconian cuts. That simply is not the case. My amendment would require extremely modest reductions in entitlement spending in the initial years, none in fiscal year 1995 and $3.3 billion in fiscal year 1996, to allow for a gradual reduction in the growth of entitlement spending. Even when the cap begins to take effect in later years, the amendment allows for considerable growth in entitlement spending. Entitlement spending would be allowed to grow by 6.3 percent in fiscal year 1997, 6.0 percent in fiscal year 1998 and 5.1 percent in fiscal year 1999. The reductions required from 1996 through 1999 represent just slightly more than 2 percent of the amount we are projected to spend on entitlement programs over that period.

The reductions from CBO baseline required by this amendment are significantly lower than the entitlement reductions that would have been required by the Balanced Budget Enforcement Act introduced by then-Budget Committee Chairman Leon Panetta in 1992,

even when the deficit reduction of the 1993 reconciliation bill is taken into account. The Panetta Balanced Budget Enforcement Act would have required $88.1 billion in entitlement savings beyond the cuts in last years budget from fiscal year 1994 to fiscal year 1998. Over the same period, the Entitlement Control Act would require just $39.3 billion in savings.

My amendment which will be voted on later today is the only amendment that places real, enforceable limits on spending. I commend our leadership for bringing us the opportunity for these votes today and I encourage my colleagues to support the Stenholm-Penny-Orton-LaRocco amendment if you truly want to take control of uncontrollable spending.

Mr. GOSS. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from North Carolina [Mr. McMILLAN].

□ 1330

Mr. McMILLAN. I thank the gentleman for yielding this time to me.

Mr. Chairman, we have three approaches to getting a rein on entitlement spending at issue today, all of which are important. It is highly unlikely that any of them will pass. But there is wide agreement that something must be done about entitlements and solid support among those here today as to essentially how. There is more agreement here than disagreement.

I would prefer those of us in agreement would be in unity today in offering amendments instead of offering separate amendments. But that is not the case. While the Stenholm and Kasich-McMillan-Kolbe bills disagree in some respects, I intend to vote for both of them because I think they are similar on the most important points. I would prefer both of them would be stronger in terms of the setting of caps, but I think that is beyond the realm of possibility. Why?

Both of these bills agree that to control mandatory entitlement spending, which constitutes 60 percent of the budget if you include interest, it is absolutely necessary to set a target spending level each year.

We are going to have to vote on it each year. So it does not make any difference to me whether it is 5 years or 1 year in the budget resolution. We already do that on discretionary accounts; why not entitlements? In fact, entitlements are even more important because that is where the problem is. So if we simply extend what we are doing on discretionary spending to entitlements, we will be making headway.

I do not accept the argument that entitlements are unpredictable. That is a copout. They are predictable. We just do not want to do it.

We should demand that authorization of entitlements, prospective and already enacted, be specific. Then we would get to dealing with the problem.

Second, both amendments agree that the budget resolutions on spending limits for mandatory as well as discretionary spending must be reconciled in the authorizing committees. That is the key. We do not do that now except on discretionary. Both involve the President in different ways. If Congress and the President, under both, fail to meet those targets, however, sequestration will do it for them. We can argue about the amounts, but both agree on a change in the process that could put a stop to runaway entitlement costs by forcing the Congress in its budget resolution, and the authorizing committees in reconciliation, to make specific decisions instead of authorizations of "such sums as necessary." Those are really a recipe for financial disaster, and have been.

This is not a copout, as some editors suggest. To do nothing is a copout. It is simply setting up a rational process, extending caps to all of the budget that now already apply on discretionary spending. It is what we would have to do if we had a balanced budget amendment, for those who would like to use that as an excuse—and I think it is a good one.

This, my colleagues, is no radical proposal; it is simply good common sense, and I urge you to take them seriously.

Mr. CONYERS. Mr. Chairman, I reserve the right to close.

Mr. CLINGER. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. GOSS. Mr. Chairman, I have no further requests. I yield myself my remaining minute in order to say that we have heard a lot of statements about whether this process is going to work or not and whether it is going to have the desired goals, the impact to achieve the goals we all agree on to get entitlements under some kind of control before they eat us alive, which they are in the process of doing.

This is not a process where we have any heroes. The gentleman from South Carolina [Mr. SPRATT] has talked about the need for visibility. I agree with him; we do need visibility, but as we raise expectations we need to make sure that we can deliver achievements, not just more disappointments and broken promises, because our track record on entitlements, frankly, when you go back to the beginning of entitlements—and the gentleman is the one who started the historical trend here—has not been good. They have grown like topsy, and it looks like they will continue to grow like topsy.

I agree the gentleman has used the words that we could abide by this process were it not for such things as cynical manipulation. I guess in our business the usual term, this is called end run, end running the regulations. In my view, this process, even the slowest running among us would be able to end run this process very easily. And that is my major concern with it.

Mr. Chairman, I yield back the balance of our time.

Mr. CONYERS. Mr. Chairman, I am proud to yield the balance of our time to the distinguished chairman of the Committee on the Budget, the gentleman from Minnesota [Mr. SABO].

Mr. SABO. I thank the chairman for yielding this time to me.

Mr. Chairman and Members of the House, let me commend the chairman of the Committee on Government Operations, the gentleman from Michigan [Mr. CONYERS], and the gentleman from South Carolina [Mr. SPRATT], for their work on the base bill that we have before us, and many others who participated in that process as we passed the basic form of this bill in the House Rules and, in part, by executive order last year.

It is a good bill. It does some things which I think are very helpful and very useful in the budget process.

What it does is require us each year to come back and look at entitlements and to see if they are staying within estimates that have been made of those programs. It deals with real dollars. It requires us to look back in the last year to see what has actually happened. It forces us to look at the estimates for the current year and for future years.

It is a process that deals with the reality of what is happening. If we then discover that entitlements are exceeding those estimates, it requires the President and the Congress to deal with that issue. It does not attempt to prescribe by formula what we have to do. It leaves legislators to be legislators and policymakers, and the President to be President. But it forces us to regularly come back and look at problems that are emerging. My observation has been that historically the Congress will ignore problems for a period of time and then as they grow and grow, we finally get to them. This bill and this process force us to come and examine the problems as they are emerging on an annual basis.

I think that is a very substantial step forward. We will debate other formulas later, and other proposals. This proposal does not turn Government over to simply a series of formulas, or another proposal that is before us today, which is very complex which I think accomplishes nothing on substance but simply makes the process much, much more complicated, in the proposal offered by my good friend, the gentleman from Ohio [Mr. KASICH].

So I commend the gentlemen; they have a very good basic proposal before us, and I would urge the House to adopt it.

Mr. LEWIS of Florida. Mr. Chairman, I believe we must get all Federal spending under

control, including entitlements. However, none of the alternatives offered today to address entitlement spending is ideal. Although I voted for the Kasich substitute, I did so with grave misgivings about its exemption of Social Security from the entitlement review process. Exempting Social Security protects most retirees from cuts, but leaves Federal and military retirees vulnerable to sequestration and direct cuts. Social Security expenditures this year are estimated at $325 billion. It is unfair to leave such a large piece of the budget out of the review process, while subjecting Federal and military retirees' pensions to budgetary scrutiny. It is my hope that future attempts to address entitlement spending will treat all retirees equally, whether they receive Social Security or some form of Federal pension.

Mrs. LLOYD. Mr. Chairman, I rise in support of the Entitlement Control Act of 1994. This act is long overdue. We have taken major steps in the 103d Congress to control the escalating budget deficit. The 1994 deficit will be $55 million lower than last year's and $90 billion below the deficit just 2 years ago. From 1992 through 1996, deficits are projected to decline 4 years in a row. This is a positive start toward deficit reduction, however, we cannot rest on our laurels.

The deficit problem is not over and it is expected to increase to 3 percent of the gross domestic product [GDP] by the next decade if we do not address the root of the problem—entitlement spending. Entitlement spending consumes approximately half of all Federal outlays. About 16 percent of the budget is allocated toward paying the interest on programs such as Medicare and Medicaid. According to Congressional Budget Office [CBO] estimates, Medicare and Medicaid are not only expected to triple in size in dollar terms, but each will double as a percentage of GDP over the period.

Passage of an effective health care reform package will help curtail Medicare and Medicaid expenditures in the long run. However, outlays for all other mandatory programs are expected to increase at an average annual rate of 6.5 percent between 1994 and 1999, with discretionary programs accounting only for a 0.8-percent increase. The Stenholm substitute is inclusive and weighs all entitlement programs on a cost-benefit basis.

There is no question that entitlements are the main culprit for our national debt. The only way to contain unacceptably high budget deficits and decrease the national debt is by enacting a strong entitlement control process.

Mr. Chairman, the bill we have before us takes a major step in reviewing entitlement programs and setting spending Federal priorities. The bill creates an entitlement control mechanism to monitor the total costs of direct spending and sets caps on the entitlement spending. It would require cuts in spending of $150 billion over the next 5 years. Should these caps be exceeded the bill would require an automatic, across-the-board cuts for all entitlement programs.

This bill forces the Congress to make tough decisions on spending programs, but it is carefully crafted to adapt to health reform changes and at the same time restrain the growth of entitlement spending. The Stenholm substitute specifically provides for an adjustment in the caps to accommodate health care reform legislation. I urge my colleagues to support the Stenholm substitute.

Ms. ENGLISH of Arizona. Mr. Chairman, I rise today in opposition to the Kasich and Stenholm amendments to the Budget Control Act. Although there is no doubt that the growth of entitlements is a significant cause behind America's deficits, I believe these amendments are ill-timed and ignore the basic causes behind the growth of entitlements.

The first amendment we considered, by Representative KASICH and others, was a notable attempt to strengthen the intent of this bill. My primary concern, however, was that the entitlement caps required by this amendment might well lead to rationing of medical care for our Nation's senior citizens. Medical costs are increasing at an alarming rate. That's why health care reform is so vital. It would be unfair and unwise to exact cost containment by limiting the benefits to our seniors without regard to the several other causes of rapid health care inflation.

Additionally, the joint resolution on entitlement spending invites political gridlock in the event that the priorities by Congress and the President are different. The delay that this might cause is unnecessary and counterproductive.

But perhaps the most compelling reason that I voted against Mr. KASICH's amendment at this time was because there is currently a bipartisan commission studying ways to control entitlement spending. Since their final recommendations are expected by the end of this year, it does their work a disservice by enacting changes while they are developing proposals at the direction of the President.

The following amendment, by Congressman STENHOLM, was flawed by its inclusion of Social Security in the entitlement cap mechanism. For the foreseeable future, Social Security will continue to take in far more revenue than is currently needed by today's retirees. Because of this surplus, it would not be fair to cut Social Security, which might be required in the amendment's across-the-board cutting requirements.

Ten years ago, the Social Security system was reformed through a bipartisan effort which ensured that the system will remain solvent for decades to come. While other reforms may be needed in the future, these changes are best accomplished through a cooperative, bipartisan effort directed at the system's problems. A one-size-fits-all approach just won't work.

Finally, I voted in favor of the Spratt-Stupak amendment because it was consistent with language that was included in last year's deficit reduction measure. It requires that Congress and the President establish entitlement spending targets and directs them to propose ways to deal with any breach in the targeted spending levels.

Health care reform, if enacted with cost control provisions, will help cut the increases in entitlement spending. The bipartisan entitlement spending commission should be permitted to finish their important work for subsequent action by the President and Congress. I support these efforts and look forward to future congressional action on both.

Mr. FRANKS of Connecticut. Mr. Chairman, I had hoped that the House of Representatives would have been able to propose spending cuts under the A to Z spending cut plan this year. Unfortunately, a majority of the House does not want to give Congress the chance to eliminate the waste. We are offered instead the Budget Control Act. I will vote for the Budget Control Act, provided that Social Security is exempted from the bill, because it is better than what we have now. I am pessimistic about this bill ever being able to curb cost overruns by itself. Therefore, I will also support the Kasich amendment. It seems that the Kasich amendment could make the bill much more effective.

The Budget Control Act would make entitlement spending targets for the next 4 fiscal years and would create a process for adjusting direct spending to stay within the targets. Each year the President and Congress would have to address direct spending that exceed the targeted levels. The weakness of the Budget Control Act as written is that the level of entitlement growth allowed under this bill can be set at any number high enough to prevent any action on slowing this growth down. This bill provides no incentive to change the policy of entitlement programs, which is the real problem.

There are two alternatives offered to allow us to enforce limits on entitlement spending. The Stenholm amendment puts the burden of entitlement control on Social Security. Older Americans who have had money taken from their paychecks over the years do not want Congress to take it, especially if their sacrifice allows wasteful spending to continue. Another problem with this amendment is that it allows tax increases to be used to pay for unexpected entitlement growth.

I intend to support the Kasich substitute, which has the potential to instill much needed accountability into decisions about entitlement spending. The Kasich substitute requires authorizing committees to review entitlement programs annually and vote on funding levels for each one. These levels would be legally binding. In addition, the Kasich substitute exempts Social Security and does not allow Congress to raise taxes to cover excessive entitlement spending. I feel that the Kasich substitute may be the last real chance that the 103d Congress has to rein in Federal spending.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute, consisting of the text of the bill, modified by the amendment printed in part 1 of House Report 103-614, is considered as an original bill for the purpose of amendment and is considered as read.

The text of the amendment in the nature of a substitute, as modified, is as follows:

H.R. 4604

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This Act may be cited as the "Budget Control Act of 1994".

(b) PURPOSE.—The purpose of this Act is to create a mechanism to monitor total costs of direct spending programs, and, in the event that actual or projected costs exceed targeted levels, to require the President and

Congress to address adjustments in direct spending.

SEC. 2. ESTABLISHMENT OF DIRECT SPENDING TARGETS.

(a) IN GENERAL.—The initial direct spending targets for each of fiscal years 1994 through 1997 shall equal total outlays for all direct spending except net interest and deposit insurance as determined by the Director of the Office of Management and Budget (hereinafter referred to in this Act as the "Director") under subsection (b).

(b) INITIAL REPORT BY DIRECTOR.—

(1) Not later than 30 days after the date of enactment of this Act, the Director shall submit a report to Congress setting forth projected direct spending targets for each of fiscal years 1994 through 1997.

(2) The Director's projections shall be based on legislation enacted as of 5 days before the report is submitted under paragraph (1). To the extent feasible, the Director shall use the same economic and technical assumptions used in preparing the concurrent resolution on the budget for fiscal year 1994 (H. Con. Res. 64, One Hundred Third Congress).

(c) ADJUSTMENTS.—Direct spending targets shall be subsequently adjusted by the Director under section 6.

SEC. 3. ANNUAL REVIEW OF DIRECT SPENDING AND RECEIPTS BY PRESIDENT.

As part of each budget submitted under section 1105(a) of title 31, United States Code, the President shall provide an annual review of direct spending and receipts, which shall include (1) information supporting the adjustment of direct spending targets pursuant to section 6, (2) information on total outlays for programs covered by the direct spending targets, including actual outlays for the prior fiscal year and projected outlays for the current fiscal year and the 5 succeeding fiscal years, and (3) information on the major categories of Federal receipts, including a comparison between the levels of those receipts and the levels projected as of the date of enactment of this Act.

SEC. 4. SPECIAL DIRECT SPENDING MESSAGE BY PRESIDENT.

(a) TRIGGER.—In the event that the information submitted by the President under section 3 indicates—

(1) that actual outlays for direct spending in the prior fiscal year exceeded the applicable direct spending target, or

(2) that outlays for direct spending for the current or budget year are projected to exceed the applicable direct spending targets,

the President shall include in his budget a special direct spending message meeting the requirements of subsection (b).

(b) CONTENTS.—(1) The special direct spending message shall include:

(A) An explanation of any adjustments to the direct spending targets pursuant to section 6.

(B) An analysis of the variance in direct spending over the adjusted direct spending targets.

(C) The President's recommendations for addressing the direct spending overages, if any, in the prior, current, or budget year.

(2) The President's recommendations may consist of any of the following:

(A) Proposed legislative changes to reduce outlays, increase revenues, or both, in order to recoup or eliminate the overage for the prior, current, and budget years in the current year, the budget year, and the 4 outyears.

(B) Proposed legislative changes to reduce outlays, increase revenues, or both, in order to recoup or eliminate part of the overage for the prior, current, and budget year in the current year, the budget year, and the 4 outyears, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, only some of the overage should be recouped or eliminated by outlay reductions or revenue increases, or both.

(C) A proposal to make no legislative changes to recoup or eliminate any overage, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, no legislative changes are warranted.

(3) Except as provided by paragraph (4) any proposed legislative change under paragraph (2) to reduce outlays may include reductions in direct spending or in the discretionary spending limits under section 601 of the Congressional Budget Act of 1974.

(4) The President's recommendations may not consist of any proposed legislative changes to reduce benefits under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(c) PROPOSED SPECIAL DIRECT SPENDING RESOLUTION.—

(1) PRESIDENT'S RECOMMENDATIONS TO BE SUBMITTED AS DRAFT RESOLUTION.—If the President recommends reductions consistent with subsection (b)(2)(A) or (B), the special direct spending message shall include the text of a special direct spending resolution implementing the President's recommendations through reconciliation directives instructing the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions to reduce outlays or increase revenues by specified amounts. If the President recommends no reductions pursuant to (b)(2)(C), the special direct spending message shall include the text of a special resolution concurring in the President's recommendation of no legislative action.

(2) RESOLUTION TO BE INTRODUCED IN HOUSE.—Within 10 days after the President's special direct spending message is submitted, the text required by paragraph (1) shall be introduced as a concurrent resolution in the House of Representatives by the chairman of the Committee on the Budget of the House of Representatives without substantive revision. If the chairman fails to do so, after the tenth day the resolution may be introduced by any Member of the House of Representatives. A concurrent resolution introduced under this paragraph shall be referred to the Committee on the Budget.

SEC. 5. REQUIRED RESPONSE BY CONGRESS.

(a) REQUIREMENT FOR SPECIAL DIRECT SPENDING RESOLUTION.—Whenever the President submits a special direct spending message under section 4, the Committee on the Budget of the House of Representatives shall report, not later than April 15, the concurrent resolution on the budget and include in it a separate title that meets the requirements of subsections (b) and (c).

(b) CONTENTS OF SEPARATE TITLE.—The separate title of the concurrent resolution on the budget shall contain reconciliation directives to the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions to reduce outlays or increase revenues by specified amounts (which in total equal or exceed the reductions recommended by the President, up to the amount of the overage). If this separate title recommends that no legislative changes be made to recoup or eliminate an overage, then a statement to that effect shall be set forth in that title.

(c) REQUIREMENT FOR SEPARATE VOTE TO INCREASE TARGETS.—If the separate title of a concurrent resolution on the budget proposes to recoup or eliminate less than the entire overage for the prior, current, and budget years, then the Committee on the Budget of the House of Representatives shall report a resolution directing the Committee on Government Operations to report legislation increasing the direct spending targets for each applicable year by the full amount of the overage not recouped or eliminated. It shall not be in order in the House of Representatives to consider that concurrent resolution on the budget until the House of Representatives has agreed to the resolution directing the increase in direct spending targets.

(d) CONFERENCE REPORTS MUST FULLY ADDRESS OVERAGE.—It shall not be in order in the House of Representatives to consider a conference report on a concurrent resolution on the budget unless that conference report fully addresses the entirety of any overage contained in the applicable report of the President under section 4 through reconciliation directives requiring spending reductions, revenue increases, or changes in the direct spending targets.

(e) PROCEDURE IF HOUSE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF HOUSE BUDGET COMMITTEE.—If a special direct spending resolution is required and the Committee on the Budget of the House of Representatives fails to report a resolution meeting the requirements of subsections (b) and (c) by April 15, then the committee shall be automatically discharged from further consideration of the concurrent resolution reflecting the President's recommendations introduced pursuant to section 4(c)(2) and the concurrent resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION BY HOUSE.—Ten days after the Committee on the Budget of the House of Representatives has been discharged under paragraph (1), any Member may move that the House proceed to consider the resolution. Such motion shall be highly privileged and not debatable.

(f) APPLICATION OF CONGRESSIONAL BUDGET ACT.—To the extent that they are relevant and not inconsistent with this Act, the provisions of title III of the Congressional Budget Act of 1974 shall apply in the House of Representatives and the Senate to special direct spending resolutions, resolutions increasing targets under subsection (c), and reconciliation legislation reported pursuant to directives contained in those resolutions.

(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304 or reconciliation legislation reported pursuant to directives contained in any special direct spending resolution, or any amendment thereto or conference report thereon, that contains recommendations to reduce benefits under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

SEC. 6. ADJUSTMENTS TO DIRECT SPENDING TARGETS.

(a) REQUIRED ANNUAL ADJUSTMENTS.—Prior to the submission of the President's budget for each of fiscal years 1994 through 1997, the Director shall adjust the direct spending targets in accordance with this section. Any

such adjustments shall be reflected in the targets used in the President's report under section 3 and message (if any) under section 4.

(b) ADJUSTMENT FOR INCREASES IN BENEFICIARIES.—(1) The Director shall adjust the direct spending targets for increases (if any) in actual or projected numbers of beneficiaries under direct spending programs for which the number of beneficiaries is a variable in determining costs.

(2) The adjustment shall be made by—

(A) computing, for each program under paragraph (1), the percentage change between (i) the annual average number of beneficiaries under that program (including actual numbers of beneficiaries for the prior fiscal year and projections for the budget and subsequent fiscal years) to be used in the President's budget with which the adjustments will be submitted, and (ii) the annual average number of beneficiaries used in the adjustments made by the Director in the previous year (or, in the case of adjustments made in 1994, the annual average number of beneficiaries used in the Director's initial report under section 2(b));

(B) applying the percentage computed under subparagraph (A) to the projected levels of outlays for each program consistent with the direct spending targets in effect immediately prior to the adjustment; and

(C) adding the results of the calculations required by subparagraph (B) to the direct spending targets in effect immediately prior to the adjustment.

(3) No adjustment shall be made for any program for a fiscal year in which the percentage increase computed under paragraph (2)(A) is less than or equal to zero.

(c) ADJUSTMENTS FOR REVENUE LEGISLATION.—(1) The Director shall adjust the targets as follows:

(A) they shall be increased by the amount of any increase in receipts; or

(B) they shall be decreased by the amount of any decrease in receipts,

resulting from receipts legislation enacted after the date of enactment of this Act, except legislation enacted under section 5.

(d) ADJUSTMENTS TO REFLECT CONGRESSIONAL DECISIONS.—Upon enactment of a reconciliation bill pursuant to instructions under section 5, the Director shall adjust direct spending targets for the current year, the budget year, and each outyear through 1997 by—

(1) increasing the target for the current year and the budget year by the amount stated for that year in the reconciliation bill (but if a separate vote was required by section 5(c), only if that vote has occurred); and

(2) decreasing the target for the current, budget, and outyears through 1997 by the amount of reductions in direct spending enacted in that reconciliation bill.

(e) DESIGNATED EMERGENCIES.—The Director shall adjust the targets to reflect the costs of legislation that is designated as an emergency by Congress and the President under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 7. RELATIONSHIP TO BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT.

Reductions in outlays or increases in receipts resulting from legislation reported pursuant to section 5 shall not be taken into account for purposes of any budget enforcement procedures under the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 8. ESTIMATING MARGIN.

For any fiscal year for which the overage is less than one-half of 1 percent of the direct spending target for that year, the procedures set forth in sections 4 and 5 shall not apply.

SEC. 9. CONSIDERATION OF APPROPRIATION BILLS.

(a) POINT OF ORDER.—It shall not be in order in the House of Representatives to consider any general appropriation bill if the President has submitted a direct spending message under section 4 until Congress has adopted a concurrent resolution on the budget for the budget year that meets the requirements of section 5.

(b) WAIVER.—The point of order established by subsection (a) may only be waived for all general appropriation bills for that budget year through the adoption of one resolution waiving that point of order.

SEC. 10. MEANS-TESTED PROGRAMS.

In making recommendations under sections 4 and 5, the President and the Congress should seriously consider all other alternatives before proposing reductions in means-tested programs.

SEC. 11. EFFECTIVE DATE.

This Act shall apply to direct spending targets for fiscal years 1994 through 1997 and shall expire at the end of fiscal year 1997.

The CHAIRMAN. No other amendment to the bill is in order except the amendments printed in part 2 of the report. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, is considered as read, shall be debatable under the terms specified in the report, shall not be subject to amendment except as specified in the report, and shall not be subject to a demand for division of the question.

If more than one of the amendments printed in part 2 of the report is adopted, only the last to be adopted shall be considered as finally adopted and reported to the House.

It is now in order to consider amendment No. 1, printed in House Report 103–614.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KASICH

Mr. KASICH. Mr. Chairman, pursuant to the rule, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. KASICH:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mandatory Spending Control Act of 1994".

SEC. 2. ESTABLISHMENT AND ENFORCEMENT OF MANDATORY SPENDING LIMITS.

(a) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (3), by inserting "(A)" after "(3)" and by adding at the end the following new subparagraph:

"(B) The term 'mandatory spending breach' means, for any fiscal year, the amount (if any) by which estimated outlays for that year for mandatory spending exceed the mandatory spending limit for that year set forth in the most recently adopted joint resolution on the budget."; and

(2) by adding at the end the following new paragraph:

"(22) The term 'mandatory spending' means direct spending excluding—

"(A) social security;

"(B) net interest;

"(C) deposit insurance;

"(D) any program with projected annual spending of less than $50 million in outlays for the budget year;

"(E) payments from one direct spending account to another;

"(F) offsetting receipts and collections; or

"(G) other non-budgetary activities and prior legal obligations set forth in section 252B(u).".

(b) MANDATORY SPENDING LIMITS.—(1) Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after section 252 the following new sections:

"SEC. 252A. ENFORCING MANDATORY SPENDING LIMITS.

"(a) FISCAL YEARS 1996–1998 ENFORCEMENT.—

"(1) SEQUESTRATION.—Within 15 calendar days after Congress adjourns to end a session and on the same day as a sequestration (if any) under sections 251, 252, and 253, but after such sequestrations, there shall be a sequestration to eliminate a budget-year mandatory spending breach, if any, of the mandatory spending limit. OMB shall use current economic and technical estimates to carry out this section and in making its estimates of mandatory spending shall take into account any enacted legislation and any savings resulting from a section 252 sequestration.

"(2) ELIMINATING A MANDATORY SPENDING BREACH.—Each mandatory spending program (or accounts comprising a program) that exceeds its mandatory spending program cap established by law under section 310 of the Congressional Budget Act of 1974 for the budget year shall be reduced by the amount by which estimated outlays for that program exceeds its mandatory spending program cap. If that sequestration is insufficient to eliminate the mandatory spending breach, then each mandatory spending account for which no mandatory spending program cap was established by law under section 310 of the Congressional Budget Act of 1974 for the budget year shall be reduced by the uniform percentage necessary to eliminate the remaining budget-year mandatory spending breach of the mandatory spending limit.

"(3) LOOK-BACK.—If legislation is enacted providing mandatory spending that causes a mandatory spending breach for the current year that was not included in the final sequester report for that year, the mandatory spending limit for the next fiscal year shall be reduced by the amount of that breach.

"(b) SCOREKEEPING AND ADJUSTMENTS FOR EMERGENCIES.—

"(1) SCOREKEEPING.—OMB and CBO shall prepare estimates under this subsection in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

"(2) TREATMENT OF EMERGENCIES.—When OMB submits a sequestration report under section 254(g), the sequestration report shall exclude any provision of mandatory spending legislation that is enacted and that the President designates as emergency requirements and the Congress so designates in statute as an emergency.

"SEC. 252B. GENERAL AND SPECIAL SEQUESTRATION RULES.

"(a) PERMANENT SEQUESTRATION OF MANDATORY SPENDING.—

"(1) The rules set forth in this section apply only to sequestrations that occur under section 252A.

"(2) Obligations in sequestered mandatory spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years. Notwithstanding any other provision of this section, after the first mandatory spending sequestration, any later sequestration shall reduce mandatory spending by an amount in addition to, rather than in lieu of, the reduction in mandatory spending in place under the existing sequestration or sequestrations.

"(b) UNIFORM PERCENTAGES.—

"(1) In the case of a program for which a mandatory spending program cap has been established under section 310 of the Congressional Budget Act of 1974, the uniform percentage is the percentage reduction in spending required to reduce spending for that program to its cap level. In the case of a program for which no mandatory spending program cap has been established under that section, the uniform percentage is the percentage reduction in spending required to eliminate the remaining budget-year breach of the mandatory spending limit.

"(2) The sequestrable base for mandatory spending rules and activities is the total budget-year level of outlays for those programs or activities in the current policy baseline minus—

"(A) those budget-year outlays resulting from obligations incurred in the current or prior fiscal years, and

"(B) those budget-year outlays resulting from exemptions.

"(3) For any direct spending program in which—

"(A) outlays pay for entitlement benefits,

"(B) a budget-year sequestration takes effect after the 1st day of the budget year, and

"(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget year,

the uniform percentage otherwise applicable to the sequestration of that program in the budget year shall be increased as necessary to achieve the same budget-year outlay reduction in that program as would have been achieved had there been no delay.

"(4) If the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased under paragraph (3), then it shall revert to the uniform percentage calculated under paragraph (2) when the budget year is completed.

"(c) GENERAL RULES FOR SEQUESTRATION.—

"(1) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

"(2) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an entitlement trust, special, or revolving fund account shall revert to the Treasury and be permanently canceled or repealed.

"(3) INDEXED BENEFIT PAYMENTS.—If, under any entitlement program—

"(A) benefit payments are made to persons or governments more frequently than once a year, and

"(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index,

then for the first fiscal year to which a sequestration order applies, the benefit reductions in that program accomplished by the order shall take effect starting with the payment made at the beginning of January or 7 weeks after the order is issued, whichever is later. For the purposes of this subsection, Veterans Compensation shall be considered a program that meets the conditions of the preceding sentence.

"(4) PROGRAMS, PROJECTS, OR ACTIVITIES.—Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

"(5) IMPLEMENTING REGULATIONS.—Administrative regulations or similar actions implementing the sequestration of a program or activity shall be made within 120 days of the effective date of the sequestration of that program or activity.

"(6) DISTRIBUTION FORMULAS.—To the extent that distribution or allocation formulas differ at different levels of budgetary resources within an account, program, project, or activity, a sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

"(7) CONTINGENT FEES.—In any account for which fees charged to the public are legally determined by the level of appropriations, fees shall be charged on the basis of the presequestration level of appropriations.

"(d) NON-JOBS PORTION OF AFDC.—Any sequestration order shall accomplish the full amount of any required reduction in payments for the non-JOBS portion of the aid to families with dependent children program under the Social Security Act by reducing the Federal reimbursement percentage (for the fiscal year involved) by multiplying that reimbursement percentage, on a State-by-State basis, by the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities.

"(e) JOBS PORTION OF AFDC.—

"(1) FULL AMOUNT OF SEQUESTRATION REQUIRED.—Any sequestration order shall accomplish the full amount of any required reduction of the Job Opportunities and Basic Skills training program under section 402(a)(19), and part F of title VI, of the Social Security Act, in the manner specified in this subsection. Such an order may not reduce any Federal matching rate pursuant to section 403(1) of the Social Security Act.

"(2) NEW ALLOTMENT FORMULA.—

"(A) GENERAL RULE.—Notwithstanding section 403(k) of the Social Security Act, each State's percentage share of the amount available after sequestration for direct spending pursuant to section 403(1) of such Act shall be equal to that percentage of the total amount paid to the States pursuant to such section 403(1) for the prior fiscal year that is represented by the amount paid to such State pursuant to such section 403(1) for the prior fiscal year, except that a State may not be allotted an amount under this subparagraph that exceeds the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

"(B) REALLOTMENT OF AMOUNTS REMAINING UNALLOTTED AFTER APPLICATION OF GENERAL RULE.—Any amount made available after sequestration for direct spending pursuant to section 403(1) of the Social Security Act that remains unallotted as a result of subparagraph (A) of this paragraph shall be allotted among the States in proportion to the absolute difference between the amount allotted, respectively, to each State as a result of such subparagraph and the amount that would have been allotted to such State pursuant to section 403(k) of such Act had the sequestration not been in effect, except that a State may not be allotted an amount under this subparagraph that results in a total allotment to the State under this paragraph of more than the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

"(f) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

"(g) COMMODITY CREDIT CORPORATION.—

"(1) EFFECTIVE DATE.—For the Commodity Credit Corporation, the date on which a sequestration order takes effect in a fiscal year shall vary for each crop of a commodity. In general, the sequestration order shall take effect when issued, but for each crop of a commodity for which 1-year contracts are issued as an entitlement, the sequestration order shall take effect with the start of the sign-up period for that crop that begins after the sequestration order is issued. Payments for each contract in such a crop shall be reduced under the same terms and conditions.

"(2) DAIRY PROGRAM.—(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundredweight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

"(3) EFFECT OF DELAY.—For purposes of subsection (b)(1), the sequestrable base for the Commodity Credit Corporation is the budget-year level of gross outlays resulting from new budget authority that is subject to reduction under paragraphs (1) and (2), and subsection (b)(2) shall not apply.

"(4) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its net realized losses.

"(h) CONSERVATION RESERVE PROGRAM.—Multiyear contracts under the conservation reserve program shall be considered binding and not subject to sequestration, but any contract entered into after a sequestration applicable to that program takes effect shall provide for payments reduced by the uniform percentage or percentages applicable to that sequestration.

"(i) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

"(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1986.

"(j) FEDERAL EMPLOYEES HEALTH BENEFITS FUND.—For the Federal Employees Health Benefits Fund, a sequestration order shall take effect with the next open season. The sequestration shall be accomplished by annual payments from that Fund to the General Fund of the Treasury. Those annual payments shall be financed solely by charging higher premiums. For purposes of subsection (b)(1), the sequestrable base for the Fund is the budget-year level of gross outlays resulting from claims paid after the sequestration order takes effect, and subsection (b)(2) shall not apply.

The premium increases under paragraph (2) shall begin with the open season that occurs nearest to September 30 of the fiscal year to which the sequestration first applies. If those premium increases take effect in the first fiscal year of a sequestration, the amount collected by the Fund in that fiscal year as a result shall be used to partially finance the payment to the Treasury required in that year, and the amount of the recall under paragraph (1) shall be diminished accordingly.

"(k) FEDERAL HOUSING FINANCE BOARD.—Any sequestration of the Federal Housing Finance Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

"(l) FEDERAL PAY.—

"(1) IN GENERAL.—Except as provided in section 111(b)(3), new budget authority to pay Federal personnel shall be reduced by the uniform percentage calculated under section 252A, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

"(2) DEFINITIONS.—For purposes of this subsection:

"(A) The term "statutory pay system" shall have the meaning given that term in section 5302(1) of title 5, United States Code.

"(B) The term "elements of military pay" means—

"(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

"(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

"(iii) cadet pay and midshipman pay under section 203(c) of such title.

"(C) The term "uniformed services" shall have the meaning given that term in section 101(3) of title 37, United States Code.

"(m) GUARANTEED STUDENT LOANS.—(A) For all loans under part B and part D of title IV of the Higher Education Act of 1965 made on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in student loan programs for the fiscal year of the sequestration required by section 252A, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

"(B) The origination fees to which paragraph (A) applies are those specified in sections 455(c) and 438(c) of that Act.

"(n) INSURANCE PROGRAMS.—Any sequestration in a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance Fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' life insurance programs) shall be accomplished by annual payments from the insurance fund or account to the general fund of the Treasury. The amount of each annual payment by each such fund or account shall be the amount received by the fund or account by increasing premiums on contracts entered into after the date a sequestration order takes effect by the uniform sequestration percentage, and premiums shall be increased accordingly.

"(o) MEDICAID.—The November 15th estimate of medicaid spending by States shall be the base estimate from which the uniform percentage reduction under any sequestration, applied across-the-board by State, shall be made. Succeeding Federal payments to States shall reflect that reduction. The Health Care Financing Administration shall reconcile actual medicaid spending for each fiscal year with the base estimate as reduced by the uniform percentage, and adjust each State's grants as soon as practicable, but no later than 100 days after the end of the fiscal year to which the base estimate applied, to comply with the sequestration order.

"(p) MEDICARE.—

"(1) TIMING OF APPLICATION OF REDUCTIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

"(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.—In the case in which payment for services of a provider of services is made under title XVIII of the Social Security Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of the order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

"(2) NO INCREASE IN BENEFICIARY CHARGES IN ASSIGNMENT-RELATED CASES.—If a reduction in payment amounts is made pursuant to a sequestration order for services for which payment under part B of title XVIII of the Social Security Act is made on the basis of an assignment described in section 1842(b)(3)(B)(ii), in accordance with section 1842(b)(6)(B), or under the procedure described in section 1870(f)(1) of such Act, the person furnishing the services shall be considered to have accepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

"(3) NO EFFECT ON COMPUTATION OF AAPCC.—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

"(q) POSTAL SERVICE FUND.—Any sequestration of the Postal Service Fund shall be accomplished by annual payments from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment shall be—

"(1) the uniform sequestration percentage, times

"(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue foregone for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund surplus or higher Fund deficit and must follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law. If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

"(r) POWER MARKETING ADMINISTRATIONS AND T.V.A.—Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment by a fund shall be—

"(1) the direct spending uniform sequestration percentage, times

"(2) the estimated gross obligations of the fund in that year other than those obligations financed from discretionary appropriations for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the presequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in rates, or by any combination, but may not be financed by a lower fund surplus or a higher fund deficit and must follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified above in order to make the annual payments to the Treasury.

"(s) URANIUM ENRICHMENT.—Any sequestration of the uranium enrichment program shall be accomplished through annual payments from that program to the general fund of the Treasury, and the program administrator shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The Secretary of Energy has the authority to reduce costs or increase receipts, or a combination, as necessary to finance those annual payments.

"(t) VETERANS' HOUSING LOANS.—(1) For all housing loans guaranteed, insured, or made under chapter 37 of title 38, United States Code, on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in veterans' housing programs for the fiscal year of the sequestration required by section 252A, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

"(2) The origination fees to which paragraph (1) applies are those referred to in section 3729 of title 38, United States Code.

"(u) As used in section 250(c)(22), other non-budgetary activities and prior legal obligations mean the following:

(1) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

(2) nonbudgetary activities, including but not limited to—

(A) credit liquidating and financing accounts;

(B) the Pension Benefit Guarantee Corporation Trust Funds;

(C) the Thrift Savings Fund;

(D) the Federal Reserve System; and

(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

(3) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

(4) the following accounts, which largely fulfill requirements of the Constitution or otherwise make payments to which the Government is committed—

Administration of Territories, Northern Mariana Islands Covenant grants (14-0412-0-1-806);

Bureau of Indian Affairs, miscellaneous payments to Indians (14-2303-0-1-452);

Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14-9973-0-7-999);

Claims, defense;

Claims, judgments, and relief act (20-1895-0-1-806);

Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14-0415-0-1-806);

Compensation of the President (11-0001-0-1-802);

Customs Service, miscellaneous permanent appropriations (20-9992-0-2-852);

Eastern Indian land claims settlement fund (14-2202-0-1-806)

Farm Credit System Financial Assistance Corporation, interest payments (20-1850-0-1-351);

Internal Revenue collections of Puerto Rico (20-5737-0-2-852);

Panama Canal Commission, operating expenses and capital outlay (95-5190-0-2-403);

Payments of Vietnam and USS Pueblo prisoner-of-war claims (15-0104-0-1-153);

Payments to copyright owners (03-5175-0-2-376);

Payments to the United States territories, fiscal assistance (14-0418-0-1-801);

Salaries of Article III judges;

Soldier's and Airmen's Home, payment of claims (84-8930-0-7-705);

Washington Metropolitan Area Transit Authority, interest payments (46-0300-0-1-401).

(5) the following noncredit special, revolving, or trust-revolving funds—

Coinage profit fund (20-5811-0-2-803);

Exchange Stabilization Fund (20-4444-0-3-155);

Foreign Military Sales trust fund (11-82232-0-7-155);

(6)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account;

(7) the earned income tax credit (payments to individuals pursuant to section 32 of the Internal Revenue Code of 1986).".

(2) The table of contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after the item relating to section 252 the following new items:

"Sec. 252A. Enforcing mandatory spending limits.

"Sec. 252B. General and special sequestration rules.".

SEC. 3. PRESIDENT'S BUDGET.

When the President submits the budget under section 1105(a) of title 31, United States Code, for fiscal year 1996, 1997, or 1998, the estimated actual mandatory spending set forth in that budget may not exceed a direct spending limit which shall also be set forth in that budget submission.

SEC. 4. CROSS-REFERENCE LIST OF MANDATORY SPENDING PROGRAMS AND ACCOUNTS.

UP-TO-DATE LIST OF PROGRAMS AND ACCOUNTS.—After consultation with the Directors of the Office of Management and Budget and of the Congressional Budget Office, when the President submits the budget under section 1105(a) of title 31, United States Code, beginning with fiscal year 1996, the budget submission shall contain a list of programs and corresponding budget accounts for purposes of establishing mandatory spending program caps under section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) MANDATORY SPENDING LIMIT, ALLOCATIONS OF MANDATORY SPENDING, AND PROGRAM SPENDING CAPS BASED UPON PRESIDENT'S LIST.—The mandatory spending limit established under section 301(a)(6) of the Congressional Budget Act of 1974, allocations of total mandatory spending made pursuant to section 602(a) of that Act, and the mandatory spending program caps under section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be predicated upon the most recent list submitted by the President under subsection (a).

SEC. 5. CONGRESSIONAL BUDGET.

(a) JOINT RESOLUTIONS ON THE BUDGET.—(1) Sections 3, 300, 301, 302, 303, 304, 305, 308, 310, and 311 of the Congressional Budget and Impoundment Control Act of 1974 are amended by striking "concurrent resolution" each place it appears and by inserting "joint resolution".

(2) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "Concurrent" in the items relating to sections 301, 303, and 304 and inserting "Joint".

(3) Clauses 4(a)(2), 4(b)(2), 4(g), and 4(h) of rule X, clause 8 of rule XXIII, and rule XLIX of the Rules of the House of Representatives are amended by striking "concurrent" each place it occurs and inserting "joint".

(4) Section 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking "concurrent" and by inserting "joint".

(b) DEFINITION OF MANDATORY SPENDING.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

"(11) The term 'mandatory spending' means direct spending excluding social security, net interest, and deposit insurance.".

(c) SECTION 602 ALLOCATIONS.—Section 602(a) of the Congressional Budget Act of 1974 is amended—

(1)(A) in paragraph (1)(A), by striking "and" at the end of clause (ii), by striking the semicolon and inserting ", and" at the end of clause (iii), and by inserting after clause (iii) the following new clause:

"(iv) total mandatory spending;"; and

(2) in paragraph (2), by striking "and" at the end of subparagraph (B), by inserting "; and" at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

"(D) total mandatory spending;".

(d) CONTENT OF JOINT RESOLUTION ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5), the following new paragraph:

"(6) the total mandatory spending limit;".

(e) RECONCILIATION DIRECTIVES.—Section 310(a)(1) of the Congressional Budget Act of 1974 is amended by striking "and" at the end of subparagraph (C), by striking the comma and inserting "; and" at the end of subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

"(E) mandatory spending for such fiscal year for each mandatory spending program

subject to section 252A and consistent with section 602(a) allocations;".

(f) ESTABLISHMENT OF MANDATORY SPENDING PROGRAM CAPS.—Section 310 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(h) ESTABLISHMENT OF MANDATORY SPENDING PROGRAM CAPS.—

"(1) Each committee of the House of Representatives or Senate that receives a mandatory spending allocation under section 602(a) for a budget year for the most recently enacted joint budget resolution shall propose a mandatory spending cap for each mandatory spending program within its jurisdiction for that year and include that as part of its recommendations submitted to the Committee on the Budget of its House for inclusion in the reconciliation bill or resolution. The total of all mandatory spending program caps within the jurisdiction of a committee for a budget year may not exceed the total mandatory spending allocation made to that committee for that year under section 602(a).

"(2) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto or conference report thereon, that establishes or increases a mandatory spending program cap established under section 310 for a budget year that, when combined with all other such caps for that year, would cause a breach of the mandatory spending limit.".

(g) COMPLIANCE WITH RECONCILIATION DIRECTIONS.—Section 310(c)(1) of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(1) by inserting "or of subsection (h)" after "of subsection (a)"; and

(2) in subparagraph (A), by adding at the end the following new clause:

"(iii) if that committee fails to include mandatory spending program caps for all mandatory spending programs within its jurisdiction or if the sum of the mandatory spending program caps for all mandatory spending programs within its jurisdiction exceeds the total mandatory spending allocation made to that committee for that fiscal year under section 602(a); and".

(h) CONFORMING CHANGES IN SCORING CONVENTIONS.—Section 310 of the Congressional Budget Act of 1974 (as amended by subsection (f)) is amended by adding at the end the following new subsection:

"(i) CONFORMING CHANGES IN SCORING CONVENTIONS.—The Committees on the Budget of the House of Representatives and the Senate, in consultation with the Directors of the Office of Management and Budget and of the Congressional Budget Office, may make such changes in scoring procedures as are necessary to ensure sufficient mathematical consistency between section 602(a) allocations, reconciliation directions, and the House and Senate-passed versions of any reconciliation bill or resolution.".

(i) CONFORMING CHANGE TO BYRD RULE.—Section 313(b) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

"(4) A provision or a reconciliation bill or resolution shall not be considered extraneous under this section if it proposes a mandatory spending program cap for any program pursuant to section 310(h).".

(j) SPECIAL RECONCILIATION PROCESS.—Section 258C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (a)(1), by inserting ", 252A," after "section 252";

(2) by inserting "or House of Representatives" after "Senate" each place it appears except for subsection (b)(4);

(3) in the second sentence of paragraph (3), by inserting "or in mandatory spending" after "deficit"

(4) in the second sentence of paragraph (4), by inserting "or mandatory spending reduction, as the case may be," after "deficit reduction"; and

(5) in paragraph (5), by inserting "or amount of mandatory spending" after "deficit for such fiscal year" and by inserting "or mandatory spending limit, as the case may be," after "maximum deficit amount".

SEC. 6. ENFORCING DEFICIT TARGETS.

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (d)(1), by inserting "mandatory spending," before "deficit";

(2) in subsection (d), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) MANDATORY SPENDING SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates of the amount of reduction in mandatory spending, if any, required under section 252A."; and

(3) in subsection (g)(3), by inserting ", MANDATORY SPENDING," before "AND" in its side heading and by inserting ", mandatory spending, " before "pay-as-you-go" in the first sentence.

SEC. 7. PROTECTION OF SOCIAL SECURITY.

No reductions in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act shall be made as a consequence of this Act.

SEC. 8. EFFECTIVE DATE.

(a) IN GENERAL.—Notwithstanding section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985—

(1) the expiration date set forth in that section shall not apply to the amendments made by this Act to the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) and all sections of that Act, including sections 252 and 252A, necessary to carry out the amendments made by this Act (but only for the purpose of carrying out those amendments) shall remain in full force and effect.

(b) TITLE VI OF CONGRESSIONAL BUDGET ACT OF 1974.—Section 607 of the Congressional Budget Act of 1974 is repealed.

The CHAIRMAN. Pursuant to the rule, the gentleman from Ohio [Mr. KASICH] will be recognized for 20 minutes, and a Member opposed will be recognized for 20 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I would like to, in a nutshell, describe what we are attempting to do with this proposal today. I believe that it is the realistic, first step in terms of establishing accountability when it comes to trying to deal with the growth of our entitlement programs.

□ 1340

Mr. Chairman, the chart that is placed next to me shows the two different kinds of spending that we have at the Federal level. One is the discretionary accounts, and the other one is the mandatory programs, and, as many colleagues can see, the discretionary accounts, since the period of 1962 all the way up to 1994, the amount of money that we are spending on discretionary programs has been consistently shrinking. Each and every one of these programs in the discretionary accounts go through a process of evaluation and appropriation on a year-to-year basis. The mandatory programs, which my colleagues can see are exploding, go through a process essentially; that means, it is nothing more than automatic pilot. We do not on a year-to-year basis reauthorize or reexamine these programs like we do the discretionary programs.

Mr. Chairman, the proposal that I bring before us today that is designed to create the first step in creating accountability is to say that these mandatory programs ought to be taken off automatic pilot, and on a year to year basis they ought to be reviewed and reauthorized the same way that we review and authorize the discretionary programs. What we suggest in this proposal is, at the beginning of the year the Congress gets together and decides how much money we want to spend on the mandatory programs, and that amount of money that we decide that we want to spend on the mandatory programs would be divided within each of the authorizing committees that must review and run these programs, and what we are suggesting is, on the basis of that process, we will have greater accountability, and on a year-to-year basis the Congress of the United States will decide how much we want to spend on entitlement programs, the same way that a family at the beginning of the year makes a decision about how much income they are going to have, and then they set their family budget. That is precisely what we are suggesting in this proposal, and for the first time we would take these mandatory programs off automatic pilot.

Now some will argue that this is not tough enough, that we do not have a cap on spending. Well, let me suggest to my colleagues that for a number of years we have gone back and forth in this Congress about the concept of caps. I have never been convinced that the caps are the way to go because it is an arbitrary ceiling that we place on these entitlement programs.

Let us take Medicare. If Medicare is going to go up in a year 12 percent, and we have a cap that permit it to only go up 6 percent, then somehow we have to find the magical route to cutting 6 percent because we did not get to our goal. My problem with that is that this has always eluded us. I want to see the road map before I am told where we want to go, and what I am suggesting is at the beginning of the year we, as a Congress, decide how many total dollars do we want to give to mandatory.

We can give as much as last year; we can give more than last year; we can give less than last year. We would decide that as a Congress. We would decide what our family budget was, and then we would give it to the various authorizing committees, and they would then design the programs to fit the amount of money we allocated at the beginning of the year, eliminating the concept of pay as you go. We are not only doing that, but, in addition to that, Mr. Chairman, we are also saying that we are not going to put up artificial caps on, which put us in a very difficult position of trying to determine how to reach those caps, particularly if those caps are, in effect, 2 or 3 or 4, 5 years out.

Now I respect the gentleman from Texas and his proposal. I think it is a legitimate position, and maybe at some point in this Congress we will feel we have no other way to go, but at this point in time, when we look at the explosion of health care costs, I cannot conceive of a plan, any plan that I have seen so far, that is going to be able to shove this spending and condense this spending in a rational way.

Our proposal is a first step that Republicans and Democrats should support toward establishing accountability. We will decide at the beginning of the year how much we are going to spend. We will give those amounts to the various people who will decide what those programs look like and how they ought to be run. We will get these programs off automatic pilot, and we will be able to decide on a year-to-year basis precisely how much we want to spend. It brings accountability, it brings credibility, and it is the first step that has been proposed that I think realistically can find its way into law because it allows us to work together, creates a rational process and allows us to set our budget on a year-to-year basis on the basis of what we think in America we can afford.

Mr. Chairman, I reserve the balance of my time.

Mr. CONYERS. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I rise today in opposition to the amendment offered by Representative KASICH. The amendment is unwise and just puts more roadblocks in the way of meaningful health care reform.

Mr. Chairman, the amendment transforms the budget resolution from a congressional planning document into a joint resolution which must be signed by the President. This creates a powerful weapon for the executive branch which can be used, not for cutting the deficit, but to enforce the administration's policies against Congress. These battles do not have to be budget disputes and could include any policy difference, such as war and foreign affairs or defense spending. This proposal represents a dangerous power shift from Congress to the Presidency.

Further, this rigid procedure could cause unintended consequences that lock in place precisely the wrong policies. For example, if the President vetoed a budget resolution, an entitlement cap written into the previous year's resolution would remain binding, backed by the threat of sequestration. This earlier resolution would reflect the prior year's economic and unemployment data. This amendment could trigger a sequester based on out-of-date, irrelevant economic assumptions, not the current economic needs. Congress would be fighting last year's war while neglecting the urgent problems of today.

The amendment is also a prescription for the return of gridlock. The plan increases the political battle over the budget resolution, making it more contentions and drawn out. If Congress and the President differed, as during the 1980's and early 1990's, disagreement on the resolution could drag out for months and delay other critical issues.

Finally, I am very troubled by this proposal which could lock in preferences for programs which favor the very wealthy and prevent them from bearing their fair share of deficit reduction. Tax expenditures, the Tax Code's many deductions, exclusions, and exemptions, are overwhelmingly claimed by the Nation's wealthy. By contrast entitlements target the poor and middle class. Shielding tax expenditures, by barring current law options which permit tax expenditure and entitlement cuts to be used to meet an entitlement target hurts the poor and middle class disproportionately.

In summation, Mr. Chairman, this proposal is an unsound budget practice. This prescription will undermine both budget and health care reform. This is not what the doctor ordered.

Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. STENHOLM].

□ 1350

Mr. STENHOLM. Mr. Chairman, I regret that I must rise in opposition to the Kasich amendment. I do not do so lightly because I have a great deal of respect for the gentleman from Ohio and for his hard work and dedication in trying to deal with our budget problems. He and I have worked together on many efforts to bring fiscal responsibility to the Government. Once this debate is over, we will go back to work on building on our success last week in passing strong expedited rescission legislation by hopefully passing the remaining three proposals in the Stenholm-Penny-Kasich common cents bill. Today, however, we are on different sides of this issue.

The Kasich amendment has added to the debate, but I cannot support it because it will not force us to reduce the growth of entitlement spending and, in fact, will make our job of passing legislation to significantly reduce the growth of entitlement spending more difficult.

The Kasich amendment provides that Congress will establish entitlement caps each year as part of the budget resolution. In other words, Congress could continue to allow entitlement spending to grow as fast, or faster, than it is currently projected to grow. I would suggest that continued rapid growth of entitlement spending is not only a possible result, but is the most likely scenario. Congress would have every opportunity, if not incentive, to set the entitlement caps high enough so that it does not have to face the tough choices.

Although Congress has shown the ability to take some action in reducing entitlement spending when we are prodded into doing so by Presidential leadership, financial crisis, or some other external pressure, we generally leave this spending on automatic pilot. The primary goal of the entitlement cap that I will offer is to provide a hammer to force Congress to take actions to control the growth of entitlement spending. Nothing in the Kasich amendment would change the status quo of allowing entitlement spending to continue to grow out of control until a crisis forces us to take some action.

The Kasich amendment would require reductions in entitlement programs only if the budget resolution called for those reductions. Experience has shown that we generally achieve the reconciliation savings required by the process currently in place through the budget resolution. The problem is that too often the budget resolution does not call for entitlement reductions. My amendment would change that; the Kasich substitute would not.

The ability of the Kasich substitute is limited in another way. All three of the proposals before us today are statutory proposals and can be changed at any time by subsequent legislation. However, both the base bill and the Stenholm substitute require a separate vote on legislation raising the caps. The Kasich amendment would allow Congress to increase the spending caps as part of an omnibus bill without a separate vote on increasing the caps.

The primary reason that I oppose the Kasich amendment is that it takes the irresponsible step of exempting 40 percent of all entitlement spending from any review by excluding Social Security. I do not believe that we can honestly deal with our budget problem when be begin the business of exempting programs. We need only to look at the experience of Gramm-Rudman to see how providing special treatment to any program undercuts budget discipline.

There is room for an honest discussion about the best way to protect the

integrity of the Social Security Program—something which I believe every Member of Congress is committed to. I feel that keeping Social Security in the framework of budget enforcement will ensure that we take the actions we all know are necessary to deal with the unfunded liability in the trust fund and preserve the long-term soundness of Social Security.

The Stenholm amendment maintains Congress' complete ability to protect Social Security. I have every expectation that the Social Security Program will continue to be a high priority not only for me but for all of my colleagues. Social Security will be treated accordingly when Congress sets budget priorities each year through spinoff legislation.

Whenever I speak to groups in the 17th District of Texas, I find that folks are willing to make sacrifices for deficit reduction if they are not singled out to bear an unfair burden and everyone is treated fairly. On the other hand veterans, military and civilian retirees, and other groups affected by entitlement cuts, are justifiably upset that Social Security is given special treatment while they are asked to make sacrifices. By granting special treatment to one program, the Kasich amendment will undercut our ability to obtain public support for entitlement reductions and will lead to greater public cynicism about Government.

I encourage my colleagues to vote against the Kasich amendment. But I would also say to my colleagues, regardless of how you vote on this amendment, all Members who believe that we need to control the growth of entitlement spending should vote for the Stenholm-Orton-Penny-LaRocco spending cap amendment.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. GINGRICH], the distinguished whip.

Mr. GINGRICH. Mr. Chairman, I appreciate very much my friend from Ohio yielding.

Mr. Chairman, I want to say that I think there is a very fundamental difference between the Kasich approach and both the Stenholm substitute and the base bill as regards Social Security, and I think it is a debate that is worth engaging directly. I think it is a very fair debate, and I want to commend my friends who have the courage to take this on. I think it is a legitimate disagreement.

But I want to make the argument that there is a huge difference between entitlements which are funded by the taxpayer on behalf of some small segment of society, many times a transfer payment from people who work to people who do not, many times an economic decision to subsidize a particular part of society. I think all of those are what I think of when I talk about reforming entitlements and Social Security.

Let me explain the difference. Social Security is the one universal contract in this country which has almost overwhelming support and which has a virtually unanimous sense that it is attempting to do something legitimately for every American.

Most Americans, when they are paying Social Security, believe they are engaged in a collective self-insurance toward old age, which is a contract which works for everyone.

If you are young, it means your grandparents have a dignity and a freedom that you in fact are willing to pay for. If you are a senior citizen, having worked 30 or 40 years and paid into the Social Security trust fund, you have a sense that you have earned this benefit. This is not an entitlement given to you by others. This is something you have earned. That is part of a contract about how America deals with the question of aging.

I think there are legitimate reforms to be looked at. I think as we grow to live longer and longer, decisions made about the retirement age have to be revisited.

I strongly support the amendment of the gentleman from Illinois [Mr. HASTERT] to eliminate the penalties for working after a certain age. We want to encourage people to stay active. So I am willing to revisit Social Security in its own right to make sure it continues to work. But I think to lump Social Security in with entitlement programs that are essentially transfer programs from those who work to those who do not, is a fundamental disservice to what has been consistently the most successful self-insurance program in this country.

I think we should not mess with things that work, and that is why I urge a vote for Kasich.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. MICHEL], the wise Republican leader.

Mr. MICHEL. Mr. Chairman, I rise in support of the Kasich-McMillan-Kolbe amendment to H.R. 4604.

This amendment sets an annual review process for the Congress to reexamine all entitlement spending except for the Social Security Program.

Such programs now comprise about half of the entire Federal budget.

These programs grow automatically and do not get the annual scrutiny that the discretionary programs receive through the annual appropriations process.

I support the Kasich proposal over the Spratt and Stenholm proposals presented to us today for the following reasons:

First, the Kasich proposal requires that Congress and the President agree on spending priorities in law at the beginning of the process.

These priorities include levels for all programs, including entitlement and mandatory programs.

The committees of jurisdiction would have to make program adjustments to meet the levels that have been agreed upon by law.

We are not talking about arbitrary limits possibly enforced by across-the-board reductions.

We are talking about Members of Congress setting Federal spending priorities and making actual programmatic changes to meet those priorities.

Second, and more importantly, the Kasich amendment completely exempts the Social Security Program from the entitlement review process as the whip pointed out.

The Stenholm amendment, on the other hand, includes the entire Social Security Program in the entitlement limit and the Spratt bill would still allow Social Security taxes to be raised.

But, we have already voted to take the Social Security Program completely out of the Federal budget.

Are we now retracting that promise to the American people? We all know that the Social Security Program is currently running surpluses in the range of $60 billion to $100 billion per year from 1994 through 1999.

It is self-financing and is not contributing to the problem of runaway spending.

Therefore, neither Social Security benefits nor Social Security taxes should be part of any entitlement review process.

I urge my colleagues to vote for the Kasich-McMillan-Kolbe proposal to require Congress to take an annual look at entitlement and mandatory programs, just as we do with all other programs.

And let's leave alone the agreement we now have with the American people that the entire Social Security Program, both benefits and taxes, should be left outside of the Federal budget process.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Chairman, I must point out in opposition to the Kasich amendment that there is a disingenuousness when it comes to the argument that the elderly will be protected under the Kasich amendment because Social Security will not be affected. But what will be affected that the elderly are concerned about is the Medicare program. If there is a cap on Medicare, and that cap is too low, because health care spending is increasing in our country, then the Medicare program is going to get whacked.

Now, we have cut back on Medicare. We have reformed and tightened down on payments to hospitals and insurance, which are now well below the rates that private insurance pays. We have raised the monthly premiums and cost sharing requirements for the program's 34 million elderly and disabled beneficiaries.

Now, what are we going to do in addition?

□ 1400

If we have this automatic sequestration under Kasich, we will be forced to cut payments to teaching hospitals again. We will cut payments to rural hospitals again, and many of them will not survive. We will be cutting payments to physicians, and a lot of them will say they do not want to treat the elderly under Medicare because the reimbursement rates are too low, the deductibles, the coinsurance, if the elderly have to pay, that will be forced to go up under this Kasich amendment.

Do not let the Republican argument that they are protecting the elderly fool anybody. They are going to hurt the elderly enormously with this Medicare cap under the Kasich amendment.

Medicaid is also capped. And what will that mean? When the States cannot find enough Federal dollars, they are going to have to carry that burden. The Governors know this is really what amounts to the mother of all unfunded mandates. They are going to have to come up with an enormous amount of money and they will not be able to do it.

Childrens hospitals around this country are going to not be able to stay open. Rural hospitals, public hospitals that serve the poor, they are not going to be able to make ends meet when the reimbursement rates are cut lower.

There is an alternative. It is health reform. The Kasich amendment makes health reform impossible, and a real disservice to the elderly and the poor will be the result.

I urge opposition to the Kasich amendment.

Mr. KASICH. Mr. Chairman, I yield myself 1 minute and 30 seconds.

That is to say that the statement that has just been made could not be further from the truth. What we do in our proposal is we say at the beginning of the year that Congress will decide how much we want to spend on mandatory programs. And I just think that statement is so far out of line and so far out of reality. That is precisely why we did not create a cap, because we would argue that we ought to do that at the beginning of the year. Just like a family decides how much they want to spend in their budget at the beginning of the year, that is the way the Congress ought to operate. I would say the gentleman knows better than to make those charges.

Frankly, we could be increasing spending in some of those areas, decreasing them in others, or leaving them the same. That is going to be a decision for the Congress to make.

What we are suggesting is that we take these spending programs off automatic pilot and when programs get in trouble, like SSI, where this Congress has agreed the program has been in trouble, we can make proper reforms. It will be up to us as a Congress to decide how much we want to spend in these areas.

Mr. MCMILLAN. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from North Carolina.

Mr. MCMILLAN. Mr. Chairman, I just want to say to the gentleman from California who just spoke, the problem is that Medicare has increased at 12 percent a year. That is the problem. A lot of this is done under authorizing legislation that simply specifies such sums as necessary. We are simply saying, we need to set a target so that the gentleman and I, who serve on the Subcommittee on Health and the Environment, can exercise fiscal responsibility. Because increasing at 12 percent a year, the whole program is going to be threatened. It is forcing the gentleman's President, for example, to have to propose 124 billion dollars' worth of Medicare cuts in his health care reform proposal.

How are we going to deal with that?

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. I think that we are being misled in this argument. Unless we reform health care spending overall, we are not going to get these programs under control.

If we squeeze down on Medicare alone, there will be a cost shift to private payers.

But more importantly, if we are going to deny home health care benefits under Medicare, because the cap forced cuts in that program, we are going to push the elderly into nursing homes. We are not making rational decisions and we are going to do a lot of harm to the elderly in this country.

Do not make any mistake about it. We have to be thoughtful in health care reform and not arbitrary with the kinds of cuts that are going to be forced on the Medicare program, which will make that program unable to live up to the promises made to the elderly that they will have that security in their retirement years when they get sick and not forced to go to clinics that will have to stand them in line and not give them the services they need.

Mr. SPRATT. Mr. Chairman, I yield 5 minutes to the chairman of the Committee on the Budget, the gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Chairman, I thank the gentleman for yielding time to me.

I find the rhetoric on the Kasich amendment interesting. My good friend from Ohio described this amendment and describes the current reconciliation process and that is all. Because that is basically what the gentleman described, is what is potential for the Congress to do each year under reconciliation.

Unfortunately, his amendment does things more than simply reaffirm the reconciliation process.

I would argue that because it is a substitute and wipes out the base bill, it does less to require the Congress to examine entitlements every year than the base Spratt bill, because the very essence of the Spratt bill is that it does not deal with projections. It does deal with reality for the previous year and projections from the current year, to require the Congress and the President to reexamine entitlements, in fact, if they are exceeding estimates.

It is my judgment, if we take on face value what the Kasich bill does, versus the basic underlying bill introduced by our friend, the gentleman from South Carolina [Mr. SPRATT], it weakens the requirement on Congress to annually review what is happening with entitlements.

Unfortunately, the Kasich bill does more than simply reaffirm the existing reconciliation bill as described.

Let me speak to some red herrings and to some other complexities it does create.

We have had a couple of speeches by the Republican leaders on Social Security. That is a red herring. That is not involved in the base Spratt bill. Because current budget rules say that we cannot deal with Social Security in reconciliation so that is not an issue.

But it does do other things. It does increase the power of the President very substantially, as Congress tries to deal with the reconciliation in the budget process.

Maybe I should be for it. It does in some fashion increase the power of the Committee on the Budget in relationship to authorizing committees. How does it do that?

No. 1, Kasich changes the nature of the budget resolution from being a congressional budget resolution to being a joint resolution subject to Presidential veto. That fundamentally shifts the power away from Congress to the executive, as we deal with the budget.

I would remind Members, particularly as it relates to discretionary spending, the history has been the Presidents, whether it be Republican or Democrats, have wanted to spend more on discretionary spending than the Congress.

It also complicates how we deal with the specifics, if in the reconciliation process we decide to make budget cuts. And let me use Medicare as an example.

My good friend from Ohio has been a strong advocate of increasing premiums, increasing copays and a variety of methods like that for meeting budget targets. Under his proposal, as I understand it, and frankly, I have had to have several explanations to begin to think that I understand it, because what it clearly does is add substantial complexity and not much substance to the process.

If in the reconciliation process the budget resolution assumes certain savings to, let us take Ways and Means

and Energy and Commerce, as it relates to Medicare programs, and we assume certain changes in expenditure levels and certain changes in premium payments, those committees could not increase the amount of premiums or copays above the level assumed in the Committee on the Budget.

As I understand the resolution, that would be the case. That flexibility for the committee would disappear. It would generally apply to any other proposal for use such as fees. If the committee decided to do that beyond the level assumed by the Committee on the Budget in achieving their savings, they would not have that option of doing it.

□ 1410

So I would suggest to the Members that what the Kasich amendment does is, it takes power from the Congress, gives it to the President for no good reason. It increases substantially the complexity of the budget process, limits the ability of authorizing committees to meet the targets set in a budget resolution under reconciliation instructions, and when we are through all of this, it provides less automatic review of entitlement spending than the proposal by our good friend, the gentleman from South Carolina [Mr. SPRATT].

Mr. KASICH. Mr. Chairman, I yield 1 minute to the gentleman from Delaware [Mr. CASTLE], the former Governor of the State.

Mr. CASTLE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I wonder how many of the people who are watching these deliberations today understand that 60 percent of the budget of the United States is automatic. Nothing that this body does changes that. Each year it increases. It is like the speeding bus which could not go below 50 miles an hour without blowing up. We cannot do the same thing with our budgeting here. It has to go up and up and up each year and every year.

Mr. Chairman, we are in a tremendous problem. By the year 2012 we will have only enough revenues to pay these so-called entitlements, these automatic programs. We have no way of shutting off exactly what those expenditures are going to be, and we continue to suffer, for all those reasons, in our budgeting process. We do not give the President the right to be involved in the budget process. This does that.

Mr. Chairman, I think we need to take that step as well. I support the Kasich amendment. It targets individual programs so that only individual programs suffer if our authorizing committees do not do their job properly. It does not rely on tax increases and it does protect Social Security.

Mr. Chairman, this is the best of these programs. It is a finely crafted amendment which could make a difference as far as budgeting process is concerned in the United States of America. It is time for this Congress to stand up and say, "We are going to start to do something about the budget deficit and protect not just our senior citizens, but all the citizens in this country, including our young people, who will one day inherit this budget."

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Illinois [Mr. HYDE].

Mr. HYDE. Mr. Chairman, I think if we had a truth in labeling law for legislation that the Budget Control Act would fail the test. That is a misnomer, simply because the Budget Control Act does nothing to control entitlement spending. It does allow us to pretend that we have done that.

Mr. Chairman, I think it is useless speculation as to why this bill is here. There are some who say its purpose is to present a fraction of the real reforms that are desperately needed in this House, and it also provides cover for people who do not want to get within 10 feet of the A to Z spending cuts, but as I say, that is a fruitless speculation.

Mr. Chairman, this legislation, the Kasich-McMillan-Kolbe legislation, does something. It gives the budget resolutions the force of law. That is something new and interesting. It erects a process for setting annual spending for entitlements. Everyone agrees the entitlements are driving the problems we have with our economy. Also, it lets the authorizing committees limit the spending for their individual programs, sequestering only those programs which exceed their limits. It does not raise taxes to pay for higher spending, and it keeps Social Security out of it.

It seems to me, Mr. Chairman, to make a lot more sense at this juncture than to write into law the year-by-year spending amounts for the rest of the century. Best of all, this approach could work. It would actually result in programmatic changes that can control runaway entitlements. That is the rub. The rub is, of course, there may be some in this House who do not really want to tackle the entitlement monster. They assume if we keep feeding it, it will eat us last, but it will not. It keeps getting hungrier.

Most of us ran on a platform of cutting spending, controlling spending, but we have not done that. H.R. 4604 will not do that. It is beautifully complicated.

It has targets and caps and triggers and reports and recommendations and bells and whistles, but it does not do anything. The Kasich-McMillan-Kolbe substitute does. Therefore, it provides accountability on entitlements.

Mr. Chairman, we have to address, we have to step up to the plate on entitlements. This does it in a thoughtful, effective, reasoned way, and it is by far superior to the other proposals. I certainly hope that it receives the support of this House.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. HARMAN].

Ms. HARMAN. Mr. Chairman, last fall I helped a bipartisan coalition design, and then I voted for, the Penny-Kasich amendment to cut an additional $90 billion from the budget. Today I do something harder.

I stand as the only Democrat in the well of this House to speak for the Kasich substitute.

Mr. Chairman, today we have a rare opportunity to enact real change in our budget process and the way we spend taxpayers' dollars. Not incremental change. Not the lesser of three evils. Not an empty promise. Not even, as somebody once described the Gramm-Rudman amendment, "a bad idea whose time has come."

Too often in this body, we look at a flawed system and try to find modest repairs. That is the history of budget reform and deficit reduction: freeze this, study that, an automatic trigger here, a cap there. Some of these measures did help, and we have succeeded in cutting the deficit in fiscal year 1994 by $82 billion, with another $136 billion projected to be cut in fiscal year 1995. But we have gone as far as we can go with scissors and paste. The Kasich substitute does not try to repair a flawed system; it replaces it.

It makes the budget resolution a real, enforceable agreement, not just a statement of principle. It makes the President a real player, not just a cheerleader. It allows us to make cuts throughout the budget, not just in the 35 percent of the budget covered by the appropriations process. And it recognizes the special character of Social Security, treating it as an inalienable contract between the people and their government.

Mr. Chairman, too often we are forced to pick between bad alternatives. Today we have a chance to enact a truly good idea. Today we can make real change. I urge support for the Kasich substitute.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I must say, I am puzzled by particularly the statement of the gentleman from Georgia a moment ago. I am puzzled that it seems today that it is important that we take off of the table in the budget process the possibility that Ross Perot's or Charlie Stenholm's future cost-of-living adjustments might be reduced, that we take that off of the table and say that we are going to do that and put the poorest of the poor, the elderly, those who cannot help themselves, on the

table at a greater risk. That is really and truly what we are voting on today if we accept that argument.

Mr. Chairman, many have misconstrued our amendment, let me repeat, the amendment that we talk about versus the amendment of the gentleman from Ohio [Mr. KASICH]. We include full demographic changes. We include an additional growth cushion of 1 percent in 1996, 1997, and 1998. We include the full cost-of-living adjustment.

Mr. Chairman, there is no way the Members can construe our amendment as being devastating to Social Security. It just will not float.

Mr. KASICH. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. SMITH].

Mr. SMITH of Texas. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise today to express my strong support for the Kasich-McMillan-Kolbe amendment. This is a real step toward solving the greatest threat to our Nation's fiscal solvency.

I am talking about entitlement spending, the Energizer bunny of the Federal budget, because it keeps going and going and growing and growing. This budgeting by autopilot cost America $770 billion in 1993 or 65 cents of every dollar the Federal Government spent. And it will only get worse. Ten years from now entitlement spending will account for 74 cents of every Federal dollar.

Even more insidious than the amount, entitlement spending simply passes through—without oversight and without foresight. Not only is it drowning us in a sea of red ink, but we are left with no inkling as to how to control it, what it will amount to, or any ability to redirect the Nation's resources to our Nation's priorities. Every year it further binds the arms of this Nation and this Congress to make reasoned decisions.

This amendment would end the insidious insanity of blindfolded budgeting. This amendment does two things that no one should be opposed to. It would place a ceiling on all entitlement spending except Social Security and it would subject entitlement programs to an annual review.

This amendment reserves the flexibility to adjust the cap as circumstances dictate but it firmly places on us a responsibility that has been too long shirked—the responsibility to set them. It also returns to us the responsibility to review these programs and insure that the money spent is going for what it should.

This amendment puts an end to the big lie that has been too long perpetrated on America—that we can afford to spend without restraint and that it is somehow more compassionate to benefit recipients to pretend that we can. There are those making their living feeding off the fears of the vulnerable, who will call this an attack on entitlement programs. Nothing could be less true. The real attack on these and every single program the Federal Government runs, comes from an unrelenting deficit that cannot be taxed away.

The deficit must be addressed now before it takes away our freedom to act tomorrow. This amendment will give us that freedom. It is a step we should have taken sooner, but one we must take now for the sake of tomorrow. I urge Members to join me in voting for this amendment.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the very distinguished gentleman from Arizona [Mr. KOLBE], a member of the Committee on Appropriations.

Mr. KOLBE. Mr. Chairman, I am pleased to be here today and to offer this amendment on behalf of my colleagues, the gentleman from Ohio [Mr. KASICH] and the gentleman from North Carolina [Mr. MCMILLAN].

□ 1420

They are known for their work in taking tough stands on the budget, tough stands on appropriation bills, tough stands on cutting entitlements and spending. For that reason alone, I would question the statement of the distinguished chairman of the Committee on the Budget when he says that this amendment would weaken the underlying Spratt bill, because it is just not believable that we would be seeking to weaken it.

We seek rather to strengthen it, to put into place a system of accountability and controllability, in an area where our budget really has none today, that is, in the area of entitlements.

I speak as a member of the Committee on Appropriations, because in the Committee on Appropriations every year the Committee on the Budget gives us allocations and we are forced to go through a process of dividing that up in 602(b) allocations between subcommittees. But that never happens with the entitlements. The problem is, the entitlements are where the growth in spending has been. Several speakers already have pointed out that over 60 cents of every dollar, 65 cents when we include interest on the national debt, and interest is an entitlement, a correct one, to those who own our national debt, 65 cents goes out in what we call uncontrolled or entitlement spending. We need to get some way of getting a handle on that. Right now these programs just grow and grow. There is no check except a blank check. There is no balance, except a balance with a huge cipher that is in front of that.

We cannot be expected, the Congress, the President cannot be expected to get a handle on entitlements unless we change the system, unless we reform the way we do entitlements around here.

I listened to the distinguished chairman of the Health Subcommittee talk about why this would be irresponsible, that it would lead to irresponsible cuts in Medicare and Medicaid. It is precisely for that reason that we need to get control up front. We need to have this cap on entitlement spending at the beginning of the process, so that we can make a rational decision about what kinds of changes we are going to make. That is exactly what this proposal would do. It would say we would treat the authorizing committees the same way the Committee on Appropriations gets treated.

We would have a budget resolution and yes, a budget resolution that has the force of law, that is signed by the President. It gives it some real meaning. It has no meaning today when the President sends up a budget and we adopt something else and then we proceed to pay no attention whatsoever to that budget resolution. Let us get something that the executive and the legislative branch agree on. Once we have that agreement, we can stick with it, with this entitlement program.

We need to have the same kind of restrictions, the same kind of way of deciding how we are going to limit the growth of entitlements in a rational way that we do with discretionary spending that the Committee on Appropriations has to deal with every year. That is precisely what this bill does and this amendment and that is precisely why the Kasich-McMillan-Kolbe amendment should be supported.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise in reluctant opposition to the Kasich substitute. Reluctant, because I respect his leadership and his consistency on budget matters. The gentleman from Ohio [Mr. KASICH] fully understands that better than 50 percent of our Federal budget is now consumed by entitlement spending. It is for that reason that when he and I worked together to develop a major deficit reduction plan last fall, we included in that package significant spending restraint on entitlement programs totaling roughly 50 percent of our $90 billion spending cut package. So I know he understands that this is an area of spending that needs to be reined in. I oppose his amendment for two fundamental reasons.

First, in my view, he perpetuates the myth that somehow Social Security can be left alone. The myth exists that this is an individualized retirement account in which one is only drawing back his or her own money and by its explicit exemption in his amendment, he perpetuates that myth. Put simply, this program pays out to current retirees money being paid in by current workers. If one retired in 1980, within 4 years he or she got all their money back plus the interest earned. That payback will not be true for future generations. We are quickly sinking into bankruptcy in the Social Security system and we need to keep review of the Social Security Program on the table as we address entitlements now and in the future.

In addition, the Kasich plan, unfortunately, does not guarantee spending cuts in the entitlement area. Yes, there is an annual review, a year-by-year review, but you could argue that today we review entitlement programs every year and we do nothing to stop their growth. That is why we need real and enforceable spending caps on the entitlement agenda. The gentleman from Texas [Mr. STENHOLM] and I and others will propose an amendment later today that has a serious cap, inflation plus demographics plus 1 percent. That is plenty generous, but it will force significant reductions in the amounts that are likely to be spent on entitlements over the next several years. That will force the Congress to come back year by year and to make changes in these entitlement programs.

Mr. Chairman, this time the gentleman from Ohio [Mr. KASICH] falls short. Knowing him as I do, I doubt that it will ever happen again. I urge opposition to his amendment.

Mr. KASICH. I yield myself the balance of my time.

Mr. Chairman, I guess we have done something right. We have been accused in this debate of being both too weak and too strong. When we can get accused by the same side that is opposed to us, one side says we are too weak, the other side says we are too strong, it confuses everyone that is watching except us who know we must have gotten the formula correct.

The bottom line is if we want to end automatic pilot on entitlements, which is the problem we currently have, and force a review on a year-by-year basis, vote for this. If we want to begin to establish accountability, vote for it. If we want to treat entitlements like we do the way families put together budgets, vote for it. This is the first modest step in being able to do additional things down the road. Let no one question the ability of this side to put forward solid proposals to try to deal specifically with the problems of entitlements. This, however, is the best process step to be offered today.

Mr. SPRATT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, in closing, I think we are all agreed on this. We want to bring entitlements into the budget process. We want to increase the visibility of the entitlements problem because it is the biggest part of the problem when it comes to deficit reduction and we want more accountability because that is necessary in order to get discipline into entitlement spending. But I do not think the approach of the gentleman from Ohio [Mr. KASICH] is the best, or the most workable.

First, for reasons unrelated to his objectives, the gentleman from Ohio [Mr. KASICH] takes the whole budget process and throws it into a cocked hat at the very outset by requiring the budget resolution to be a joint resolution and not a concurrent resolution. He ties it into a Gordian knot, and those of us who served here in the 1980's know how far we would have gotten along with the budget process if we would have had to have gone to the White House and get a joint resolution before we could begin our work.

Second, the Kasich proposal, unlike mine and the proposal of the gentleman from Texas [Mr. STENHOLM], for reasons unclear to me, he professes frustration with setting long-term targets, says we will not have a long-time target. We will just have annual targets, we will just have annual caps and we will set them. He has an idea that has some merit, that is disaggregating the caps and taking them down to the microlevel, to the program level, but that radically restructures the relationship between the Committee on the Budget and the authorizing committees and is not well enough thought out or worked through in this particular bill. The far-reaching proposal has some merit but is not worked out in this bill. The idea of not having a long-term baseline is a bad idea and does not add discipline to the process. Then there are a couple of pseudostrengths in this bill that do not pan out when we look at them closely.

Let me give an example. In order to reconcile any overage, the gentleman from Ohio [Mr. KASICH] would deny any of the authorizing committees the ability to raise taxes or to raise offsetting receipts or to raise fees, user fees.

Let me give a good example. Penny-Kasich last year included an increase in the part B premium. Suppose we had a reconciliation requirement for the Committee on Ways and Means and Medicare. They could not turn to an increase in the part B premium for upperbracket taxpayers as a means of approaching that particular problem. He rules it out.

Second pseudomeasure. Sequestration. If sequestration is such a great idea, why has it not worked since March 1, 1986, the last time we had an across-the-board sequestration? The reason, we have all kinds of avoidance mechanisms in this place. The gentleman has accused us of likely pulling out some avoidance mechanisms to avoid these points of order. We know from past history that once sequestration breathes down our necks, we will have an alternative to avoid it. It does not work. Sequestration will not happen.

□ 1430

Finally, knowing these weaknesses are in the bill, these deficiencies are there, I want to say that the gentleman has pulled out Social Security as a red herring in order to distract us from the real point in this debate. In order to keep us from looking too closely at this argument he has introduced Social Security. It is not part of the problem. Social Security spending is predictable, and the gentleman knows that Democrats are not going to raise payroll taxes, the most regressive tax there is, in order to fund other programs.

So, this is a bad proposal that has a camouflage over it to keep us from looking at it too closely. We should vote it down, vote it down thoroughly and move on to the other substitutes.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio [Mr. KASICH].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 194, noes 233, not voting 12, as follows:

[Roll No. 343]

AYES—194

Allard	Gilchrest	McDade
Andrews (NJ)	Gillmor	McHugh
Archer	Gilman	McInnis
Armey	Gingrich	McKeon
Bachus (AL)	Goodlatte	McMillan
Baker (CA)	Goodling	Meyers
Baker (LA)	Gordon	Mica
Ballenger	Goss	Michel
Barrett (NE)	Grams	Miller (FL)
Bartlett	Greenwood	Molinari
Barton	Gunderson	Moorhead
Bateman	Hall (TX)	Morella
Bentley	Hancock	Myers
Bereuter	Hansen	Nussle
Billirakis	Harman	Oxley
Bliley	Hastert	Packard
Blute	Hefley	Paxon
Boehlert	Herger	Peterson (MN)
Boehner	Hoagland	Petri
Bunning	Hobson	Pickett
Buyer	Hoekstra	Pombo
Callahan	Hoke	Porter
Calvert	Horn	Portman
Camp	Houghton	Poshard
Canady	Huffington	Pryce (OH)
Castle	Hunter	Quillen
Clement	Hutchinson	Quinn
Clinger	Hyde	Ramstad
Coble	Inglis	Ravenel
Collins (GA)	Inhofe	Regula
Combest	Inslee	Ridge
Condit	Istook	Roberts
Cooper	Johnson (CT)	Rogers
Coppersmith	Johnson, Sam	Rohrabacher
Cox	Kasich	Roth
Crane	Kim	Roukema
Crapo	King	Royce
Cunningham	Kingston	Santorum
Deal	Klug	Saxton
DeLay	Knollenberg	Schaefer
Diaz-Balart	Kolbe	Schenk
Dickey	Kreidler	Schiff
Doolittle	Kyl	Sensenbrenner
Dornan	Lazio	Shaw
Dreier	Leach	Shays
Duncan	Levy	Shuster
Dunn	Lewis (FL)	Skeen
Ehlers	Lewis (KY)	Smith (MI)
Emerson	Lightfoot	Smith (NJ)
Ewing	Linder	Smith (OR)
Fawell	Lipinski	Smith (TX)
Fields (TX)	Livingston	Snowe
Fingerhut	Lucas	Solomon
Fish	Machtley	Spence
Fowler	Mann	Stearns
Franks (CT)	Manzullo	Stump
Franks (NJ)	McCandless	Sundquist
Gallegly	McCollum	Swett
Gekas	McCrery	Talent
Geren	McCurdy	Tanner

Taylor (MS) Upton Young (AK)
Taylor (NC) Walker Young (FL)
Thomas (CA) Walsh Zeliff
Thomas (WY) Weldon Zimmer
Torkildsen Wolf

NOES—233

Abercrombie Gutierrez Parker
Ackerman Hall (OH) Pastor
Andrews (ME) Hamburg Payne (NJ)
Andrews (TX) Hamilton Payne (VA)
Applegate Hastings Pelosi
Bacchus (FL) Hayes Penny
Baesler Hefner Peterson (FL)
Barca Hinchey Pickle
Barcia Hochbrueckner Pomeroy
Barlow Holden Price (NC)
Barrett (WI) Hoyer Rahall
Becerra Hughes Rangel
Beilenson Hutto Reed
Berman Jacobs Reynolds
Bevill Jefferson Richardson
Bilbray Johnson (GA) Roemer
Bishop Johnson (SD) Romero-Barcelo (PR)
Blackwell Johnson, E. B. Rose
Bonilla Johnston Rostenkowski
Bonior Kanjorski Rowland
Borski Kaptur Roybal-Allard
Boucher Kennedy Rush
Brewster Kennelly Sabo
Brooks Kildee Sanders
Browder Kleczka Sangmeister
Brown (CA) Klein Sarpalius
Brown (FL) Klink Sawyer
Brown (OH) Kopetski Schroeder
Bryant LaFalce Schumer
Byrne Lambert Scott
Cantwell Lancaster Serrano
Cardin Lantos Sharp
Chapman LaRocco Shepherd
Clay Laughlin Sisisky
Clayton Lehman Skaggs
Clyburn Levin Skelton
Coleman Lewis (CA) Slattery
Collins (IL) Lewis (GA) Slaughter
Collins (MI) Lloyd Smith (IA)
Conyers Long Spratt
Costello Lowey Stark
Coyne Maloney Stenholm
Cramer Manton Stokes
Danner Margolies-Mezvinsky Strickland
Darden Studds
de la Garza Markey Stupak
de Lugo (VI) Martinez Swift
DeFazio Matsui Synar
DeLauro Mazzoli Tauzin
Dellums McCloskey Tejeda
Derrick McDermott Thompson
Deutsch McHale Thornton
Dicks McKinney Thurman
Dingell McNulty Torres
Dixon Meehan Torricelli
Dooley Meek Towns
Durbin Menendez Traficant
Edwards (CA) Mfume Unsoeld
Edwards (TX) Miller (CA) Valentine
Engel Mineta Vento
English Minge Visclosky
Eshoo Mink Volkmer
Evans Moakley Vucanovich
Farr Mollohan Washington
Fazio Montgomery Waters
Fields (LA) Moran Watt
Filner Murphy Waxman
Flake Murtha Wheat
Foglietta Nadler Whitten
Ford (TN) Neal (MA) Williams
Frank (MA) Neal (NC) Wilson
Frost Norton (DC) Wise
Furse Oberstar Woolsey
Gejdenson Obey Wyden
Gephardt Olver Wynn
Gibbons Ortiz Yates
Glickman Orton
Gonzalez Owens
Green Pallone

NOT VOTING—12

Burton Ford (MI) Tucker
Carr Gallo Underwood (GU)
Everett Grandy Velazquez
Faleomavaega (AS) Hilliard
Ros-Lehtinen

□ 1450

The Clerk announced the following pairs:

On the vote:

Mr. Burton of Indiana for, with Mr. Tucker against.

Mr. Everett for, with Ms. Velázquez against.

Mrs. VUCANOVICH and Mr. TAUZIN changed their vote from "aye" to "no."

Mr. DELAY changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. It is now in order to consider amendment No. 2, printed in House Report 103–614.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Chairman, I offer an amendment in the nature of a substitute to H.R. 4604.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. STENHOLM:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Entitlement Control Act of 1994".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Purpose.
Sec. 3. Definitions and treatments.
Sec. 4. Establishment of direct spending targets.
Sec. 5. Special direct spending message by President.
Sec. 6. Congressional action required.
Sec. 7. Spin-off law.
Sec. 8. Targeted sequestration.
Sec. 9. Comprehensive sequestration.
Sec. 10. Exempt programs and activities.
Sec. 11. General and special sequestration rules.
Sec. 12. Estimating assumptions, reports, and orders.
Sec. 13. The current policy baseline.
Sec. 14. Relationship to pay-as-you-go.
Sec. 15. Judicial review.
Sec. 16. Application.
Sec. 17. Effective date.

SEC. 2. PURPOSE.

The purpose of this Act is to create a mechanism to control spending on mandatory programs and to increase accountability for mandatory spending.

SEC. 3. DEFINITIONS AND TREATMENTS.

As used in this Act:

(1) The terms "budget authority", "new budget authority", "entitlement authority", "outlays", and "deficit" have the meanings given to such terms in section 3 of the Congressional Budget and Impoundment Control Act of 1974.

(2) The term "account" means an item for which there is a designated budget account identification code number in the President's budget.

(3) The term "budget year" means, with respect to a session of Congress, the fiscal year of the Government that starts on October 1 of the calendar year in which that session begins.

(4) The term "budget-year session" means any session of Congress that starts in the calendar year in which that budget year starts.

(5) The term "CBO" means the Director of the Congressional Budget Office.

(6) The term "current policy baseline" means the projection (described in section 13) of current-year levels of new budget authority and outlays into the budget year and the outyears.

(7) The term "current year" means the fiscal year that immediately precedes a budget year.

(8) The term "deposit insurance" refers to the expenses of the Federal Deposit Insurance Corporation and the funds it incorporates, the Resolution Trust Corporation, the National Credit Union Administration and the funds it incorporates, the Office of Thrift Supervision; the Comptroller of the Currency Assessment Funds, the RTC Office of the Inspector General, and the deposit insurance activities of the Federal Reserve.

(9) The term "direct spending" means—

(A) budget authority provided by law other than appropriation Acts;

(B) entitlement authority; and

(C) the food stamp program.

If a law other than an appropriation Act alters the level of discretionary appropriations, that effect shall be treated as direct spending. If an appropriation Act alters the level of direct spending, that effect shall be treated as direct spending.

(10) The term 'legislative day' means, with respect to either House of Congress, any day of session.

(11) The term "OMB" means the Director of the Office of Management and Budget.

(12) The term "outyear" means any of the 4 fiscal years that follow a budget year.

(13) The terms "sequester" and "sequestration" mean the cancellation under section 8 or 9 of direct spending authority.

SEC. 4. ESTABLISHMENT OF DIRECT SPENDING TARGETS.

(a) COVERAGE.—The direct spending targets shall apply to all direct spending programs within the Federal budget except for net interest and deposit insurance.

(b) INITIAL REPORT.—Not later than 30 days after the date of enactment of this Act, OMB shall submit a report to Congress setting forth the direct spending targets for each of fiscal years 1995 through 2000 in accordance with this section.

(c) DETERMINING DIRECT SPENDING LIMITS.—In calculating the direct spending targets, OMB shall—

(1) calculate the projected level of direct spending outlays for fiscal year 1995;

(2) calculate the increase in the direct spending targets for each subsequent fiscal year through fiscal year 2000 to allow growth in direct spending outlays to reflect—

(A) changes in the Consumer Price Index;

(B) changes in the number of beneficiaries under direct spending programs for which the number of beneficiaries is a variable in determining costs;

(C) an additional growth allowance of—

(i) 1 percent in 1996;

(ii) 1 percent in 1997;

(iii) 1 percent in 1998; and

(D) for offsetting receipts, the calculation pursuant to this subsection shall allow offsetting receipts to decrease to reflect change in the Consumer Price Index.

(d) ADJUSTMENT FOR HEALTH CARE REFORM.—OMB shall calculate adjustments to the direct spending targets to reflect any increase in direct spending resulting from health care reform legislation, enacted into

law by December 31, 1994, if such legislation would not increase the total deficit for the period of fiscal years 1995 through 1999.

(e) ANNUAL ADJUSTMENTS.—When the President submits a budget under section 1105(a) of title 31, United States Code, for a fiscal year, OMB shall calculate adjustments to the direct spending targets to reflect the following:

(1) Changes in inflation projections from the Director's initial report under section 4(b).

(2) Changes in projections of the number of beneficiaries from the Director's initial report under section 4(b).

(3) The costs of direct spending legislation to the extent that it is offset by revenue increases or designated as an emergency by Congress and the President under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(4) Legislation reducing direct spending to to the extent that it offsets the deficit impact of a tax cut under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 5. SPECIAL DIRECT SPENDING MESSAGE BY PRESIDENT.

(a) SPECIAL MESSAGE.—If the OMB sequestration preview report submitted under section 12(e) indicates that direct spending for the budget year or any outyear will exceed the applicable direct spending target, the budget submitted under section 1105(a) of title 31, United States Code, shall include a special direct spending message that includes proposed legislative changes to offset the net deficit impact of the excess identified by that OMB sequestration preview report for each such year through any combination of:

(1) Reductions in direct spending outlays.

(2) Increases in the direct spending targets, if the President has submits a written determination that, because of economic or programmatic reasons, only some or none of the excess should be offset.

(b) INTRODUCTION OF PRESIDENT'S PACKAGE.—Within 10 days after the President submitted a special direct spending message, the text referred to in subsection (a) shall be introduced as a concurrent resolution in the House of Representatives by the chairman of its Committee on the Budget and in the Senate by the chairman of its Committee on the Budget. If the chairman fails to do so, after the 10th day the resolution may be introduced by any Member of the House of Representatives or the Senate, as the case may be. A concurrent resolution introduced under this subsection shall be referred to the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

SEC. 6. CONGRESSIONAL ACTION REQUIRED.

(a) IN GENERAL.—The requirements of this section shall be in effect for any year in which the OMB sequestration preview report submitted under section 12(e) indicates that direct spending for the budget year or any outyear will exceed the applicable direct spending target.

(b) REQUIREMENTS FOR SPECIAL BUDGET RESOLUTION IN THE HOUSE.—The Committee on the Budget in the House shall report not later than March 15 a concurrent resolution, either as a separate section of the concurrent resolution on the budget reported pursuant to section 301 of the Congressional Budget Act of 1974 or as a separate resolution, that includes reconciliation instructions instructing the appropriate committees of the House and Senate to report changes in laws within their jurisdiction to offset any excess in direct spending identified in the OMB sequestration preview report submitted under section 12(e) as follows:

(1) Reductions in direct spending programs.

(2) Increases in the direct spending targets, except that any increase in those targets may not be greater than the increase included in the special reconciliation message submitted by the President.

(c) PROCEDURE IF HOUSE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF HOUSE BUDGET COMMITTEE.—In the event that the House Committee on the Budget fails to report a resolution meeting the requirements of subsection (b), the committee shall be automatically discharged from further consideration of the concurrent resolution reflecting the President's recommendations introduced pursuant to section 5(b), and the concurrent resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION BY HOUSE OF DISCHARGED RESOLUTION.—Ten days after the House Committee on the Budget has been discharged under paragraph (1), any member may move that the House proceed to consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution. Consideration of such resolution shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(d) CONSIDERATION BY THE HOUSE OF REPRESENTATIVES.—(1) It shall not be in order in the House of Representatives to consider a concurrent resolution on the budget unless that concurrent resolution fully addresses the entirety of any excess of the direct spending targets as identified in the OMB sequestration preview report submitted under section 12(e) through reconciliation instructions requiring spending reductions, or changes in the direct spending targets.

(2) If the concurrent resolution on the budget proposes to eliminate or offset less than the entire excess for budget year and any subsequent fiscal years, then the Committee on the Budget shall report a separate resolution directing the Committee on Government Operations to report legislation increasing the direct spending targets for each applicable year by the full amount of the excess not offset or eliminated. It shall not be in order to consider any concurrent resolution on the budget that does not offset the full amount of the excess until the House of Representatives has agreed to the resolution directing the increase in the direct spending targets.

(e) TRANSMITTAL TO SENATE.—If a concurrent resolution passes the House pursuant to subsection (d), the Clerk of the House of Representatives shall cause the resolution to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the resolution is passed. The resolution shall be referred to the Senate Committee on the Budget.

(f) REQUIREMENTS FOR SPECIAL BUDGET RESOLUTION IN THE SENATE.—The Committee on the Budget in the Senate shall report not later than April 1 a concurrent resolution, either as a separate section of a budget resolution reported pursuant to section 301 of the Congressional Budget Act of 1974 or as a separate resolution, that shall include reconciliation instructions instructing the appropriate committees of the House and Senate to report changes in laws within their jurisdiction to offset any excess through any combination of:

(1) Reductions in direct spending programs.

(2) Increases in the direct spending targets, except that any increase in those targets may not be greater than the increase included in the special reconciliation message submitted by the President.

(g) PROCEDURE IF SENATE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF SENATE BUDGET COMMITTEE.—In the event that the Senate Committee on the Budget fails to report a resolution meeting the requirements of subsection (f), the committee shall be automatically discharged from further consideration of the concurrent resolution reflecting the President's recommendations introduced pursuant to section 5(b), and the concurrent resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION BY SENATE OF DISCHARGED RESOLUTION.—Ten days after the Senate Committee on the Budget has been discharged under paragraph (1), any member may move that the Senate proceed to consider the resolution. Such motion shall be privileged and not debatable. Consideration of such resolution shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (h).

(h) CONSIDERATION BY SENATE.—(1) It shall not be in order in the Senate to consider a concurrent resolution on the budget unless that concurrent resolution fully addresses the entirety of any excess of the direct spending targets as identified in the OMB sequestration report submitted under section 12(e) through reconciliation instructions requiring direct spending reductions, or changes in the direct spending targets.

(2) If the concurrent resolution on the budget proposes to eliminate or offset less than the entire overage of a budget year, then the Committee on the Budget shall report a resolution increasing the direct spending target by the full amount of the overage not eliminated. It shall not be in order to consider any concurrent resolution on the budget that does not offset the entire amount of the overage until the Senate has agreed to the resolution directing the increase in the direct spending targets.

(i) CONFERENCE REPORTS MUST FULLY ADDRESS OVERAGE.—It shall not be in order in the House of Representatives or the Senate to consider a conference report on a concurrent resolution on the budget unless that conference report fully addresses the entirety of any excess identified by the OMB sequestration preview report submitted pursuant to section 12(e) through reconciliation instructions requiring direct spending reductions, or changes in the direct spending targets.

(j) WAIVERS.—The points of order established by subsection (d)(1), (h)(1), or (i) may be waived or suspended—

(1) in the House of Representatives only by a resolution devoted solely to the subject of waiving that point of order, or

(2) in the Senate only by an affirmative vote of three-fifths of the Members duly chosen and sworn.

SEC. 7. SPIN-OFF LEGISLATION.

(a) ALLOCATIONS OF DIRECT SPENDING.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of direct

spending budget authority and outlays for each major functional category.

(b) INTRODUCTION OF SPIN-OFF LEGISLATION.—On the third legislative day after adoption of a concurrent resolution on the budget, the chairman of the Committee on the Budget of the House of Representatives or the Senate, as the case may be, shall introduce legislation specifying the budget year amount of direct spending allowed by budget functional categories, based on the allocations set forth in the joint explanatory statement accompanying the conference report on such concurrent resolution. The total amount of direct spending under such legislation may not exceed the target set forth for that fiscal year by section 4 unless Congress has adopted a resolution directing an increase in the direct spending targets. Legislation introduced under this subsection shall be referred to the Committee on the Budget.

(c) PROCEDURE IN HOUSE OF REPRESENTATIVES.—

(1) AUTOMATIC DISCHARGE OF HOUSE BUDGET COMMITTEE.—In the event that the House Budget Committee fails to report legislation introduced pursuant to subsection (b) within 7 legislative days of the introduction of the bill in the House, the committee shall be automatically discharged from further consideration of such legislation.

(2) CONSIDERATION BY HOUSE OF SPIN-OFF LEGISLATION.—Three legislative days after the House Budget Committee has reported spin-off legislation described in subsection (c) or has been discharged under paragraph (1), it shall be in order to move that the House proceed to consider the resolution. Such motion shall be highly privileged and not debatable.

(3) DEBATE IN HOUSE.—General debate on any spin-off legislation in the House of Representatives shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion to further limit debate shall not be in order. It shall not be in order to consider any amendments which would cause the total amount of direct spending under the spin-off legislation to exceed the target set forth for the fiscal year under section 4.

(4) HOUSE CONSIDERATION OF CONFERENCE REPORT.—Debate in the House of Representatives on the conference report on spin-off legislation shall be limited to not more than 1 hour, which shall be divided equally between the majority and minority parties. A motion to further limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(d) PROCEDURE IN THE SENATE.—

(1) AUTOMATIC DISCHARGE OF SENATE BUDGET COMMITTEE.—In the event that the Senate Budget Committee fails to report legislation described in subsection (b), the committee shall be automatically discharged from further consideration of such legislation.

(2) CONSIDERATION BY SENATE OF SPIN-OFF LEGISLATION.—Three days after the Senate Budget Committee has reported spin-off legislation described in subsection (b) or has been discharged under paragraph (1), it shall be in order to move that the Senate proceed to consider the legislation. Such motion shall be privileged and not debatable.

(3) DEBATE IN SENATE.—Debate in the Senate on any spin-off legislation, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 25 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees. It shall not be in order to consider any amendments which would cause the total amount of direct spending under the spin-off legislation to exceed the target set forth for the fiscal year under section 4 or includes provisions on a subject other than the levels of budget year amount or direct spending allowed by budget functional categories.

(4) A MOTION TO FURTHER LIMIT DEBATE IS NOT DEBATABLE.—A motion to recommit (except a motion to recommit with instruction to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the legislation.

(5) MOTION TO PROCEED TO CONFERENCE IN SENATE.—A motion to proceed to the consideration of the conference report on any spin-off legislation may be made even though a previous motion to the same effect has been disagreed to.

(6) SENATE CONSIDERATION OF CONFERENCE REPORT.—Debate in the Senate on a conference report on spin-off legislation shall be limited to not more than 5 hours, which shall be divided equally between the majority leader and minority leader or their designees. A motion to further limit debate is not debatable. Debate on any debatable motion or appeal related to the conference report (or a message between House) shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

(7) REQUEST FOR NEW CONFERENCE.—Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal or amendment, the time in opposition shall be under the control of the minority leader or his designee.

SEC. 8. TARGETED SEQUESTRATION.

(a) APPLICATION.—This section shall apply for any budget year only if a spin-off law as described in section 7 is in effect for that year on the date of the final sequestration report described in section 12.

(b) SEQUESTRATION IN EACH FUNCTIONAL CATEGORY.—(1) The purpose of this subsection is to ensure that total direct spending for each functional category is no more than allowed for the budget year.

(2) The amount to be sequestered for the budget year from direct spending programs in each functional category is the amount by which direct spending during the budget year results in a greater amount of direct spending than allowed in that functional category in the spin-off law.

(c) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session, there shall be a sequestration to reduce the amount of direct spending in the current policy baseline in any functional category by the amount specified in subsection (b)(2). The amount required to be sequestered from direct spending in a functional category shall be achieved by reducing each non-exempt direct spending account (or activity within an account) within that functional category by the uniform percentage necessary to achieve that amount.

SEC. 9. COMPREHENSIVE SEQUESTRATION.

(a) APPLICATION.—This section shall apply for any budget year unless a spin-off law as described in section 7 is in effect for that year on the date of the final sequestration report described in section 12.

(b) SEQUESTRATION BASED ON BUDGET-YEAR SHORTFALL.—The amount to be sequestered for the budget year is the amount (if any) by which direct spending exceeds the cap for that year under section 4.

(c) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session, there shall be a sequestration to reduce the amount of direct spending in the current policy baseline by the amounts specified in subsection (b). The amount required to be sequestered shall be achieved by reducing each direct spending account (or activity within an account) by the uniform percentage necessary to achieve that amount.

SEC. 10. EXEMPT PROGRAMS AND ACTIVITIES.

The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

(1) net interest;

(2) deposit insurance and pension benefit guarantees;

(3) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

(4) offsetting receipts and collections;

(5) all payments from one Federal direct spending budget account to another Federal budget account; all intragovernmental funds including those from which funding is derived primarily from other Government accounts;

(6) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

(7) nonbudgetary activities, including but not limited to—

(A) credit liquidating and financing accounts;

(B) the Pension Benefit Guarantee Corporation Trust Funds;

(C) the Thrift Savings Fund;

(D) the Federal Reserve System; and

(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

(8) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

(9) the following accounts, which largely fulfill requirements of the Constitution or otherwise make payments to which the Government is committed—

Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–806);

Bureau of Indian Affairs, miscellaneous payments to Indians (14–2303–0–1–452);

Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

Claims, defense;

Claims, judgments, and relief act (20–1895–0–1–806);

Compact of Free Association, economic assistance pursuant to Public Law 99–658 (14–0415–0–1–806);

Compensation of the President (11–0001–0–1–802);

Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

Eastern Indian land claims settlement fund (14–2202–0–1–806)

Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

Panama Canal Commission, operating expenses and capital outlay (95–5190–0–2–403);

Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153);

Payments to copyright owners (03–5175–0–2–376);

Payments to the United States territories, fiscal assistance (14–0418–0–1–801);

Salaries of Article III judges;

Soldier's and Airmen's Home, payment of claims (84–8930–0–7–705);

Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401).

(10) the following noncredit special, revolving, or trust-revolving funds—

Coinage profit fund (20–5811–0–2–803);

Exchange Stabilization Fund (20–4444–0–3–155);

Foreign Military Sales trust fund (11–82232–0–7–155);

(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act;

(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account;

(12) the earned income tax credit (payments to individuals pursuant to section 32 of the Internal Revenue Code of 1986); and

(13) the uranium enrichment program.

SEC. 11. GENERAL AND SPECIAL SEQUESTRATION RULES.

(a) PERMANENT SEQUESTRATION OF DIRECT SPENDING.—

(1) The purpose of any direct spending or receipts sequestration under this Act is to ensure deficit reduction in the budget year and all subsequent fiscal years, so that the budget-year direct spending cap in section 4 is not exceeded.

(2) Obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years. Notwithstanding any other provision of this section, after the first direct spending sequestration, any later sequestration shall reduce direct spending by an amount in addition to, rather than in lieu of, the reduction in direct spending in place under the existing sequestration or sequestrations.

(b) UNIFORM PERCENTAGES.—

(1) In calculating the uniform percentage applicable to the sequestration of all direct spending programs or activities under section 9, or the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities within a functional category under section 8, the sequestrable base for direct spending programs and activities is the total budget-year level of outlays for those programs or activities in the current policy baseline minus—

(A) those budget-year outlays resulting from obligations incurred in the current or prior fiscal years, and

(B) those budget-year outlays resulting from exemptions under section 10.

(2) For any direct spending program in which—

(A) outlays pay for entitlement benefits,

(B) a budget-year sequestration takes effect after the 1st day of the budget year, and

(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget year,

the uniform percentage otherwise applicable to the sequestration of that program in the budget year shall be increased as necessary to achieve the same budget-year outlay reduction in that program as would have been achieved had there been no delay.

(3) If the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased under paragraph (2), then it shall revert to the uniform percentage calculated under paragraph (1) when the budget year is completed.

(c) GENERAL RULES FOR SEQUESTRATION.—

(1) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

(2) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an entitlement trust, special, or revolving fund account shall revert to the Treasury and be permanently canceled or repealed.

(3) INDEXED BENEFIT PAYMENTS.—If, under any entitlement program—

(A) benefit payments are made to persons or governments more frequently than once a year, and

(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index,

then for the first fiscal year to which a sequestration order applies, the benefit reductions in that program accomplished by the order shall take effect starting with the payment made at the beginning of January or 7 weeks after the order is issued, whichever is later. For the purposes of this subsection, Veterans Compensation shall be considered a program that meets the conditions of the preceding sentence.

(4) PROGRAMS, PROJECTS, OR ACTIVITIES.—Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

(5) IMPLEMENTING REGULATIONS.—Administrative regulations or similar actions implementing the sequestration of a program or activity shall be made within 120 days of the effective date of the sequestration of that program or activity.

(6) DISTRIBUTION FORMULAS.—To the extent that distribution or allocation formulas differ at different levels of budgetary resources within an account, program, project, or activity, a sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

(7) CONTINGENT FEES.—In any account for which fees charged to the public are legally determined by the level of appropriations, fees shall be charged on the basis of the presequestration level of appropriations.

(d) NON-JOBS PORTION OF AFDC.—Any sequestration order shall accomplish the full amount of any required reduction in payments for the non-jobs portion of the aid to families with dependant children program under the Social Security Act by reducing the Federal reimbursement percentage (for the fiscal year involved) by multiplying that reimbursement percentage, on a State-by-State basis, by the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities.

(e) JOBS PORTION OF AFDC.—

(1) FULL AMOUNT OF SEQUESTRATION REQUIRED.—Any sequestration order shall accomplish the full amount of any required reduction of the job opportunities and basic skills training program under section 402(a)(19), and part F of title VI, of the Social Security Act, in the manner specified in this subsection. Such an order may not reduce any Federal matching rate pursuant to section 403(l) of the Social Security Act.

(2) NEW ALLOTMENT FORMULA.—

(A) GENERAL RULE.—Notwithstanding section 403(k) of the Social Security Act, each State's percentage share of the amount available after sequestration for direct spending pursuant to section 403(l) of such Act shall be equal to that percentage of the total amount paid to the States pursuant to such section 403(l) for the prior fiscal year that is represented by the amount paid to such State pursuant to such section 403(l) for the prior fiscal year, except that a State may not be allotted an amount under this subparagraph that exceeds the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

(B) REALLOTMENT OF AMOUNTS REMAINING UNALLOTTED AFTER APPLICATION OF GENERAL RULE.—Any amount made available after sequestration for direct spending pursuant to section 403(l) of the Social Security Act that remains unallotted as a result of subparagraph (A) of this paragraph shall be allotted among the States in proportion to the absolute difference between the amount allotted, respectively, to each State as a result of such subparagraph and the amount that would have been allotted to such State pursuant to section 403(k) of such Act had the sequestration not been in effect, except that a State may not be allotted an amount under this subparagraph that results in a total allotment to the State under this paragraph of more than the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

(f) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

(g) COMMODITY CREDIT CORPORATION.—

(1) EFFECTIVE DATE.—For the Commodity Credit Corporation, the date on which a sequestration order takes effect in a fiscal year shall vary for each crop of a commodity. In general, the sequestration order shall take

effect when issued, but for each crop of a commodity for which 1-year contracts are issued as an entitlement, the sequestration order shall take effect with the start of the sign-up period for that crop that begins after the sequestration order is issued. Payments for each contract in such a crop shall be reduced under the same terms and conditions.

(2) DAIRY PROGRAM.—(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundredweight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

(3) EFFECT OF DELAY.—For purposes of subsection (b)(1), the sequestrable base for the Commodity Credit Corporation is the budget-year level of gross outlays resulting from new budget authority that is subject to reduction under paragraphs (1) and (2), and subsection (b)(2) shall not apply.

(4) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its net realized losses.

(h) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1986.

(i) FEDERAL EMPLOYEES HEALTH BENEFITS FUND.—For the Federal Employees Health Benefits Fund, a sequestration order shall take effect with the next open season. The sequestration shall be accomplished by annual payments from that Fund to the General Fund of the Treasury. Those annual payments shall be financed solely by charging higher premiums. For purposes of subsection (b)(1), the sequestrable base for the Fund is the budget-year level of gross outlays resulting from claims paid after the sequestration order takes effect, and subsection (b)(2) shall not apply.

(j) FEDERAL HOUSING FINANCE BOARD.—Any sequestration of the Federal Housing Finance Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

(k) FEDERAL PAY.—

(1) IN GENERAL.—Except as provided in section 10(b)(3), new budget authority to pay Federal personnel from direct spending accounts shall be reduced by the uniform percentage calculated under section 8 or 9, as applicable, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

(2) DEFINITIONS.—For purposes of this subsection:

(A) The term "statutory pay system" shall have the meaning given that term in section 5302(1) of title 5, United States Code.

(B) The term "elements of military pay" means—

(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

(iii) cadet pay and midshipman pay under section 203(c) of such title.

(C) The term "uniformed services" shall have the meaning given that term in section 101(3) of title 37, United States Code.

(l) GUARANTEED STUDENT LOANS.—(A) For all student loans under part B of title IV of the Higher Education Act of 1965 made on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in student loan programs for the fiscal year of the sequestration required by section 8 or 9, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

(B) The origination fees to which paragraph (A) applies are those specified in sections 428H(f)(1) and 438(c) of that Act.

(m) INSURANCE PROGRAMS.—Any sequestration in a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance Fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' life insurance programs) shall be accomplished by annual payments from the insurance fund or account to the general fund of the Treasury. The amount of each annual payment by each such fund or account shall be the amount received by the fund or account by increasing premiums on contracts entered into after the date a sequestration order takes effect by the uniform sequestration percentage, and premiums shall be increased accordingly.

(n) MEDICAID.—The November 15th estimate of medicaid spending by States shall be the base estimate from which the uniform percentage reduction under any sequestration, applied across-the-board by State, shall be made. Succeeding Federal payments to States shall reflect that reduction. The Health Care Financing Administration shall reconcile actual medicaid spending for each fiscal year with the base estimate as reduced by the uniform percentage, and adjust each State's grants as soon as practicable, but no later than 100 days after the end of the fiscal year to which the base estimate applied, to comply with the sequestration order.

(o) MEDICARE.—

(1) TIMING OF APPLICATION OF REDUCTIONS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.—In the case in which payment for services of a provider of services is made under title XVIII of the Social Security Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of the order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

(2) NO INCREASE IN BENEFICIARY CHARGES IN ASSIGNMENT-RELATED CASES.—If a reduction in payment amounts is made pursuant to a sequestration order for services for which payment under part B of title XVIII of the Social Security Act is made on the basis of an assignment described in section 1842(b)(3)(B)(ii), in accordance with section 1842(b)(6)(B), or under the procedure described in section 1870(f)(1) of such Act, the person furnishing the services shall be considered to have accepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

(3) NO EFFECT ON COMPUTATION OF AAPCC.—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

(p) POSTAL SERVICE FUND.—Any sequestration of the Postal Service Fund shall be accomplished by annual payments from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment shall be—

(1) the uniform sequestration percentage, times

(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue foregone for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund

surplus or higher Fund deficit and must follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law. If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

(q) POWER MARKETING ADMINISTRATIONS AND T.V.A.—Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment by a fund shall be—

(1) the direct spending uniform sequestration percentage, times

(2) the estimated gross obligations of the fund in that year other than those obligations financed from discretionary appropriations for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the presequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in rates, or by any combination, but may not be financed by a lower fund surplus or a higher fund deficit and must follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified above in order to make the annual payments to the Treasury.

(r) VETERANS' HOUSING LOANS.—(1) For all housing loans guaranteed, insured, or made under chapter 37 of title 38, United States Code, on or after the date of a sequestration, the origination fees shall be increased by a uniform percentage sufficient to produce the dollar savings in veterans' housing programs for the fiscal year of the sequestration required by section 8 or 9, and all subsequent origination fees shall be increased by the same percentage, notwithstanding any other provision of law.

(2) The origination fees to which paragraph (1) applies are those referred to in section 3729 of title 38, United States Code.

SEC. 12. ESTIMATING ASSUMPTIONS, REPORTS, AND ORDERS.

(a) TIMETABLE.—The timetable with respect to this part for any budget year is as follows:

Date:	Action to be completed:
The President's budget submission.	OMB publishes sequestration preview report.
Within 10 days after end of session.	OMB and CBO issue final budget year sequestration reports.
5 days later	President issues sequestration order.

(b) SUBMISSION AND AVAILABILITY OF REPORTS.—Each report required by this section shall be submitted, in the case of CBO, to the House of Representatives, the Senate, and OMB, and, in the case of OMB, to the House of Representatives, the Senate, and the President on the day it is issued. On the following day a notice of the report shall be printed in the Federal Register.

(c) EXCHANGE OF PRELIMINARY CURRENT POLICY BASELINES.—On January 15, OMB and CBO shall exchange their preliminary current policy baselines for the budget-year session starting in January.

(d) SEQUESTRATION PREVIEW REPORTS.—

(1) REPORTING REQUIREMENT.—On January 31, whichever is later, OMB and CBO shall each submit a sequestration preview report.

(2) CONTENTS.—Each preview report shall set forth the following:

(A) MAJOR ESTIMATING ASSUMPTIONS.—The major estimating assumptions for the current year, the budget year, and the outyears, and an explanation of them.

(B) CURRENT POLICY BASELINE.—A detailed display of the current policy baseline for the current year, the budget year, and the outyears, with an explanation of changes in the baseline since it was last issued that includes the effect of policy decisions made during the intervening period and an explanation of the differences between OMB and CBO for each item set forth in the report.

(C) ADJUSTING DIRECT SPENDING TARGETS.—A determination of any adjustments to the direct spending targets under section 4 and an explanation of any adjustments.

(D) REQUIREMENTS FOR DIRECT SPENDING.—An estimate of the reductions in direct spending to be achieved for the budget year necessary to comply with the direct spending targets.

(E) DIRECT SPENDING SEQUESTRATION.— Estimates of the uniform percentage and the amount of comprehensive sequestration of direct spending programs that will be necessary under section 9.

(e) OFFICIAL SEQUESTRATION PREVIEW REPORT.—The OMB sequestration preview report shall be the official report for purposes of this Act. That report shall be set forth, without change, in the budget submitted by the President under section 1105(a) of title 31, United States Code, for the budget year.

(f) FINAL SEQUESTRATION REPORTS.—

(1) REPORTING REQUIREMENT.—Not later than 10 days following the end of a budget-year session, OMB and CBO shall each submit a final sequestration report.

(2) CONTENTS.—That report shall be based upon laws enacted through the date of the report and shall set forth all the information and estimates required of a sequestration preview report required by subsections (d)(2)(C) through (E). In addition, that report shall include for each account to be sequestered, the baseline level of sequestrable budgetary resources and the resulting reductions in new budget authority and outlays; and

(g) PRESIDENTIAL ORDER.—(1) On the day that OMB issues a final sequestration report, the President shall issue an order fully implementing without change all sequestrations actions required by the final sequestration report that requires the lesser total amount of direct spending sequestration under section 8 or 9 (as applicable). The order shall be effective on issuance and shall be issued only if sequestration is required.

(h) USE OF MAJOR ESTIMATING ASSUMPTIONS AND SCOREKEEPING CONVENTIONS.—In the estimates, projections, and reports under this subtitle, OMB shall use the same economic and technical assumptions as used in the most recent budget submitted by the President under section 1105(a) of title 31, United States Code. CBO shall use the same economic and technical assumptions as used in the msot recent report submitted by CBO under section 202(f)(1) of the Congressional Budget Act of 1974.

SEC. 13. THE CURRENT POLICY BASELINE.

(a) IN GENERAL.—For any budget year, the baseline refers to a projection of current-year levels of new budget authority, outlays, revenues, and the surplus or deficit into the budget year and the outyears based on laws enacted through, and discretionary regulations promulgated as final by, the applicable date.

(b) DIRECT SPENDING.—For the current year, the budget year, and each outyear, the baseline shall be calculated using the following assumptions:

(1) IN GENERAL.—Laws providing or creating direct spending are assumed to operate in the manner specified in those laws for each such year, funding for entitlement authority is assumed to be adequate to make all payments required by those entitlements, and funding for deposit insurance is assumed to be adequate to meet the costs of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or successor laws.

(2) EXCEPTIONS.—Except as provided in paragraph (3):

(A) No program with estimated current-year gross new budget authority greater than $100 million is assumed to expire in the budget year or outyears. In carrying out the preceding sentence, expiring entitlement programs and programs financed by indefinite budget authority are assumed to continue as in effect just prior to their expiration, and other expiring programs are assumed to continue with new budget authority projected as equal to budget authority in the last year for which budget authority is enacted.

(B) The percentage increase for veterans' compensation for a fiscal year is assumed to be the same as that required by law for veterans' pensions unless otherwise provided by a law enacted in that session.

(3) CUTOFF DATE.—Programs that expire on or before December 31 and that have not been reauthorized by the date of the final sequestration report are assumed to expire. If an increase in veterans compensation has not been enacted by the date of the final sequestration report, it is not assumed.

(c) UP-TO-DATE CONCEPTS.—In deriving the baseline for any budget year or outyear, current-year amounts shall be calculated using the concepts and definitions that are required for that budget year.

SEC. 14. RELATIONSHIP TO PAY-AS-YOU-GO.

Reductions in outlays resulting in legislation enacted pursuant to section 6 shall not be taken into account for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, except to the extent necessary to achieve a balance in the paygo scorecard under such section 252(d).

SEC. 15. JUDICIAL REVIEW.

(a) EXPEDITED REVIEW.—

(1) Any Member of Congress may bring an action, in the United States District Court for the District of Columbia, for declaratory judgment and injunctive relief on the ground that any order that might be issued pursuant to section 12 violates the Constitution.

(2) Any Member of Congress, or any other person adversely affected by any action taken under this Act, may bring an action, in the United States District Court for the District of Columbia, for declaratory judgment and injunctive relief concerning the constitutionality of this Act.

(3) Any Member of Congress may bring an action, in the United States District Court

for the District of Columbia, for declaratory and injunctive relief on the ground that the terms of an order issued under section 12 do not comply with the requirements of this Act.

(4) A copy of any complaint in an action brought under paragraph (1), (2), or (3) shall be promptly delivered to the Secretary of the Senate and the Clerk of the House of Representatives, and each House of Congress shall have the right to intervene in such action.

(5) Any action brought under paragraph (1), (2), or (3) shall be heard and determined by a three-judge court in accordance with section 2284 of title 28, United States Code.

Nothing in this section or in any other law shall infringe upon the right of the House of Representatives to intervene in an action brought under paragraph (1), (2), or (3) without the necessity of adopting a resolution to authorize such intervention.

(b) APPEAL TO SUPREME COURT.—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia which is issued pursuant to an action brought under paragraph (1), (2), or (3) of subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under paragraph (1), (2), or (3) of subsection (a) shall be issued by a single Justice of the Supreme Court.

(c) EXPEDITED CONSIDERATION.—It shall be the duty of the District Court for the District of Columbia and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under subsection (a).

(d) NONCOMPLIANCE WITH SEQUESTRATION PROCEDURES.—

(1) If it is finally determined by a court of competent jurisdiction that an order issued by the President under section 12 for any fiscal year does not fully implement without change all sequestrations required by the OMB report, the President shall, within 20 days after such determination is made, revise the order in accordance with such determination.

(2) If the order issued by the President under section 12 for any fiscal year does not fully implement without change all sequestrations required by the OMB report which is the basis for the order on the claim or defense that the constitutional powers of the President prevent such sequestration or reduction or permit the avoidance of such sequestration or reduction, and such claim or defense is finally determined by the Supreme Court of the United States to be valid, then the entire order issued pursuant to section 12 for such fiscal year shall be null and void.

(e) TIMING OF RELIEF.—No order of any court granting declaratory or injunctive relief from the order of the President issued under section 12, including relief permitting or requiring the expenditure of funds sequestered by such order, shall take effect during the pendency of the action before such court, during the time appeal may be taken, or, if appeal is taken, during the period before the court to which such appeal is taken has entered its final order disposing of such action.

(f) PRESERVATION OF OTHER RIGHTS.—The rights created by this section are in addition to the rights of any person under law, subject to subsection (e).

(g) ECONOMIC DATA, ASSUMPTIONS, AND METHODOLOGIES.—The economic data and economic and technical assumptions and estimation of methodologies used by OMB or CBO in preparing any report issued under section 12 shall not be subject to review in any judicial or administrative proceeding.

SEC. 16. APPLICATION.

The application of provisions, procedures, and points of order under House Resolution 235, One Hundred Third Congress, agreed to August 5, 1993, shall not be effective for fiscal year 1995 or any later fiscal year.

SEC. 17. EFFECTIVE DATE.

Except as otherwise specified, this Act and the amendments made by it shall take effect on the date of its enactment and shall apply to fiscal years 1995 and subsequent fiscal years.

The CHAIRMAN. Pursuant to the rule, the gentleman from Texas [Mr. STENHOLM] will be recognized for 20 minutes, and a Member opposed will be recognized for 20 minutes.

Mr. DERRICK. Mr. Chairman, I rise in opposition to the Stenholm amendment.

The CHAIRMAN. The gentleman from South Carolina [Mr. DERRICK] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. I thank the Chair.

Mr. Chairman, in order to accommodate my colleague, the gentleman from Colorado [Mr. SCHAEFER], I yield 2 minutes to the gentleman.

Mr. SCHAEFER. I thank the gentleman for yielding this time to me.

Mr. Chairman, this is a refreshing debate. We are doing something today that we should do every year: vote on proposals to control entitlement spending. Fortunately we have before us the Stenholm substitute, which provides the caps, the hammers, and the procedures needed to control the rapid and dangerous growth of entitlement spending.

And make no mistake, entitlement spending is skyrocketing, taking the budget deficit with it. Since 1978, spending on entitlements has increased 286 percent.

If growth continues on its current path, by 2030 entitlements will consume literally all Federal revenues. At that point a solution will become excruciating: We will either have to raise taxes to unimaginably high levels, or enact spending cuts that are truly draconian.

Now we can either ignore the problem, and hope that future generations have the wisdom and political courage that escapes us, or we can vote for a proposal that will help solve the problem.

The Stenholm substitute will put into place hard caps, tied to inflation, that are needed to arrest the growth of entitlement spending.

Only the Stenholm substitute contains a mechanism to force Congress to prioritize how it spends our limited resources on entitlements. The Congressional Budget Office estimates that if we comply with those caps, we will save the taxpayers $83.4 billion over the next 4 years.

Now, Congress can raise those caps, but that would require a separate vote, letting every taxpayer in America know if their Representative is serious about controlling spending.

Furthermore, the Stenholm substitute includes all entitlement programs. Now, I know that we are all committed to protecting the retirement incomes of Social Security recipients, but we cannot seriously address entitlement spending if we put the largest entitlement program off the table.

And we cannot protect Social Security recipients from the budget deficit and the rising interest payments on the debt, unless we start controlling entitlement spending—now.

Quite simply we have a choice: Keep the status quo by ignoring the problem, or make the first of the many tough choices needed to control entitlement spending. I encourage my colleagues, on both sides of the aisle, to make that first tough choice: Vote for the Stenholm substitute.

Mr. STENHOLM. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise today to offer a substitute amendment to H.R. 4604, the Budget Control Act of 1994. I am pleased to be joined today by my colleagues, Mr. PENNY, Mr. ORTON, and Mr. LAROCCO. I appreciate the statement of my colleague, the gentleman from Colorado [Mr. SCHAEFER].

The substance of our amendment was laid out in the bill we introduced last month, H.R. 4593, referred to as the Entitlement Control Act of 1994, establishing a formula for setting limits on the aggregate level of direct spending in each fiscal year. We believe that this amendment draws out the best provisions from the budget enforcement legislation developed last Congress by then-Chairman Leon Panetta, amendments offered by Senators NUNN and DOMENICI and the entitlement review procedure passed by the House last year and incorporated in an Executive order.

Our amendment requires the OMB Director to issue a report within 30 days of enactment, setting forth direct spending targets for fiscal years 1995 through 2000 using a calculation provided by the legislation.

□ 1500

The target for 1995 will equal projected baseline outlays for direct spending in that year, and the target for subsequent years must equal the 1995 target, and listen carefully, plus adjustments for, first, changes in the Consumer Price Index; second, demographic changes; and, third, an additional growth cushion of 1 percent in 1996, 1997, and 1998. If OMB determines that baseline direct spending for the

upcoming year will exceed that target, the President's budget must propose legislative changes to offset the excess through reductions in direct spending programs, an increase in the target, or some combination of the two. Special procedures for congressional action are then laid out whereby Congress would set limits on direct spending for each functional category of the budget, restricted by the requirement that the sum of the function targets does not exceed the aggregate target. Congress would then have the entire year in which to make the policy decisions necessary to meet those targets.

Our amendment provides two alternative sequestration procedures intended to assure that direct spending does not exceed the targets if legislation to cut spending, or increase the targets, is not enacted. A targeted sequestration would apply if legislation establishing direct spending targets for each budget function has been enacted. For any function with projected spending in excess of the function target, the targeted sequestration would reduce spending in that function by the uniform percentage required to meet the target.

If function targets are not enacted, a comprehensive sequestration would apply. In that case, direct spending programs would be cut by the percentage required to meet the aggregate target.

CBO has estimated that the entitlement caps which are laid out by this amendment would require cuts of $83.4 billion through 1999.

One of the uncertainties in setting an entitlement cap that has been noted by its critics is the uncertainty of the increases in entitlement spending that would result from passage of health care reform. This problem would be resolved by allowing the entitlement caps to be adjusted to reflect any increased entitlement spending resulting from the reform package. This adjustment would only apply to health care reform legislation which is deficit neutral over 1995–99. The spending caps also would be adjusted for legislation increasing mandatory spending that was enacted under the existing pay-as-you-go requirements.

No programs would be exempt from the general entitlement sequester. By eliminating all exemptions to sequestration, this mechanism would give everyone a vested interest in reaching an agreement on budget priorities in order to avoid sequestration. It would also do a great deal to maintain a sense of fairness among Social Security beneficiaries, military retirees, civil service retirees, and all others receiving entitlement benefits.

It is true that the deficit is projected to take a slight downturn over the next few years, and I am pleased that such is the case. I remain convinced, however, that sustained deficits of $200 billion-plus per year present a great economic hazard to our Nation's future.

We will face many tough choices. This is one of them. I am hopeful that the Kerry-Danforth commission will produce constructive suggestions on steps that can be taken to deal with the growth of entitlement spending. That notwithstanding, I believe the hammer of an enforcable entitlement cap is necessary to provide Congress and the President with the necessary incentive to make the tough choices we all know we must make.

H.R. 4593, ENTITLEMENT CONTROL ACT OF 1994—SECTION-BY-SECTION SUMMARY

Section 1—Short title, table of contents.

Section 2—Purposes.

Section 3—Definitions.—Defines budget year, direct spending and other technical definitions.

Section 4—Establishment of direct spending caps.—Thirty days after the enactment of this legislation, the Director of OMB would issue an initial direct spending report setting forth projected mandatory spending for fiscal year 1995. All mandatory spending except deposit insurance and interest payments would be included in the targets. The Director of OMB shall establish caps for fiscal years 1995 through 2000 based on the projected mandatory spending for 1995 and allowing for growth each year to reflect:

a. Changes in the consumer price index;

b. Changes in the number of beneficiaries;

c. An additional growth allowance of 1 percent in 1996, 1 percent in 1997, 1 percent in 1998 and 0 percent in 1999.

The caps would be adjusted to reflect increased direct spending resulting from health care reform legislation enacted by the end of 1994 which is deficit neutral over 1995–1999.

Each year, the President's budget shall adjust the caps to reflect:

a. Actual inflation;

b. Actual beneficiary changes;

c. Direct spending legislation enacted under the PAYGO requirements, i.e. paid for by increased taxes or declared as emergency spending.

d. Legislation reducing direct spending to offset the deficit impact of a tax cut under PAYGO requirements.

Section 5—Special direct spending message by the President.—If OMB projects that mandatory spending will exceed the cap for that year, the President's budget must include a proposal to offset any projected excess of the caps for each fiscal year. The President would be allowed to propose to increase the levels of the caps to allow for all or part of the excess if he provided a written explanation justifying an increase in the caps.

Section 6—Congressional response required.—If OMB projects that entitlement spending will exceed the caps, Congress must pass a budget resolution that includes reconciliation instructions to offset the excess of the caps for each fiscal year or to increase the caps.

A budget resolution (including conference report) that does not deal with the spending above the caps would not be in order in the House.

If the House does not pass a budget resolution conference report that deals with the spending above the caps, it would not be in order to consider any appropriation bill in the House, unless a resolution devoted solely to the subject of waiving this requirement is passed on a recorded vote.

If the Budget Committee does not report legislation dealing with the excess, an expedited procedure would be established to bring legislation incorporating the President's recommendations for dealing with the excess directly to the House floor.

Section 7—Spin-off law.—Upon passage of the budget resolution conference report, the Chairman of the Budget Committee would introduce spin-off legislation allocating spending under the overall entitlement cap for that fiscal year among the budget functions and establishing individual caps for each budget function based on the levels set forth in the budget resolution.

Spin-off legislation introduced by the Budget Committee Chairman would be considered by the House and the Senate under expedited procedures similar to the procedures for consideration of a budget resolution.

If spin-off legislation is passed by the House and Senate, it would be sent to the President for signature. If the President signs the spin-off legislation, the individual caps would become binding in law.

Section 8—Targeted sequestration.—If legislation setting individual caps for each budget function for that year had been enacted, there would be a separate sequester for any function that exceeded its cap.

Section 9—Comprehensive sequestration.—If legislation establishing individual caps has not been enacted, there would be a comprehensive sequester with across-the-board cuts in all entitlement programs to eliminate any breech of the aggregate cap that had not been eliminated.

Section 10—Exempt programs and activities.—Provides a limited number of technical, non-policy exemptions from sequestration. Effectively eliminates all policy exemptions from sequestration under current PAYGO sequestration. (Taken from Panetta Balanced Budget Enforcement Act, H.R. 5676 in 102nd Congress)

Section 11—Sepcial sequestration rules.—Provides for the procedure for executing an across-the-board sequestration in all programs, with special guidelines for applying sequestration to unusual programs. These rules would be applied to both general and targeted sequesters. Provides that all sequestrations are permanent. (Taken from Panetta Balanced Budget Enforcement Act)

Section 12—Estimating assumptions, reports and orders.—CBO shall issue an estimate of the cap for the upcoming fiscal year and a sequestration preview report as part of the January Budget and Economic Outlook. The President's Budget shall include the adjusted caps as calculated by OMB and a sequestration preview report. The OMB report would be the official report for the purposes of ordering sequestration. OMB would be required to explain any difference between OMB and CBO estimates.

Ten days after the end of a session, CBO and OMB would be required to submit a final sequestration report. The OMB report would be the official report. OMB would be required to explain differences between the OMB and CBO reports.

On the day that OMB issues its final sequestration report, the President would be required to issue an order implementing the sequestration report without change.

Section 13—Current policy baseline.—Provides rules for determining current policy baseline for sequestration reports. (Taken from Panetta Balanced Budget Enforcement Act)

Section 14—Relationship to pay-as-you-go.—Provides that reductions in entitlements spending made to comply with the

caps would not be entered on the PAYGO scorecard.

Section 15—Judicial review.—Provides for judicial review identical to the procedure established for Gramm-Rudman.

Section 16—Application.—Provides that the House rules changes enacted as part of the entitlement review process would not apply for 1995 and beyond.

Section 17—Effective dates.—Provides that the title will be effective for fiscal years 1995 and beyond.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 20, 1994.

Hon. CHARLES W. STENHOLM,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN: At your request, the Congressional Budget Office has reviewed H.R. 4593, the Entitlement Control Act of 1994, introduced by you on June 16, 1994. That bill establishes a formula for setting limits on the aggregate level of direct spending (excluding net interest and deposit insurance) in each fiscal year, and provides a sequestration process to reduce spending to that level if legislation achieving the required reductions is not enacted.

H.R. 4593 requires the Director of the Office of Management and Budget (OMB) to issue a report within 30 days of enactment setting forth direct spending targets for fiscal years 1995 through 2000, calculated as provided in the bill. The target for 1995 is to equal projected baseline outlays for direct spending (excluding net interest and deposit insurance) in that year. The target for subsequent years must equal the 1995 target plus adjustments for (1) changes in the Consumer Price Index, (2) changes in the number of beneficiaries in programs affected by beneficiary levels, and (3) an additional growth allowance of 1 percent in 1996, 1997, and 1998. The targets are adjusted each year when the President's budget is submitted to reflect changes in inflation projections and estimates of beneficiaries. They are also adjusted to reflect newly enacted direct spending that is designated as an emergency or is offset by an increase or decrease in revenues under the pay-as-you-go procedures of the Balanced Budget and Emergency Deficit Control Act of 1985.

H.R. 4593 provides that, if OMB determines that baseline direct spending for the upcoming fiscal year will exceed the adjusted target, the President's budget must propose legislative changes to offset the excess through some combination of reductions in direct spending programs or an increase in the target. It also provides special procedures for Congressional consideration of such proposals and of legislation that would set limits on direct spending for each functional category of the budget, where the sum of the function targets is not greater than the aggregate target.

H.R. 4593 provides two alternative sequestration procedures intended to assure that direct spending does not exceed the targets if legislation to cut spending or increase the targets is not enacted. A "targeted sequestration" would apply if legislation establishing direct spending targets for each budget function has been enacted. For any function with projected direct spending in excess of the function target, the targeted sequestration would reduce each nonexempt direct spending program within that function by the uniform percentage required to reduce direct spending for the function to the target.

If function targets are not enacted, a "compreshensive sequestration" would apply. In that case, all nonexempt direct spending programs would be cut by the uniform percentage required to reduce total direct spending to the aggregate target. In either case, spending is not supposed to exceed the aggregate direct spending target.

CBO has calculated what the aggregate target would be for each year, 1995 through 1999, based on CBO's current baseline assumptions. In calculating the targets, CBO has assumed that the bill allows the implicit target for offsetting receipts (which represent negative outlays) to decline at the rate of inflation and the additional growth allowance, thereby increasing the aggregate target. The language currently included in H.R. 4593 could be interpreted instead to increase that target for offsetting receipts (thus lowering the aggregate target and requiring additional reductions from the baseline), but because the provision is ambiguous, we have assumed an interpretation consistent with your stated intent. No comparison is made for 2000 because CBO does not currently have a complete programmatic baseline for years after 1999 and, therefore, does not have assumptions about beneficiary levels that are needed to calculate a target for 2000. The table below compares the targets for 1995 through 1999 with CBO's baseline projections of direct spending, excluding net interest and deposit insurance expenditures.

[By fiscal year, in billions of dollars]

	1995	1996	1997	1998	1999
Target	770.2	820.5	872.5	925.1	971.8
Baseline	770.2	824.2	886.4	946.7	1,015.9
Target minus baseline	0	−3.7	−14.0	−21.6	−44.1

Enactment of H.R. 4593 would not directly affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

If you wish further detail on this estimate, we will be pleased to provide them. The CBO staff contact is Jim Horney, who can be reached at 226-2880.

Sincerely,

JAMES L. BLUM,
(For Robert D. Reischauer,
Director).

Mr. DERRICK. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the committee ought to reject the Stenholm amendment for several reasons. First, the amendment proposes much more than the mere establishment of an entitlement-review procedure. In my opinion the Stenholm amendment proposes a train wreck. I do not know about your district, Mr. Chairman, but in my district a train wreck is definitely something we try to avoid, not cause.

The Stenholm amendment proposes to cap spending on virtually every entitlement except net interest and deposit insurance, for each fiscal year from now through the year 2000. The amendment would include Social Security under the caps along with Medicare, Medicaid, unemployment insurance, food stamps, veterans' benefits, Federal civilian and military retirement, supplemental security income, and farm subsidies, among others.

The caps would be established at levels based on 1995 spending, and would be adjusted upward each year for inflation, and up or down for beneficiary growth with an extra adjustment of 1 percent in 1996, 1997, and 1998 only. This formula for adjusting the caps virtually guarantees that entitlement spending will sooner or later exceed the caps, and I bet it would be sooner, rather than later. The proponent himself estimates that Congress would have to cut entitlement benefits by over $100 billion over the next 5 years to keep spending within the cap.

When the day arrives when entitlement spending exceeds the cap, the President will have to recommend Congress either cut benefits or raise the caps. If Congress did not pass legislation cutting benefits or raising the caps, automatic cuts would occur, permanently reducing the various entitlement benefits by whatever amounts were needed to eliminate the excess spending.

Mr. Chairman, we don't need the threat of a train wreck to prod a future Congress to deal with the root causes of the entitlement problem. Under the leadership of this President, this very Congress is working to solve the real problem driving Federal deficits, which is spending on the Federal health-care entitlements.

According to the Congressional Budget Office, over the next 10 years total spending for entitlements other than Medicare and Medicaid will not increase the projected deficit. We need to get health-care reform enacted this year, and if we can do that, much of our problem will have been solved. If we fail to enact health-care reform this year, the Stenholm amendment could actually make it harder to pass in the future.

Second, the Stenholm amendment would hamstring the reconciliation process in this context by restricting committees' prerogatives and policy choices for reducing spending. The amendment would require committees to reduce program totals within budget functions, rather than merely requiring them to achieve a total amount of budgetary savings as now required. It is difficult enough for committees to fashion reduction proposals that can pass Congress and be signed into law. To limit committees' range of options further in this or any other regard makes little sense.

Third, Mr. Chairman, by reviving a Gramm-Rudman-style threat of a train wreck, the Stenholm amendment would also likely revive the use of rosy economic assumptions, receipts speedups, outlay postponements, and all the other gimmicks developed and honed to perfection during the late 1980's. These kinds of gimmicks don't save any money, and they surely do not foster public respect for the integrity of the budget process.

Finally, a General Accounting Office report released this week questions the utility of entitlement caps enforced by sequestration as a device to reduce entitlement spending. According to the GAO, the characteristics that have made mandatory programs difficult to control would make sequestration difficult to administer. Moreover, because of how the various entitlement programs, work, one sequester would likely cause other sequesters, year after year since sequestration would not affect the underlying statutory eligibility criteria. GAO noted that these problems could be overcome by instead creating a mechanism to compare entitlement spending to targets and require a response if the targets are exceeded—in other words, the committee bill.

Mr. Chairman, if Members believe they want to cut entitlements in 1996 or 1997, then let's bring a bill to the floor to cut entitlements in 1996 or 1997. Let us not pass the buck to the 104th or 105th Congress to do it, and let us not create a cumbersome, inscrutable process deliberately and cleverly designed to try to force the 104th or 105th Congress to do it. We have been down that road with Gramm-Rudman, and it just does not work.

The committee bill will establish a procedure to monitor entitlement spending, and if it exceeds expectations then the President and Congress at that time can deal with it in whatever manner they see fit. Let's not try to confound them by defining their problems and limiting their solutions. All we will do by adopting the Stenholm amendment is frighten our Social Security beneficiaries, Federal military and civilian retirees, poor and hungry children, the unemployed, farmers, veterans, the poor elderly, and others, even including State and local governments, and for no good reason.

Mr. Chairman, I reserve the balance of my time.

□ 1510

Mr. STENHOLM. Mr. Chairman, I am happy to yield 2 minutes to the gentlewoman from Pennsylvania [Ms. MARGOLIES-MEZVINSKY], one of the original and hardest working entitlement reformers in this Congress.

Ms. MARGOLIES-MEZVINSKY. Mr. Chairman, when we held our conference on the future of entitlements in Montgomery County last December, we began a dialog committed to taking an honest and serious look at our entitlement programs. We began this dialogue in the name of our children's future and to protect senior citizens.

This debate will secure the vitality of these programs, which have saved millions of Americans from poverty and helped to preserve their dignity. These very programs define our great Nation, a Nation that cares about its elderly and cares about those who have been left behind.

There were many in December who did not want us to begin this conversation, those who see danger when we move our Nation from what is politically popular to what is fiscally responsible and fundamentally right. Every day in the news, as new facts and reports reveal to us the reality of the situation, we realize we cannot wait and we must act now.

This is one major step in a long journey toward that goal. I ask my colleagues to support the Stenholm-Penny substitute. This plan achieves real deficit reduction in a reasonable and responsible fashion.

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. STUPAK].

Mr. STUPAK. Mr. Chairman, I rise in opposition to the Stenholm substitute to H.R. 4604. One of the main reasons is the Stenholm substitute will actually use sequestration if its targets are not met to enforce its entitlement caps.

When you use sequestration, which is really across-the-board cuts, that includes every program. There would be no entitlement program that would remain untouched, including Social Security, where in my district of northern Michigan, we have 130,000 beneficiaries under Social Security. For many of those people, 90 percent of their retirement income comes from Social Security, and further cuts or caps would be devastating for these individuals.

Further, I believe the Stenholm amendment or substitute would also limit our options. If I read the Stenholm amendment correctly, it appears that it would prohibit Congress from exercising its constitutional authority necessary to raise revenue or to actually get into discretionary spending cuts to offset any part of any excess entitlement spending.

Therefore, I believe that the Stenholm substitute would be not a responsible way to address entitlement caps. Later this afternoon we are going to have an opportunity to talk about H.R. 4604, but with the Spratt-Stupak substitute, which brings in some caps, but gives us the Congress the legislative authority and discretion to look at raising revenue, raising entitlement caps, or to cut spending in discretionary programs.

Mr. Chairman, I think if we look at the basis of some of the Stenholm substitute, enforcement relies entirely on projections of spending during a 5-year cycle. We all know what has happened when we have used projections before in spending cycles. Remember the Gramm-Rudman-Hollings. We used and projected into the future, which led to very rosy scenarios. When it came right down to it, they were not fulfilled and it left us with a greater budget deficit than what we had before.

Since our hands are more or less tied under Stenholm because it is based upon projections, some $150 billion over the next 5 years, I believe that true cutting of discretionary spending would not be achieved under Stenholm. Therefore, I urge my colleagues to vote no on the Stenholm substitute.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. MCMILLAN].

Mr. MCMILLAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I am amazed that we got 194 votes for the Kasich, McMillan, and Kolbe bill, but I said at the outset that I was also going to support the Stenholm amendment, because I think there are a lot of things in common here that really get at the heart of the problem that we are facing.

I actually introduced a bill very similar to this a year ago. It is probably a little stronger than either of the ones introduced or discussed here today, because it is a little stronger on caps, but it has the same enforcement mechanism.

I think that is the key, getting an early budget resolution, with the President in accord. But the important thing is that once we have adopted a budget resolution, we force reconciliation to the authorizing committees. And that is where the whole system is breaking down on mandatory or entitlement programs. We are passing legislation in the authorizing committees that provide for spending under the label "such sums as necessary."

That is an open-ended ticket to spend more money, and that is where we have got to get discipline into this process.

There are two things that Stenholm has been criticized for that I would like to address very briefly. One is that it does not exclude Social Security. I think the fact that it has within it a cap that includes COLA's plus 1 percent in effect renders that question moot. So those who are afraid of this because of Social Security should not be particularly concerned about that.

The other is this, and that is on the question of taxes. There is no way that we can exclude taxes from anything in this Congress. As soon as the gavel orders us into session, this place has the power to tax. I am against taxes, and I think the gentleman from Texas [Mr. STENHOLM] is against taxes. What we are trying to do here is to get control of spending so in fact we will not have to raise taxes. We need to get our priorities straight, and I think this is one among several things that is very constructive in that respect.

So I would urge my colleagues on both sides to again show support for this concept and support the Stenholm amendment.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. LAROCCO], an original cosponsor of the Stenholm-Penny-Orton-Deal-LaRocco amendment.

Mr. LAROCCO. Mr. Chairman, I thank the gentleman for yielding and for his leadership on this key issue.

Mr. Chairman, what are we doing here? We are trying to keep the deficit reduction budget process bandwagon rolling. This is another critical piece of the ongoing effort to reduce the deficit.

The folks back home in Idaho tell me that controlling the Federal spending and cutting the deficit is critical for the future economic health of our Nation, and I agree with my constituents.

Entitlements are the fastest growing portion of the Federal budget. We cannot address this problem without making some tough choices. In the past, Congress has avoided these tough choices by simply passing them on to future generations. In the 1980's, deficits exploded, the debt tripled, and we were promising everything to everyone. For the future of our children, this has to stop.

What is this substitute all about? It is an honest, straightforward proposal to get control of what we all recognize as the fastest growing portion of the Federal budget, entitlements. It takes entitlement spending off automatic pilot. It will force Congress to set its own entitlement spending priorities and make the tough choices.

The budget caps on the discretionary side of the budget have worked. If you do not think they have and that they are not real, then ask a member of the Committee on Appropriations. They will tell you.

When I tell people back in Idaho that we have frozen the discretionary part of the budget, they say that is good work, Congress, but you have got to do more. You have got to keep going. You have got to get the real problem, and that is entitlements.

This substitute amendment that we are debating right now and that I think we should pass adopts this very same approach as the discretionary side. It sets numerical caps.

Uncontrolled growth in entitlements spending represents the single largest threat to our economic health and the fiscal future of this Nation. It will be our children and grandchildren who will curse us if we do not address this problem.

If you support strong enforceable limits on spending, then I think there is only one choice. Do you think we should have a balanced budget? Do you want to cut spending? Do you want to cut the deficit? Do you want the Federal Government to meet its obligations in the present and in the future? If you do, vote for the Stenholm-Orton-Penny-Deal-LaRocco amendment.

Mr. Chairman, for the record I offer the following letter from the gentleman from Texas [Mr. STENHOLM].

U.S. CONGRESS,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 21, 1994.

STENHOLM AMENDMENT PROVIDES ENFORCEABLE SPENDING RESTRAINT

DEAR COLLEAGUE: The General Accounting Office released a study yesterday that was portrayed as critical of my entitlement cap amendment. After reviewing the report, I found that all of the criticisms did not apply to my amendment or missed the point about the reason for enacting an entitlement cap. The report makes four criticisms, none of which apply to my amendment:

1. It would be difficult to implement a sequester. While any effort to sequester entitlement programs is difficult, my amendment improves upon the existing PAYGO sequester for entitlement spending by drawing from the sequestration mechanism developed by former Budget Committee Chairman Leon Panetta. This sequestration formula broadens the base of sequestration by eliminating all of the exemptions in the PAYGO sequester and establishes specific guidelines for implementing a sequester.

2. It will be difficult to estimate the size of the breach. GAO notes that changing projections could make it difficult to know how much entitlement spending has to be reduced under some entitlement cap proposals. My amendment addresses that concern by providing that any sequestration will be based on the same assumptions used in the President's budget. In other words, the amount of a breach will be identified in the President's budget, and the rules of the game will not change again that year.

3. Sequestration may not reduce the base from which entitlement programs grow. GAO criticized entitlement cap proposals which provided for one-year sequesters for leaving an even greater problem in the subsequent year when entitlement spending bounces back to the higher, pre-sequester level. My amendment addresses that concern by providing that all sequesters are permanent.

4. An entitlement cap is not a substitute for making reforms to address the underlying reasons for growth in entitlement programs. I completely agree with this point, but do not believe that it is a reason not to establish an entitlement cap. A cap will provide a hammer to force us to address the underlying causes of growth. As GAO stressed, a sequester would be painful and unpleasant for all entitlement programs. Congress, Presidents and affected groups would all have a powerful incentive to work together to make the policy changes necessary to reduce the underlying growth in entitlement programs in order to avoid the threat of sequestration.

An entitlement cap is an admittedly crude device to control entitlement spending. Unfortunately, nothing else will force Congress to confront the growth of these programs. Vote for the Stenholm amendment to limit the growth of entitlement spending.

Sincerely,

CHARLES W. STENHOLM.

The CHAIRMAN. The Chair would advise Members that the gentleman from Texas [Mr. STENHOLM] has 8½ minutes remaining, and the gentleman from South Carolina [Mr. DERRICK] has 11½ minutes remaining.

□ 1520

Mr. DERRICK. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, the previous speaker, my good friend from Idaho, just said that if we want protection against uncontrolled entitlement spending, vote for Stenholm. And it will take us in that direction, but so will the base bill.

The proof of the pudding is simply to look in the report that was issued with this bill and look at the mandatory target report that was filed by the President this year. Members will see that entitlement spending is not uncontrolled at this point in time. Fortunately, it is coming down. It is $25 billion below the baseline for 1994 and predicted to be $24.9 billion below the baseline for 1995.

What we will do with the base bill, if it becomes law, is require a reformulation of the baseline to take into account current economic conditions and the current fiscal situation for entitlement spending per the latest projection. So we will reformulate it and we will codify a baseline that is potentially $70 billion below where we set out, because that is what we are tracking right now, a lower path of spending on entitlement programs with mandatory direct spending programs as a result of restraints that we are putting into law and improvements in the economy.

The base bill will do this. It will give us further controls and it will work. The Stenholm bill would take us even further. It would require us to notch down another, he says, $83.4 billion; according to the Congressional Budget Office, another $83 billion in entitlement spending reduction over the next 5 years. So our bill will take it down also; his bill will take us down even further.

The gentleman from Texas [Mr. STENHOLM] says we can go further, $83.4 billion lower in total entitlement spending and still have room to accommodate health care reform, still have room to make cuts in Medicare and cuts in Medicaid, because almost all of the reform proposals on both sides of the aisle from all of the committees involved to some extent self-financing, self-funding, internal funding through savings to be generated from Medicare, Medicaid, CHAMPUS, and the Federal health care entitlements. But it will be much, much more difficult if we are trying to squeeze $83 billion out in order to stay under this new cap, to squeeze even more out in order to siphon funds from these programs into the health care reform programs.

The gentleman from Texas [Mr. STENHOLM] also proposes or resurrects an idea that at one time seemed to be the salvation of the budget situation. That is the idea of sequestration.

As I said earlier, it is a notable idea, but it has proved so far to be illusory. It has only worked once on March 1, 1986. And whether it will work again is questionable indeed.

Basically, I think when we telescope the inevitable and ask what is going to happen if Stenholm passes or if Spratt-Stupak passes, we will probably have about the same thing. We are going to have to come to the floor and be accountable for entitlement spending.

If we have an overage, in both cases, if we have an overage, we will have to come here early in the budget process and deal with entitlements up front and we will have to be recorded and accountable for whatever we decide to do. If we wish to punt and avoid the problem, there will be a recorded vote to that effect. If we wish to deal with the problem, there will be a recorded vote to that effect.

Whether we have sequestration or have simply accountability in the budget process, the net result will be the same. We are not going to have across-the-board cuts. We will have some alternative to it, and the net result will be the same.

One other problem that I have with the Stenholm proposal is that it precludes the use of taxes, offsetting receipts, user fees, and other things. As I pointed out earlier in the debate, if we were to issue reconciliation instructions with respect to Medicare to the Ways and Means Committee, they could not go to part B and raise the premium as partial performance on the reconciliation requirements. They could not go to tax expenditures.

The gentleman from Texas [Mr. STENHOLM] supported a line-item veto which included tax expenditures but they would be precluded from using tax expenditures confined solely to spending cuts.

For all these reasons, I think what we have before us is workable and flexible and is a better proposal than this particular proposal.

Mr. STENHOLM. Mr. Chairman, I yield 4 minutes to the gentleman from Utah [Mr. ORTON], another original cosponsor of the Stenholm-Penny-Orton-Deal-LaRocco amendment.

Mr. ORTON. Mr. Chairman, I thank all of my colleagues.

I would like to express my respect and thanks to the gentleman from South Carolina [Mr. SPRATT], who has worked long and hard on these issues; the gentleman from Texas [Mr. STENHOLM] and the gentleman from Ohio [Mr. KASICH], all of whom share the goal which I share, and that is to reduce deficit spending.

The way to do that is by placing a cap on entitlement spending.

These debates on this amendment versus that amendment really have to do with how we set that cap and how we enforce that cap. I hope that we can adopt the strongest mechanism that will help us set the strongest cap and the strongest enforcement mechanism so we have the greatest chance of achieving that goal.

In doing so, I would like to explain to my colleagues on both sides of the aisle, particularly those who just supported the Kasich amendment, why I believe they should be supporting this amendment as well as other Members of the House.

As we compare the Stenholm and Kasich amendments, the Kasich amendment would have set caps on entitlement by the committees year by year. Those caps could go up or down. There is no guaranteed savings, no guarantee that we actually would get to savings.

Under the Stenholm approach, however, caps are set by a formula. That formula takes the CPI plus growth in the number of beneficiaries, plus a 1-percent growth rate. We know that over the next 5 years we are going to save over $100 billion in entitlement spending under this formula. So that is a stronger approach.

Under Kasich, the caps are program by program. But under Stenholm also they would be program by program. They could be under section 7, the spinoff legislation, which deals with these things function by function. So we still get the strength of the Kasich but, in addition, we would have a forced vote by this body, if there is a desire, rather than cutting spending, increasing the cap, we would have to vote in this body to increase the cap.

Next when we get to sequestration, Kasich again would go function by function, which I think is a good idea. But under the Stenholm proposal, we also would have function-by-function reduction through reconciliation. If in fact we choose not to reconcile but to increase the caps, we have to have a vote on increasing the caps. If we cannot reconcile, if we cannot increase the caps, then and only then comes this last ditch attempt to really bring down spending. And that is the sequestration, which is the only safeguard in any of these, which I believe finally comes in if we fail to act.

Finally, in closing, there are a couple of points that I think in the Kasich proposal made it weak, the removal of revenue as an option to consider. Unfortunately, in the Stenholm proposal revenue is also removed, and that is an area that I personally would change. In the Kasich approach, it exempts Social Security, and this does not exempt anything.

Just in closing, I think we cannot ignore any portion of the budget. We are spending Federal dollars. We have to budget those dollars and budget the revenue.

In the Spratt approach I think there are a couple of strengths in that he has a real look-back provision that considers actual receipts of the previous year. That ought to be adopted. And also I think, however, there are weaknesses in that there is no sequestration, there is no specific formula for the caps, and it also exempts portions of the budget. I think once we start exempting those portions of the budget, then we will see, well, let us exempt veterans, how can we possibly not exempt Federal retirement? If we are exempting those, how can we not exempt Medicare, Medicaid. Well, if we exempt Social Security, Medicare, Medicaid, Federal retirement, veterans benefits, what else is there? We can eliminate all the rest of entitlements and we are not going to balance the budget.

So I would just urge my colleagues to adopt the strongest mechanism we have before us, the Stenholm amendment.

□ 1530

Mr. STENHOLM. Mr. Chairman, I would ask how much time I have remaining.

Mr. CHAIRMAN. The gentleman from Texas [Mr. STENHOLM] has 4½ minutes remaining, and the gentleman from South Carolina [Mr. DERRICK] has 7½ minutes remaining.

Mr. STENHOLM. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this minute to respond to a couple of statements my colleagues from South Carolina have made. My colleague, the gentleman from South Carolina [Mr. SPRATT], is correct when he says that the sequestration under Gramm-Rudman has not worked. That is a very fair and accurate statement. That is why our amendment changes and improves on these procedures in three fundamental ways: We do not take anything off of the table, we include entitlements, not just discretionary spending, and we do not allow for any rosy scenarios.

The GAO has stated that our amendment, with the manner in which the first OMB reports, and then it has to be reconciled with CBO, that the chances of rosy scenario have been much reduced under our amendment.

The other thing that I would respond to to the gentleman from South Carolina [Mr. DERRICK] concerns the train wreck that my amendment would cause. I have to smile at that. Over the 5 years of our amendment we will spend $4.8 trillion. Under my amendment we will be forced to reduce that $4.8 trillion by 1.7 percent. If that is a train wreck, we have got different styles of train wrecks in Texas from South Carolina.

Mr. Chairman, I yield the remainder of my time to the gentleman from Minnesota [Mr. PENNY], another original cosponsor of the Penny-LaRocco-Orton-Stenholm amendment.

The CHAIRMAN. The gentleman from Minnesota [Mr. PENNY] is recognized for 3½ minutes.

Mr. PENNY. Mr. Chairman, a member of the first Congress, John Randolph of Virginia, once said, in observing the operations of the Congress of which he was a part, "We know our duty better than we discharge it." I do not think there is a comment that better describes our behavior here in the U.S. Congress.

Mr. Chairman, we all know that tough choices have to be made to rein in red ink, but we always find a way to dodge that bullet. We blame the appropriators, we blame the authorizers. We talk about entitlement spending, but

when we put budget enforcement up for a vote, we exempt one program and then another, pretending that popular programs do not have to be part of the solution to our deficit problem.

Mr. Chairman, we all know our duty better than we discharge it. We have some unfinished business here. On my side of the aisle there is a lot of self-congratulation going on because of the economic plan which we approved a year ago. That plan does represent $500 billion worth of deficit reduction over a 5-year period, perhaps better, based on recent assessments of the budget and based on a continuing improvement in the economy.

However, when we passed that plan we knew it was not enough. We knew it was only a first step. Now we have to take the next step. The easy stuff, frankly, is behind us.

Last year's budget represented tax increases on the wealthy. Nothing terribly tough about that. And it included significant Pentagon spending cuts. Again, take a poll of the American public, and you will not find those cuts to be particularly troublesome as a budget choice, either.

The tough stuff lies ahead, Mr. Chairman. It includes entitlement spending. Better than half of our Federal budget is tied up in one entitlement program or another: Retirement programs, health care programs, and, yes, some of these are programs for the vulnerable among us.

When we tried to take an extra step last November with the Penny-Kasich budget reductions, half of our cuts were in the entitlement area, reflecting the reality that half of the spending in the Federal budget is in the entitlement area. But that plan was defeated on a close vote, in part because many Members said, "We do not want to take these health care related entitlement cuts now. Reserve them for health care reform."

We are on the eve of a health care reform vote now, and none of the committees in the House of Representatives had delivered to the Congress a health care reform package that takes one dime out of those health care programs. As you look at these plans, there is a no means testing of Medicare, there is no copayment on health care services. None of the cuts that we were told would be part of health care reform are in these plans.

In fact, in the first several years we need to raise taxes in order to pay for these health care reform plans. In its current form, there is no deficit reduction to be found in health care reform.

If Members are concerned about that, wait until they see the welfare reform plan. That costs more than the current welfare system. So, where are we going to get the savings out of our entitlement programs if we continue to follow businesses as usual? The savings are not there. Caps are the only way to force us to make the tough choices.

Mr. Chairman, speaker after speaker in the last several weeks has proven that point, because we have talked about our cuts in discretionary programs resulting from the caps that are in place. The only plan before us today that places a cap on entitlement spending and forces us to make cuts in the entitlement area is the Stenholm plan. I urge its adoption.

Mr. DERRICK. Mr. Chairman, I have one speaker remaining, and I reserve the right to close.

The CHAIRMAN. The gentleman from South Carolina [Mr. DERRICK] has the right to close debate.

The gentleman from Texas [Mr. STENHOLM] has no time remaining.

Mr. DERRICK. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in opposition to the amendment. First let me commend the gentleman from Texas [Mr. STENHOLM] for his amendment, and also say I know he is someone who would make the specific voting cuts to get his number, because I find many Members are great in the generalities and are never there when it comes to the specifics, and I know the gentleman from Texas [Mr. STENHOLM] would do that. I do not share that optimism about all his supporters.

Mr. Chairman, let me give a few reasons why I think there are real problems with the Stenholm proposal. There are always problems when we simply want to turn Government over to a formula for a number of years in the future. There are variations in entitlement programs to not necessarily reflect the type of formula that the gentleman from Texas [Mr. STENHOLM] is using. If one looks at agriculture programs, the variation in cost is likely to be governed by the weather, not by CPI or participants or a variety of other factors, but either weather or maybe imports will impact what the cost of that program is as deficiency payments go up and down with the cost of products.

There are other programs where the costs vary from year to year based on the calendar, because if a payment comes on Saturday, in some years we will make 11 payments and in other years we will make 13, and all those kinds of variations exist as we try and take a very complex system and make it fit a formula. However, I expect those kinds of things could even be worked out.

My fundamental problem, Mr. Chairman, with this proposal which would reduce entitlements by $150 billion over 5 years, $83 billion over 4 years, is they fundamentally have to come from health care. As we look to the future of whether growth is above CPI, above case load, it is fundamentally in health care.

Mr. Chairman, we are in effect prejudging the health care debate that hopefully will occur within the next 2 or 3 years, where this Congress faces some fundamental choices: Do we take some savings from health care, and all the proposals do, whether it is those that are to be merged from the various committees in the House or Senate, or the Chafee plan or the Dole plan, or I think the plan of the gentleman from Tennessee [Mr. COOPER], and I expect some other plans, all of them take savings from the existing health care programs to provide additional access to health care, whether it is universal or a partial expansion of coverage, particularly for those of us who are supporting universal coverage.

Fundamental to that belief is the belief that if we are going to control long-term health care costs, we need a system with everyone in it; that there are mechanisms, some of those supported by my friend, the gentleman from Texas, which might reduce health care costs somewhat in the short term but in the long term would not produce the fundamental savings we need, because in the long term we need to have much more comprehensive coverage of people in this health care system or the costs keep escalating, or when we make these savings we simply transfer costs from the public to the private sector, or we simply do not reduce costs of the plan but we simply switch costs from the public to the beneficiary sector.

Mr. Chairman, we are in effect prejudging what should be a very fundamental debate on health care in the next few weeks by passing this amendment today.

□ 1540

There are technical problems, but more importantly it would again prejudge the very important debate that we are going to have on health care and how we control the most fundamental entitlement cost that is growing faster than inflation in our program.

Mr. Chairman, I urge a no vote at this point.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Texas [Mr. STENHOLM].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. STENHOLM. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 37, noes 392, not voting 10, as follows:

[Roll No. 344]

AYES—37

Andrews (NJ)	Barton	Browder
Bacchus (FL)	Bateman	Cardin

Deal
Dooley
Geren
Grandy
Hansen
Hutto
Inglis
Johnson (CT)
Johnson (GA)
Lambert
LaRocco
Lloyd
Long
Margolies-Mezvinsky
McHale
McMillan
Meehan
Minge
Montgomery
Orton
Parker
Penny
Pickle
Sangmeister
Schaefer
Shays
Skaggs
Stenholm
Torricelli
Valentine
Visclosky

NOES—392

Abercrombie
Ackerman
Allard
Andrews (ME)
Andrews (TX)
Applegate
Archer
Armey
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barca
Barcia
Barlow
Barrett (NE)
Barrett (WI)
Bartlett
Becerra
Beilenson
Bentley
Bereuter
Berman
Bevill
Bilbray
Billirakis
Bishop
Blackwell
Bliley
Blute
Boehlert
Boehner
Bonilla
Bontor
Borski
Boucher
Brewster
Brooks
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Byrne
Callahan
Calvert
Camp
Canady
Cantwell
Castle
Chapman
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cunningham
Danner
Darden
de la Garza
de Lugo (VI)
DeFazio
DeLauro
DeLay
Dellums
Derrick
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Ehlers
Emerson
Engel
English
Eshoo
Evans
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Fingerhut
Fish
Flake
Foglietta
Ford (TN)
Fowler
Frank (MA)
Franks (CT)
Franks (NJ)
Frost
Furse
Gallegly
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Grams
Green
Greenwood
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Hancock
Harman
Hastert
Hastings
Hayes
Hefley
Hefner
Herger
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoekstra
Hoke
Holden
Horn
Houghton
Hoyer
Hughes
Hunter
Hutchinson
Hyde
Inhofe
Inslee
Istook
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klein
Klink
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
LaFalce
Lancaster
Lantos
Laughlin
Lazio
Leach
Lehman
Levin
Levy
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
Lowey
Lucas
Machtley
Maloney
Mann
Manton
Manzullo
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McDermott
McHugh
McInnis
McKeon
McKinney
McNulty
Meek
Menendez
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (FL)
Mineta
Mink
Moakley
Molinari
Mollohan
Moorhead
Moran
Morella
Murphy
Murtha
Myers
Nadler
Neal (MA)
Neal (NC)
Norton (DC)
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Rangel
Ravenel
Reed
Regula
Reynolds
Richardson
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Romero-Barcelo (PR)
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Royce
Rush
Sabo
Sanders
Santorum
Sarpalius
Sawyer
Saxton
Schenk
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Sharp
Shaw
Shepherd
Shuster
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Spratt
Stark
Stearns
Stokes
Strickland
Studds
Stump
Stupak
Sundquist
Swett
Swift
Synar
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas (WY)
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Unsoeld
Upton
Velazquez
Vento
Volkmer
Vucanovich
Walker
Walsh
Waters
Watt
Waxman
Weldon
Wheat
Whitten
Williams
Wilson
Wise
Wolf
Woolsey
Wyden
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—10

Carr
Faleomavaega (AS)
Ford (MI)
Gallo
Huffington
Ros-Lehtinen
Thomas (CA)
Tucker
Underwood (GU)
Washington

□ 1559

Messrs. SMITH of Iowa, DE LA GARZA, ALLARD, McINNIS, HORN, PACKARD, SMITH of Michigan, and PAYNE of Virginia changed their vote from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 103-614.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STUPAK

Mr. STUPAK. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. STUPAK:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This Act may be cited as the "Budget Control Act of 1994".

(b) PURPOSE.—The purpose of this Act is to create a mechanism to monitor total costs of direct spending programs, and, in the event that actual or projected costs exceed targeted levels, to require the President and Congress to address adjustments in direct spending.

SEC. 2. ESTABLISHMENT OF DIRECT SPENDING TARGETS.

(a) IN GENERAL.—The initial direct spending targets for each of fiscal years 1994 through 1997 shall equal total outlays for all direct spending except net interest and deposit insurance as determined by the Director of the Office of Management and Budget (hereinafter referred to in this Act as the "Director") under subsection (b).

(b) INITIAL REPORT BY DIRECTOR.—

(1) Not later than 30 days after the date of enactment of this Act, the Director shall submit a report to Congress setting forth projected direct spending targets for each of fiscal years 1994 through 1997.

(2) The Director's projections shall be based on legislation enacted as of 5 days before the report is submitted under paragraph (1). To the extent feasible, the Director shall use the same economic and technical assumptions used in preparing the concurrent resolution on the budget for fiscal year 1994 (H. Con. Res. 64, One Hundred Third Congress).

(c) ADJUSTMENTS.—Direct spending targets shall be subsequently adjusted by the Director under section 6.

SEC. 3. ANNUAL REVIEW OF DIRECT SPENDING AND RECEIPTS BY PRESIDENT.

As part of each budget submitted under section 1105(a) of title 31, United States Code, the President shall provide an annual review of direct spending and receipts, which shall include (1) information supporting the adjustment of direct spending targets pursuant to section 6, (2) information on total outlays for programs covered by the direct spending targets, including actual outlays for the prior fiscal year and projected outlays for the current fiscal year and the 5 succeeding fiscal years, and (3) information on the major categories of Federal receipts, including a comparison between the levels of those receipts and the levels projected as of the date of enactment of this Act.

SEC. 4. SPECIAL DIRECT SPENDING MESSAGE BY PRESIDENT.

(a) TRIGGER.—In the event that the information submitted by the President under section 3 indicates —

(1) that actual outlays for direct spending in the prior fiscal year exceeded the applicable direct spending target, or

(2) that outlays for direct spending for the current or budget year are projected to exceed the applicable direct spending targets,

the President shall include in his budget a special direct spending message meeting the requirements of subsection (b).

(b) CONTENTS.—(1) The special direct spending message shall include:

(A) An explanation of any adjustments to the direct spending targets pursuant to section 6.

(B) An analysis of the variance in direct spending over the adjusted direct spending targets.

(C) The President's recommendations for addressing the direct spending overages, if any, in the prior, current, or budget year.

(2) The President's recommendations may consist of any of the following:

(A) Proposed legislative changes to reduce outlays, increase revenues, or both, in order to recoup or eliminate the overage for the prior, current, and budget years in the current year, the budget year, and the 4 outyears.

(B) Proposed legislative changes to reduce outlays, increase revenues, or both, in order

to recoup or eliminate part of the overage for the prior, current, and budget year in the current year, the budget year, and the 4 outyears, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, only some of the overage should be recouped or eliminated by outlay reductions or revenue increases, or both.

(C) A proposal to make no legislative changes to recoup or eliminate any overage, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, no legislative changes are warranted.

(3) Except as provided by paragraph (4), any proposed legislative change under paragraph (2) to reduce outlays may include reductions in direct spending or in the discretionary spending limits under section 601 of the Congressional Budget Act of 1974.

(4) The President's recommendations may not consist of any proposed legislative changes to reduce benefits under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(c) PROPOSED SPECIAL DIRECT SPENDING RESOLUTION.—

(1) PRESIDENT'S RECOMMENDATIONS TO BE SUBMITTED AS DRAFT RESOLUTION.—If the President recommends reductions consistent with subsection (b)(2)(A) or (B), the special direct spending message shall include the text of a special direct spending resolution implementing the President's recommendations through reconciliation directives instructing the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions to reduce outlays or increase revenues by specified amounts. If the President recommends no reductions pursuant to (b)(2)(C), the special direct spending message shall include the text of a special resolution concurring in the President's recommendation of no legislative action.

(2) RESOLUTION TO BE INTRODUCED IN HOUSE.—Within 10 days after the President's special direct spending message is submitted, the text required by paragraph (1) shall be introduced as a concurrent resolution in the House of Representatives by the chairman of the Committee on the Budget of the House of Representatives without substantive revision. If the chairman fails to do so, after the tenth day the resolution may be introduced by any Member of the House of Representatives. A concurrent resolution introduced under this paragraph shall be referred to the Committee on the Budget.

SEC. 5. REQUIRED RESPONSE BY CONGRESS.

(a) REQUIREMENT FOR SPECIAL DIRECT SPENDING RESOLUTION.—Whenever the President submits a special direct spending message under section 4, the Committee on the Budget of the House of Representatives shall report, not later than April 15, the concurrent resolution on the budget and include in it a separate title that meets the requirements of subsections (b) and (c).

(b) CONTENTS OF SEPARATE TITLE.—The separate title of the concurrent resolution on the budget shall contain reconciliation directives to the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions to reduce outlays or increase revenues by specified amounts (which in total equal or exceed the reductions recommended by the President, up to the amount of the overage). If this separate title recommends that no legislative changes be made to recoup or eliminate an overage, then a statement to that effect shall be set forth in that title.

(c) REQUIREMENT FOR SEPARATE VOTE TO INCREASE TARGETS.—If the separate title of a concurrent resolution on the budget proposes to recoup or eliminate less than the entire overage for the prior, current, and budget years, then the Committee on the Budget of the House of Representatives shall report a resolution directing the Committee on Government Operations to report legislation increasing the direct spending targets for each applicable year by the full amount of the overage not recouped or eliminated. It shall not be in order in the House of Representatives to consider that concurrent resolution on the budget until the House of Representatives has agreed to the resolution directing the increase in direct spending targets.

(d) CONFERENCE REPORTS MUST FULLY ADDRESS OVERAGE.—It shall not be in order in the House of Representatives to consider a conference report on a concurrent resolution on the budget unless that conference report fully addresses the entirety of any overage contained in the applicable report of the President under section 4 through reconciliation directives requiring spending reductions, revenue increases, or changes in the direct spending targets.

(e) PROCEDURE IF HOUSE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF HOUSE BUDGET COMMITTEE.—If a special direct spending resolution is required and the Committee on the Budget of the House of Representatives fails to report a resolution meeting the requirements of subsections (b) and (c) by April 15, then the committee shall be automatically discharged from further consideration of the concurrent resolution reflecting the President's recommendations introduced pursuant to section 4(c)(2) and the concurrent resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION BY HOUSE.—Ten days after the Committee on the Budget of the House of Representatives has been discharged under paragraph (1), any Member may move that the House proceed to consider the resolution. Such motion shall be highly privileged and not debatable.

(f) APPLICATION OF CONGRESSIONAL BUDGET ACT.—To the extent that they are relevant and not inconsistent with this Act, the provisions of title III of the Congressional Budget Act of 1974 shall apply in the House of Representatives and the Senate to special direct spending resolutions, resolutions increasing targets under subsection (c), and reconciliation legislation reported pursuant to directives contained in those resolutions.

(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304 or reconciliation legislation reported pursuant to directives contained in any special direct spending resolution, or any amendment thereto or conference report thereon, that contains recommendations to reduce benefits under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

SEC. 6. ADJUSTMENTS TO DIRECT SPENDING TARGETS.

(a) REQUIRED ANNUAL ADJUSTMENTS.—Prior to the submission of the President's budget for each of fiscal years 1994 through 1997, the Director shall adjust the direct spending targets in accordance with this section. Any such adjustments shall be reflected in the targets used in the President's report under section 3 and message (if any) under section 4.

(b) ADJUSTMENT FOR INCREASES IN BENEFICIARIES.—(1) The Director shall adjust the direct spending targets for increases (if any) in actual or projected numbers of beneficiaries under direct spending programs for which the number of beneficiaries is a variable in determining costs.

(2) The adjustment shall be made by—

(A) computing, for each program under paragraph (1), the percentage change between (i) the annual average number of beneficiaries under that program (including actual numbers of beneficiaries for the prior fiscal year and projections for the budget and subsequent fiscal years) to be used in the President's budget with which the adjustments will be submitted, and (ii) the annual average number of beneficiaries used in the adjustments made by the Director in the previous year (or, in the case of adjustments made in 1994, the annual average number of beneficiaries used in the Director's initial report under section 2(b));

(B) applying the percentages computed under subparagraph (A) to the projected levels of outlays for each program consistent with the direct spending targets in effect immediately prior to the adjustment; and

(C) adding the results of the calculations required by subparagraph (B) to the direct spending targets in effect immediately prior to the adjustment.

(3) No adjustment shall be made for any program for a fiscal year in which the percentage increase computed under paragraph (2)(A) is less than or equal to zero.

(c) ADJUSTMENTS FOR REVENUE LEGISLATION.—(1) The Director shall adjust the targets as follows—

(A) they shall be increased by the amount of any increase in receipts; or

(B) they shall be decreased by the amount of any decrease in receipts,

resulting from receipts legislation enacted after the date of enactment of this Act, except legislation enacted under section 5.

(d) ADJUSTMENTS TO REFLECT CONGRESSIONAL DECISIONS.—Upon enactment of a reconciliation bill pursuant to instructions under section 5, the Director shall adjust direct spending targets for the current year, the budget year, and each outyear through 1997 by—

(1) increasing the target for the current year and the budget year by the amount stated for that year in that reconciliation bill (but if a separate vote was required by section 5(c), only if that vote has occurred); and

(2) decreasing the target for the current, budget, and outyears through 1997 by the amount of reductions in direct spending enacted in that reconciliation bill.

(e) DESIGNATED EMERGENCIES.—The Director shall adjust the targets to reflect the costs of legislation that is designated as an emergency by Congress and the President under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 7. RELATIONSHIP TO BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT.

Reductions in outlays or increases in receipts resulting from legislation reported pursuant to section 5 shall not be taken into account for purposes of any budget enforcement procedures under the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 8. ESTIMATING MARGIN.

For any fiscal year for which the overage is less than one-half of 1 percent of the direct spending target for that year, the procedures set forth in sections 4 and 5 shall not apply.

SEC. 9. CONSIDERATION OF APPROPRIATION BILLS.

(a) POINT OF ORDER.—It shall not be in order in the House of Representatives to consider any general appropriation bill if the President has submitted a direct spending message under section 4 until Congress has adopted a concurrent resolution on the budget for the budget year that meets the requirements of section 5.

(b) WAIVER.—The point of order established by subsection (a) may only be waived for all general appropriation bills for that budget year through the adoption of one resolution waiving that point of order.

SEC. 10. MEANS-TESTED PROGRAMS.

In making recommendations under sections 4 and 5, the President and the Congress should seriously consider all other alternatives before proposing reductions in means-tested programs.

SEC. 11. EFFECTIVE DATE.

This Act shall apply to direct spending targets for fiscal years 1994 through 1997 and shall expire at the end of fiscal year 1997.

PARLIAMENTARY INQUIRY

Mr. SOLOMON. Mr. Chairman, for the benefit of the Members, I am trying to ascertain under the rule, this amendment that is being called up now, and as I understand it, this amendment is identical to the basic text of the bill.

The CHAIRMAN. That is the understanding of the Chair.

Mr. SOLOMON. And since the Kasich amendment was defeated and the Stenholm amendment was defeated, then there is no need to have this amendment called up and voted on since it is identical to what is already there, and it would be an act of duplication.

The CHAIRMAN. The amendment is in order under the rule, and the Chair would not offer comment on the gentleman's remarks.

Mr. SOLOMON. I hope the gentleman is not going to take up the time of the House to debate an amendment that is already there, because we would object to him withdrawing it if he attempted to.

The CHAIRMAN. The gentleman is not stating a parliamentary inquiry.

Pursuant to the rule, the gentleman from Michigan [Mr. STUPAK] will be recognized for 20 minutes, and the gentleman from Florida [Mr. GOSS] will be recognized for 20 minutes.

The Chairman recognizes the gentleman from Michigan [Mr. STUPAK].

Mr. STUPAK. Mr. Chairman, I yield myself such time as I may consume.

Mr. STUPAK. Mr. Chairman, I am pleased to join with my friend, the gentleman from South Carolina [Mr. SPRATT], to offer this Spratt-Stupak substitute. This substitute is a concept that this House previously debated and endorsed during the budget debate of 1993.

Although the vote may have been close back then, no one can deny the favorable reaction of the bond and stock markets to our tough but fiscally responsible vote.

Unfortunately the elements of the Executive order in the budget bill were knocked out in the Senate version of the budget deficit reduction package under the Byrd rule. Therefore, it is necessary that we, the House, once again bring back fiscal responsibility, fiscal control, to the budget process.

The Spratt-Stupak substitute will place budgetary growth caps on entitlement programs. Our substitute provides that growth in entitlement spending cannot exceed the target amount by one-half percent. Therefore, if the entitlement growth exceeds the target by one-half percent, then the President must make a recommendation to the Congress, and the Congress, under our substitute, has three options. We can cut spending including discretionary spending, we can raise revenue, or we can vote to increase the entitlement cap.

The Spratt-Stupak substitute will make each entitlement program subject to the entitlement cap except one program, and that program being Social Security benefits that provides old age, survivor, and disability benefits.

Under our substitute, we exempt Social Security, so let us make no mistake about it, that Social Security dependents, senior citizens, depend on their Social Security. In 1993, there were 42.2 million Social Security beneficiaries.

In my district alone in northern Michigan, there were 130,000 recipients. About 25 percent of all Social Security recipients rely on Social Security for at least 90 percent of their retirement income. For 60 percent of our older Americans, Social Security comprises at least one-half of their retirement income.

Social Security has significantly reduced the poverty rate for older Americans. Before Social Security, older Americans were the largest segment of our Nation's poor. Without Social Security, 8.4 million seniors would be pushed below the poverty line, and many more would be near the poverty line.

Social Security is different from the other entitlement programs that we seek to cap today. Social Security is not only a commitment to older Americans but a social compact at the core of our social insurance system. It is a long-term compact between every American citizen and the U.S. Government.

Every working American pays into the Social Security tax that contributes to the system. They have the right to expect that their investment will be there when they retire.

Congress must not threaten this compact with the American citizens in order to meet short-term budget requirements. Social Security is not an entitlement but, rather, it is an earned benefit; people work and pay into it with the promise that they will receive money back when they retire. We cannot, and we should not, renege on this promise. People plan their lives around Social Security and expect it to be there when they retire. They do not expect short-term budget hits or Washington budget games to tamper with Social Security. Social Security is a long-term program, and we need a long-term, phased-in solution to some of the problems that we do face in Social Security.

□ 1610

Unlike other mandatory programs, Social Security is a self-sustaining program. Presently, Social Security has over $400 billion in its reserves and is expected to grow an additional $55 billion next year.

Under our substitute, we want to keep Social Security out of the budget-driven reconciliation process, as Congress has done in the past under the Gramm-Rudman-Hollings Act of 1985, under the 1991 Omnibus Reconciliation Act and under the 1993 Omnibus Reconciliation Act.

If we do not pass this amendment, we create ambiguity about how we are going to treat Social Security in the process. This substitute will remove any ambiguity. This amendment would follow through with the Congress' commitment to keep Social Security off budget.

Mr. Chairman, let us remove Social Security benefits from the fickle budget process. Let us protect our senior citizens, with whom we have a sacred compact. Let us keep the trust of our seniors and our word to the American people that Social Security will always be there and not become a victim of a politically expedient budget debate.

Let us keep our trust in the faith of our seniors.

Mr. Chairman, I urge all of my colleagues to vote for the Spratt-Stupak amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. GOSS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, there is not much point in debating this again. We went through this in general debate.

Clearly, we are dealing with a process here that is pretty much toothless. What my colleague, Mr. STUPAK, is talking about here is a partial fix of a problem that was discovered up in the Committee on Rules by the minority, that we were getting into a serious problem with Social Security, both the benefits and the tax process, in putting it back in the mix of entitlements and removing the cloak of separateness and protection and special treatment that it has and deserves.

Unfortunately, the gentleman's proposal only fixes part of the problem.

We identified the whole problem for them, but they were only going to fix part of it. It is true that the benefits of the senior citizens are protected, but it is not true that we have fixed the taxation part. It is therefore possible that taxes can be raised in the area of Social Security, payroll taxes, and those dollars can be used for entitlement purposes that are not Social Security purposes.

Mr. Chairman, that is a very important point, and it is a point that apparently this body is sensitive to, judging from the outcome of the Stenholm vote which we just saw, which was just a little bit lopsided.

Mr. Chairman, this is a very, very important issue. I want to say that I have got here in my hands—I know people cannot see it—but this is a chart from the Entitlement Reform Commission, chart No. 18. It shows that in 2 generations if we do not do something about entitlement spending, that we will end up with our entitlement spending exceeding all of our total revenues available to the Government. That is not very far from now.

So we are right to be doing what we are doing, trying to deal with entitlements; but we are wrong to be doing it in this way, because the way we are doing it creates some exposure in Social Security and partially reneges on a commitment we have made there.

Second, it does not solve the problem of controlling the expenditure spending for entitlements. That is the problem.

That is what we have been talking about on this side of the aisle all day.

Now, I thought I had understood how this works, but I have got to say that perhaps I can get a little bit of illumination from the gentleman or any colleague on the other side of the aisle because I have here a statement from the office of the doorkeeper, the "Floor Today" statement, which I will read from, thinking that I had understood this process. It goes on to talk about the process.

The process of monitoring would begin with the President. If the President finds direct spending outlays to be more than .5 percent over the target, she would have to make recommendations to Congress to address the excess spending.

Mr. SOLOMON. Mr. Chairman, will the gentleman repeat that?

Mr. GOSS. Yes. "If the President finds direct spending outlays to be more than .5 percent over the target, she would have to make recommendations to the Congress to address the excess spending." Perhaps the gentleman could illuminate. Have we missed something in this process that I did not understand?

Mr. STUPAK. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I am happy to yield to the gentleman from Michigan.

Mr. STUPAK. I thank the gentleman from Florida.

Mr. Chairman, because those of us on this side of the aisle are so advanced in our thinking, we realized that some day a lady would be the President of the United States, and I hope that the gentleman from Florida [Mr. GOSS] does not have a problem with that.

Mr. GOSS. I think that is a wonderful answer.

Reclaiming my time, I would like to address the gentleman and ask: Is it possible that none of this will be in effect until such time as we have our first lady President?

Mr. STUPAK. With the gentleman's positive vote, it will be effective much sooner.

Mr. GOSS. Mr. Chairman, I reserve the balance of my time.

Mr. STUPAK. Mr. Chairman, I yield 3 minutes to my friend, the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in strong support of the Spratt-Stupak substitute, of which I am a cosponsor. When the balanced budget amendment was considered by the House earlier this year, I joined in offering a version which would have explicitly put Social Security off limits.

We argued at that time that Social Security should not be cut to pay for overspending in other areas of Government.

Today's debate is very similar to that balanced budget debate. Social Security is not part of the deficit problem. This year alone, it will run a surplus of $60 billion. Huge surpluses, however, will continue to be built until into the next century, when every dime of that money, every dime will be needed to fund the draw by the future retirees upon the Social Security trust fund. Because the Social Security system is self-financing, we have no business putting in place today a mechanism that could result in benefits being cut. Consideration of cuts and benefits should only occur if the fund itself becomes actuarially unsound, not because of a raid by other spending programs.

Everyone here knows that the entitlement spending needs to be brought under control, but we also know that comprehensive health care reform still remains the single most important deficit reduction tool before us, particularly when dealing with entitlement spending.

Leaving the door open to using Social Security as a temporary artificial means to reducing the entitlement spending only makes it more difficult to truly reduce entitlement spending.

I applaud the sponsors of this Senate amendment and urge favorable consideration this afternoon.

Mr. GOSS. Mr. Chairman, it is my understanding that there remains just the two authors of the amendment to address this debate, and that being the case, I yield myself such time as I may consume and simply close on our side by saying that a "yes" vote for Spratt-Stupak means that you open the door for higher Social Security payroll taxes; a "yes" vote means that, and a "no" vote of course means the opposite.

Mr. Chairman, I yield back the balance of our time.

Mr. STUPAK. Mr. Chairman, I yield myself such time as I may consume in order to make one quick comment. Mr. Chairman, what a "yes" vote does is open up the opportunity for this Congress to address, if there is a shortfall in Social Security, through either cuts, through raising revenues, or raising entitlement cap. We are giving the options that were not, maybe, available in the last substitute, but we are at least having three options here.

It is not so narrowly defined as the gentleman insists.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. STUPAK. I yield to the gentleman.

Mr. GOSS. I thank the gentleman.

Mr. Chairman, the reason I say that is because we plan to offer a motion to recommit on this subject which will make a full and complete remedy of the total problem. We think that is what is deserved. We think that is what the people who are interested in the Social Security issue want to hear.

Mr. STUPAK. Mr. Chairman, reclaiming my time, is the gentleman's motion to recommit then to raise taxes? Is that his motion to recommit?

Mr. GOSS. The motion to recommit will be basically to send this back to keep Social Security completely out of the direct spending reconciliation. We want to get it back to where we all though it was when we started this in the Rules Committee and only through the diligence of the minority staff were we able to find out, perhaps inadvertently and perhaps not, that Social Security had gotten involved in this process in the mix.

□ 1620

We think that is a terrible mistake, but I say to the gentleman, we congratulate you for fixing half the problem. We want to fix the whole problem, which is why we are offering the motion to recommit.

Mr. STUPAK. Mr. Chairman, to close debate I yield 3 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Chairman, I thank the gentleman from Michigan [Mr. STUPAK] for yielding this time to me.

Mr. Chairman, I think, if we listen to this afternoon's debate, we will find more common ground than division despite some divisive debate. We all agree that the entitlement spending problem is the biggest part of the deficit problem left before us. We all agree that in

the past we have tended to authorize and forget to put these on autopilot in that, when we have adopted reconciliation measures and set goals for ourselves for cost reduction, these goals have mostly been honored in the breach because they have not been attained. Fortunately, Mr. Chairman, this year we have had a change from that pattern, and our entitlement spending is below what we projected when we adopted the budget reconciliation bill in this House in May 1993, and that is positive change.

Mr. Chairman, this bill would strengthen the process. I would be the first to admit that this bill could be stronger than it is. But it is a good start on a very, very difficult problem, and I urge Members of the House to vote for this bill, and, as we operate under it, and I hope the other body will respond in kind and take it up before we adjourn, I will also be one of the first to come back here and offer solutions to it, improvements to it, to make it work better so we can get our hands around the entitlement spending problem, contain these costs, and use this measure and others to bring down the budget deficit. I have no problem with allowing some sort of provision to be put in the bill with respect to payroll taxes because I think it is the most far-fetched idea in the world to think that on this side of the aisle, or anywhere in this House, we would vote for a payroll tax increase to do anything, much less to settle our entitlement reconciliation problems.

So Mr. Chairman, with that said, I conclude my remarks.

Mr. SPRATT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. STUPAK].

The amendment in the nature of a substitute was agreed to.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as modified as amended.

The committee amendment in the nature of a substitute, as modified, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. DURBIN) having assumed the chair, Mr. VISCLOSKY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4604) to establish direct spending targets, and for other purposes, pursuant to House Resolution 484, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. GOSS

Mr. GOSS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GOSS. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GOSS moves to recommit the bill H.R. 4604 to the Committee on Rules with instructions to report the same back to the House forthwith with the following amendments:

In section 4(b)(4) strike the words "to reduce benefits".

In section 5(g) strike the words "to reduce benefits" and insert in lieu thereof the words "to make any legislative changes".

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 5 minutes in support of his motion to recommit.

Mr. GOSS. Mr. Speaker, the motion to recommit I have offered is quite simple and should be overwhelmingly adopted. All it does is to make sure Social Security remains secure and out of reach of cuts and taxes that might be triggered by this bill.

The Spratt-Stupak amendment went only part way in fixing the problem in H.R. 4604 which would have permitted the President to make legislative recommendations affecting Social Security to address any breach in the direct spending targets. And it would have permitted Congress to do the same in reconciliation legislation.

The Spratt-Stupak substitute changed this so that neither the President nor Congress could recommend changes in Social Security as part of any direct spending reconciliation legislation. But they left the door open for raising Social Security payroll taxes or borrowing from the trust fund to offset deficits in other entitlement programs.

Mr. Speaker, back in 1984, 1985, and 1990, we made a compact with the American people to take Social Security off-budget, to prohibit throwing it into the reconciliation process, and to build a firewall around it so it would be self-sustaining.

In short, we took it out of politics and out of the budget process games that are sometimes played in pitting one program against another. We knew that the current surpluses in Social Security would be an inviting target for some to use for other purposes, even though those surpluses are already spoken for in the next century when the baby boomers begin to retire.

My motion to recommit would ensure that we keep that commitment to the American people and to the soundness and integrity of the Social Security system—by keeping it out of this new direct spending reconciliation process. I urge the overwhelming adoption of my motion.

The SPEAKER pro tempore. Does any Member seek recognition in opposition to the motion?

Mr. SPRATT. Mr. Speaker, we have no objection to the motion and are willing to accept it so long as I can gain an understanding.

The SPEAKER pro tempore. The Chair recognizes the gentleman from South Carolina [Mr. SPRATT] for 5 minutes on the motion to recommit.

Mr. SPRATT. Mr. Speaker, we are willing to accept the motion to recommit so long as I can understand that it means that payroll taxes, Social Security payroll taxes, are precluded from being used for reconciliation in connection with the functioning of this particular bill if it is adopted.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Florida.

Mr. GOSS. Mr. Speaker, that is correct, and that would include not using those revenues currently available to the Social Security system to bail out any other entitlement programs. In other words, keeping the whole enterprise funded in the trust fund of Social Security intact, untouched, and fully protected from the spending and taxing side, both.

Mr. SPRATT. Mr. Chairman, we accept the motion to recommit.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. GOSS. Mr. Chairman, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage.

The vote was taken by electronic device, and there were—yeas 424, nays 0, not voting 10, as follows:

[Roll No. 345]

YEAS—424

Abercrombie	Applegate	Baker (CA)
Ackerman	Archer	Baker (LA)
Allard	Armey	Ballenger
Andrews (ME)	Bacchus (FL)	Barca
Andrews (NJ)	Bachus (AL)	Barcia
Andrews (TX)	Baesler	Barlow

Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bateman
Becerra
Beilenson
Bentley
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Blackwell
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Byrne
Callahan
Calvert
Camp
Canady
Cantwell
Cardin
Castle
Chapman
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cunningham
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Derrick
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Ehlers
Emerson
Engel
English
Eshoo
Evans
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Fingerhut
Fish
Flake
Foglietta
Ford (TN)
Fowler
Frank (MA)
Franks (CT)
Franks (NJ)
Frost
Furse
Gallegly
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Grams
Grandy
Green
Greenwood
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings
Hayes
Hefley
Hefner
Herger
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoekstra
Hoke
Holden
Horn
Houghton
Hoyer
Hughes
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Inslee
Istook
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klein
Klink
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lazio
Leach
Lehman
Levin
Levy
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Long
Lowey
Machtley
Maloney
Mann
Manton
Manzullo
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDermott
McHale
McHugh
McInnis
McKeon
McKinney
McMillan
McNulty
Meehan
Meek
Menendez
Meyers
Mfume
Michel
Miller (CA)
Miller (FL)
Mineta
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murphy
Murtha
Myers
Nadler
Neal (MA)
Neal (NC)
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Rangel
Ravenel
Reed
Regula
Reynolds
Richardson
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Royce
Rush
Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Sawyer
Saxton
Schaefer
Schenk
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shepherd
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stokes
Strickland
Studds
Stump
Stupak
Sundquist
Swett
Swift
Synar
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas (CA)
Thomas (WY)
Thompson
Thornton
Thurman
Torkildsen
Torres
Torricelli
Towns
Traficant
Unsoeld
Upton
Valentine
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Waters
Watt
Waxman
Wheat
Whitten
Williams
Wilson
Wise
Wolf
Woolsey
Wyden
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—10

Carr
Ford (MI)
Gallo
Huffington
Lucas
McDade
Ros-Lehtinen
Tucker
Washington
Weldon

□ 1649

Mrs. SCHROEDER, Messrs. MARTINEZ, MURPHY, OWENS, and SKAGGS, Ms. WATERS, and Mr. OBERSTAR changed their vote from "nay" to "yea."

So the motion to recommit was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. LUCAS. Mr. Speaker, during rollcall vote No. 345, I was unavoidably detained on official legislative business in the Senate, and was unable to make it to the House floor on time to vote. Had I been present, I would have voted "aye" on the motion to recommit the bill H.R. 4604, because of my desire to protect Social Security.

Mr. DERRICK. Mr. Speaker, pursuant to the instructions of the House, I report the bill, H.R. 4604, back to the House with an amendment.

The SPEAKER pro tempore (Mr. FIELDS of Louisiana). The Clerk will report the amendment.

The Clerk read as follows:

Amendment: In section 4(b)(4) strike the words "to reduce benefits".

In section 5(g) strike the words "to reduce benefits" and insert in lieu thereof the words "to make any legislative changes".

The SPEAKER pro tempore. Without objection, the amendment is agreed to.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SPRATT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote. Members have 5 minutes to record their vote.

The vote was taken by electronic device, and there were—ayes 316, noes 107, not voting 11, as follows:

[Roll No. 346]

AYES—316

Ackerman
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Bacchus (FL)
Baesler
Baker (LA)
Barca
Barcia
Barlow
Barrett (NE)
Barrett (WI)
Barton
Bateman
Becerra
Beilenson
Berman
Bevill
Bilbray
Bishop
Blackwell
Blute
Boehlert
Bonilla
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (OH)
Bryant
Byrne
Calvert
Camp
Canady
Cantwell
Cardin
Castle
Chapman
Clay
Clayton
Clement
Clinger
Clyburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crapo
Cunningham
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Dixon
Dooley
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Ehlers
Emerson
Engel
English
Eshoo
Evans
Everett
Farr
Fawell
Fazio
Fields (LA)
Filner
Fingerhut
Flake
Foglietta
Ford (TN)
Fowler
Frank (MA)
Franks (CT)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Glickman
Goodling
Gordon
Goss
Green
Greenwood
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Harman
Hastings
Hayes
Hefner
Hilliard
Hoagland
Hochbrueckner
Holden
Horn
Houghton
Hoyer
Hughes
Hutto
Inglis
Inslee
Jacobs
Johnson (GA)
Johnson (SD)
Johnson, E.B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kim
Kingston
Kleczka
Klein
Klink
Klug
Kopetski
Kreidler
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Leach
Lehman
Levin
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Lloyd
Long
Lowey
Machtley
Maloney
Mann
Manton
Manzullo
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McDermott
McHale
McInnis
McKinney
McNulty
Meehan
Meek
Menendez
Meyers
Mfume
Miller (CA)

Miller (FL)	Roemer	Strickland
Mineta	Rogers	Studds
Minge	Rose	Stupak
Moakley	Rostenkowski	Swett
Montgomery	Roth	Swift
Moran	Roukema	Synar
Morella	Rowland	Talent
Murphy	Roybal-Allard	Tanner
Murtha	Royce	Tauzin
Neal (MA)	Rush	Taylor (MS)
Neal (NC)	Sabo	Tejeda
Oberstar	Sangmeister	Thomas (WY)
Obey	Santorum	Thompson
Olver	Sawyer	Thornton
Ortiz	Saxton	Torkildsen
Orton	Schenk	Torres
Owens	Schiff	Torricelli
Pallone	Schroeder	Towns
Parker	Schumer	Traficant
Pastor	Scott	Unsoeld
Payne (NJ)	Sensenbrenner	Valentine
Payne (VA)	Serrano	Velazquez
Pelosi	Sharp	Vento
Penny	Shaw	Visclosky
Peterson (FL)	Shays	Volkmer
Peterson (MN)	Shepherd	Vucanovich
Petri	Sisisky	Walsh
Pickett	Skaggs	Watt
Pickle	Skeen	Waxman
Pomeroy	Skelton	Wheat
Poshard	Slattery	Whitten
Price (NC)	Slaughter	Williams
Quinn	Smith (IA)	Wilson
Ramstad	Smith (NJ)	Wise
Rangel	Smith (OR)	Wolf
Ravenel	Smith (TX)	Woolsey
Reed	Snowe	Wyden
Reynolds	Spence	Wynn
Richardson	Spratt	Young (AK)
Ridge	Stark	Young (FL)
Roberts	Stokes	

NOES—107

Abercrombie	Gonzalez	Molinari
Allard	Goodlatte	Mollohan
Archer	Grams	Moorhead
Armey	Grandy	Myers
Bachus (AL)	Hancock	Nadler
Baker (CA)	Hansen	Nussle
Ballenger	Hastert	Oxley
Bartlett	Hefley	Packard
Bentley	Herger	Paxon
Bereuter	Hinchey	Pombo
Billirakis	Hobson	Porter
Bliley	Hoekstra	Portman
Boehner	Hoke	Pryce (OH)
Bunning	Hunter	Quillen
Burton	Hutchinson	Rahall
Buyer	Hyde	Regula
Callahan	Inhofe	Rohrabacher
Coble	Istook	Sanders
Combest	Johnson (CT)	Sarpalius
Crane	Johnson, Sam	Schaefer
DeLay	Kasich	Shuster
Diaz-Balart	King	Smith (MI)
Dickey	Knollenberg	Solomon
Doolittle	Kolbe	Stearns
Dornan	Kyl	Stenholm
Dreier	Lazio	Stump
Ewing	Levy	Sundquist
Fields (TX)	Lightfoot	Taylor (NC)
Fish	Livingston	Thomas (CA)
Franks (NJ)	Lucas	Thurman
Gallegly	McHugh	Upton
Gekas	McKeon	Walker
Gilchrest	McMillan	Yates
Gillmor	Mica	Zeliff
Gilman	Michel	Zimmer
Gingrich	Mink	

NOT VOTING—11

Brown (FL)	Huffington	Washington
Carr	Jefferson	Waters
Ford (MI)	Ros-Lehtinen	Weldon
Gallo	Tucker	

□ 1701

Mr. FISH, Mr. YATES, Mrs. JOHNSON of Connecticut and Mr. GONZALEZ changed their vote from "aye" to "no."

Mr. ROYCE changed his vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DERRICK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 4604, the bill just considered and passed, and on House Resolution 484.

The SPEAKER pro tempore (Mr. FIELDS of Louisiana). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

CONFERENCE REPORT ON H.R. 2243, FEDERAL TRADE COMMISSION ACT AMENDMENTS OF 1994

Mr. SWIFT submitted the following conference report and statement on the bill (H.R. 2243) to amend the Federal Trade Commission Act to extend the authorization of appropriations in such act, and for other purposes:

CONFERENCE REPORT (H. REPT. 103-617)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2243), to amend the Federal Trade Commission Act to extend the authorization of appropriations in such Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION. 1. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Federal Trade Commission Act Amendments of 1994".

(b) REFERENCE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Trade Commission Act.

SEC. 2. AGRICULTURAL COOPERATIVES.

The Federal Trade Commission Act (15 U.S.C. 41 et seq.) is amended by redesignating sections 24 and 25 as sections 25 and 26, respectively, and by inserting immediately after section 23 the following new section:

"SEC. 24. (a) The Commission shall not have any authority to conduct any study, investigation, or prosecution of any agricultural cooperative for any conduct which, because of the provisions of the Act entitled 'An Act to authorize association of producers of agricultural products', approved February 18, 1922 (7 U.S.C. 291 et seq., commonly known as the Capper-Volstead Act), is not a violation of any of the antitrust Acts or this Act.

"(b) The Commission shall not have any authority to conduct any study or investigation of any agricultural marketing orders.".

SEC. 3. COMPENSATION IN PROCEEDINGS.

(a) REPEAL.—Subsection (h) of section 18 (15 U.S.C. 57a) is repealed and subsections (i), (j), and (k) of section 18 are redesignated as subsections (h), (i), and (j), respectively.

(b) CONFORMING AMENDMENT.—Section 18(a)(1) (15 U.S.C. 57a(a)(1)) is amended by striking "subsection (i)" and inserting "subsection (h)".

SEC. 4. PROCEEDINGS SUBSEQUENT TO VIOLATIONS OF ORDERS.

(a) CONSENT ORDERS.—Section 5(m)(1)(B) (15 U.S.C. 45(m)(1)(B)) is amended by inserting ", other than a consent order," immediately after "order" the first time it appears.

(b) DETERMINATIONS OF LAW.—Section 5(m)(2) (15 U.S.C. 45(m)(2)) is amended by adding at the end the following: "Upon request of any party to such an action against such defendant, the court shall also review the determination of law made by the Commission in the proceeding under subsection (b) that the act or practice which was the subject of such proceeding constituted an unfair or deceptive act or practice in violation of subsection (a).".

SEC. 5. PREVALENCE OF UNLAWFUL ACTS OR PRACTICES.

Section 18(b) (15 U.S.C. 57a(b)) is amended by adding at the end the following new paragraph:

"(3) The Commission shall issue a notice of proposed rulemaking pursuant to paragraph (1)(A) only where it has reason to believe that the unfair or deceptive acts or practices which are the subject of the proposed rulemaking are prevalent. The Commission shall make a determination that unfair or deceptive acts or practices are prevalent under this paragraph only if—

"(A) it has issued cease and desist orders regarding such acts or practices, or

"(B) any other information available to the Commission indicates a widespread pattern of unfair or deceptive acts or practices.".

SEC. 6. EFFECTIVE DATE OF ORDERS.

(a) ORDERS SUBJECT TO PETITION FOR REVIEW.—Section 5(g)(2) (15 U.S.C. 45(g)(2)) is amended to read as follows:

"(2) Except as to any order provision subject to paragraph (4), upon the sixtieth day after such order is served, if a petition for review has been duly filed; except that any such order may be stayed, in whole or in part and subject to such conditions as may be appropriate, by—

"(A) the Commission;

"(B) an appropriate court of appeals of the United States, if (i) a petition for review of such order is pending in such court, and (ii) an application for such a stay was previously submitted to the Commission and the Commission, within the 30-day period beginning on the date the application was received by the Commission, either denied the application or did not grant or deny the application; or

"(C) the Supreme Court, if an applicable petition for certiorari is pending.".

(b) ORDERS SUBJECT TO SECTIONS 5(m)(1)(B) AND 19(a)(2).—Section 5(g)(3) (15 U.S.C. 45(g)(3)) is amended to read as follows:

"(3) For purposes of subsection (m)(1)(B) and of section 19(a)(2), if a petition for review of the order of the Commission has been filed—

"(A) upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed or the petition for review has been dismissed by the court of appeals and no petition for certiorari has been duly filed;

"(B) upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review has been dismissed by the court of appeals; or

"(C) upon the expiration of 30 days from the date of issuance of a mandate of the Supreme Court directing that the order of the Commission be affirmed or the petition for review be dismissed.".

(c) DIVESTITURE ORDERS.—Section 5(g)(4) (15 U.S.C. 45(g)(4)) is amended to read as follows:

"(4) In the case of an order provision requiring a person, partnership, or corporation to divest itself of stock, other share capital, or assets, if a petition for review of such order of the Commission has been filed—

"(A) upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed or the petition for review has been dismissed by the court of appeals and no petition for certiorari has been duly filed;

"(B) upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review has been dismissed by the court of appeals; or

"(C) upon the expiration of 30 days from the date of issuance of a mandate of the Supreme Court directing that the order of the Commission be affirmed or the petition for review be dismissed.".

(d) TECHNICAL.—Paragraph (1) of section 5(g) (15 U.S.C. 45(g)(1)) is amended by striking "; or" and inserting a period.

SEC. 7. CIVIL INVESTIGATIVE DEMANDS.

(a) DEFINITIONS.—Section 20(a) (15 U.S.C. 57b–1(a)) is amended—

(1) in paragraph (2), by inserting "or in any antitrust violations" immediately after "section 5(a)(1))";

(2) in paragraph (3), by inserting "or any provisions relating to antitrust violations" immediately after "section 5(a)(1))";

(3) in paragraph (7), by inserting "or any antitrust violation" immediately after "section 5(a)(1))"; and

(4) by adding at the end the following new paragraph:

"(8) The term 'antitrust violation' means any unfair method of competition (within the meaning of section 5(a)(1)), any violation of the Clayton Act, any violation of any other Federal statute that prohibits, or makes available to the Commission a civil remedy with respect to, any restraint upon or monopolization of interstate or foreign trade or commerce, or any activity in preparation for a merger, acquisition, joint venture, or similar transaction, which if consummated, may result in such an unfair method of competition or violation.".

(b) ISSUANCE OF DEMAND.—(1) Section 20(c)(1) (15 U.S.C. 57b–1(c)(1)) is amended—

(A) by inserting "or tangible things" immediately after "documentary material" the first place it appears;

(B) by inserting "or to antitrust violations," immediately after "section 5(a)(1)),"; and

(C) by inserting "to submit such tangible things," immediately after "copying or reproduction,".

(2) Section 20(c) (15 U.S.C. 57b–1(c)) is amended—

(A) by redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), and (12) as paragraphs (5), (6), (7), (8), (9), (10), (11), (13), and (14), respectively;

(B) by inserting immediately after paragraph (3) the following new paragraph:

"(4) Each civil investigative demand for the submission of tangible things shall—

"(A) describe each class of tangible things to be submitted under the demand with such definiteness and certainty as to permit such things to be fairly identified;

"(B) prescribe a return date or dates which will provide a reasonable period of time within which the things so demanded may be assembled and submitted; and

"(C) identify the custodian to whom such things shall be submitted."; and

(C) by inserting immediately after paragraph (11), as so redesignated, the following new paragraph:

"(12) The submission of tangible things in response to a civil investigative demand shall be made under a sworn certificate, in such form as the demand designates, by the person to whom the demand is directed or, if not a natural person, by any person having knowledge of the facts and circumstances relating to such production, to the effect that all of the tangible things required by the demand and in the possession, custody, or control of the person to whom the demand is directed have been submitted to the custodian.".

(c) SECTION 20(g).—Section 20(g) (15 U.S.C. 57b–1(g)) is amended by inserting ", tangible things" immediately after "documentary material".

(d) APPLICABILITY OF SECTION 20.—Section 20(j)(1) (15 U.S.C. 57b–1(j)(1)) is amended by inserting immediately before the semicolon the following: ", any proceeding under section 11(b) of the Clayton Act (15 U.S.C. 21(b)), or any adjudicative proceeding under any other provision of law".

SEC. 8. COMMISSION CUSTODY OF TANGIBLE THINGS.

Section 21 (15 U.S.C. 57b–2) is amended—

(1) in subsection (a)(1), by inserting "tangible things," immediately after "documentary material,";

(2) in subsection (b)(1), by inserting ", tangible thing," immediately after "document";

(3) in subsection (b)(2)(A), by inserting "tangible things," immediately after "documentary material,";

(4) in subsection (b)(3)—

(A) in subparagraph (A), by inserting "tangible things," immediately after "documentary material,";

(B) in subparagraph (B), by inserting ", and may make tangible things available," immediately after "oral testimony"; and by inserting ", things," immediately after "such material";

(C) in subparagraph (C), by inserting "tangible things," immediately after "documentary material," and by inserting ", things," immediately after "material"; and

(D) in subparagraph (D), by inserting ", tangible things," immediately after "documentary material";

(5) in subsection (b)(4), by inserting "tangible things," immediately after "documentary material,";

(6) in subsection (b)(5), by inserting "tangible things," immediately after "documentary material,";

(7) in subsection (b)(6)—

(A) by inserting immediately after the first sentence the following new sentence: "The custodian of any tangible things may make such things available for inspection to such persons on the same basis."; and

(B) by inserting "results of inspections of tangible things," immediately after "Such documentary material,"; and

(8) in subsection (b)(7), by inserting "tangible things," immediately after "documentary material,".

SEC. 9. DEFINITION OF UNFAIR ACTS OR PRACTICES.

Section 5 (15 U.S.C. 45) is amended by adding at the end the following:

"(n) The Commission shall have no authority under this section or section 18 to declare unlawful an act or practice on the grounds that such act or practice is unfair unless the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition. In determining whether an act or practice is unfair, the Commission may consider established public policies as evidence to be considered with all other evidence. Such public policy considerations may not serve as a primary basis for such determination.".

SEC. 10. PROCESS.

(a) AUTHORITY.—

(1) ADVERTISEMENTS IN VIOLATION OF SECTION 12.—Section 13(a) (15 U.S.C. 53(a)) is amended by striking the last sentence and inserting the following: "Any suit may be brought where such person, partnership, or corporation resides or transacts business, or wherever venue is proper under section 1391 of title 28, United States Code. In addition, the court may, if the court determines that the interests of justice require that any other person, partnership, or corporation should be a party in such suit, cause such other person, partnership, or corporation to be added as a party without regard to whether venue is otherwise proper in the district in which the suit is brought. In any suit under this section, process may be served on any person, partnership, or corporation wherever it may be found.".

(2) PROVISIONS ENFORCED BY COMMISSION.—Section 13(b) (15 U.S.C. 53(b)) is amended by striking the last sentence and inserting the following: "Any suit may be brought where such person, partnership, or corporation resides or transacts business, or wherever venue is proper under section 1391 of title 28, United States Code. In addition, the court may, if the court determines that the interests of justice require that any other person, partnership, or corporation should be a party in such suit, cause such other person, partnership, or corporation to be added as a party without regard to whether venue is otherwise proper in the district in which the suit is brought. In any suit under this section, process may be served on any person, partnership, or corporation wherever it may be found.".

(b) PROCEDURES.—Section 13 (15 U.S.C. 53) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting immediately after subsection (b) the following new subsection:

"(c) Any process of the Commission under this section may be served by any person duly authorized by the Commission—

"(1) by delivering a copy of such process to the person to be served, to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served;

"(2) by leaving a copy of such process at the residence or the principal office or place of business of such person, partnership, or corporation; or

"(3) by mailing a copy of such process by registered mail or certified mail addressed to such person, partnership, or corporation at his, or her, or its residence, principal office, or principal place or business.

The verified return by the person serving such process setting forth the manner of such service shall be proof of the same.".

SEC. 11. INTERVENTION BY COMMISSION IN CERTAIN PROCEEDINGS.

(a) LIMITATION ON USE OF AUTHORIZED FUNDS.—The Federal Trade Commission shall not have any authority to use any funds which are authorized to be appropriated to carry out the Federal Trade Commission Act (15 U.S.C. 41 et seq.) for fiscal years 1994, 1995, and 1996 for the purpose of submitting statements to, appearing before, or intervening in the proceedings of, any Federal or State agency or State legislative body concerning proposed rules or legislation that the agency or legislative body is considering unless the Commission advises the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives regarding such action as soon as possible.

(b) CONTENTS OF NOTICE TO CONGRESS.—The notice required in subsection (a) shall include the name of the agency or legislator involved, the date of such action, and a concise statement

regarding the nature and purpose of such action.

SEC. 12. RESOURCE ALLOCATION STUDY.

The Federal Trade Commission shall conduct an evaluation of the level of its personnel resources and the manner in which such resources are allocated. The Commission shall study—

(1) whether overall resources at the Commission are adequate to fulfill the Commission's responsibilities in the areas of competition and consumer protection;

(2) the distribution of personnel to individual offices of commissioners, departments, bureaus, and other units within the Commission, and whether the current allocation of personnel most efficiently enables the Commission to fulfill its statutory mandate;

(3) the number of personnel in supervisory positions, contrasted with those personnel in nonsupervisory positions; and

(4) whether the amount of workyears devoted to research activities should be increased and what results (if any) such an increase would produce.

The Commission shall transmit the results of such study, together with any recommendations that the Commission determines appropriate, to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives not later than 6 months after the date of enactment of this Act.

SEC. 13. FEDERAL-STATE COOPERATION.

The Federal Trade Commission shall review its statutory responsibilities to identify those matters within its jurisdiction where Federal enforcement is particularly necessary or desirable and those areas that might more effectively be enforced at the State or local level. In identifying such areas, the Commission shall—

(1) consider the resources available to the Commission and the States, as well as particular rules that have been promulgated by the Commission;

(2) consult with the attorneys general of the States, representatives of consumers and industry, and other interested parties; and

(3) consider such other issues as will result in more efficient implementation of the statutory responsibilities of the Commission.

Not later than 6 months after the date of enactment of this Act, the Commission shall transmit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives the information identified in paragraphs (1) through (3), together with specific recommendations for methods of achieving greater cooperation between the Commission and the States.

SEC. 14. AUTHORIZATION OF APPROPRIATIONS.

Section 25 (15 U.S.C. 57c), as so redesignated by section 2 of this Act, is amended to read as follows:

"SEC. 25. There are authorized to be appropriated to carry out the functions, powers, and duties of the Commission not to exceed $92,700,000 for fiscal year 1994; not to exceed $99,000,000 for fiscal year 1995; and not to exceed $102,000,000 for fiscal year 1996.".

SEC. 15. EFFECTIVE DATE; APPLICABILITY.

(a) IN GENERAL.—Except as provided in subsections (b), (c), (d), and (e), the provisions of this Act shall take effect on the date of enactment of this Act.

(b) APPLICABILITY OF SECTION 5.—The amendment made by section 5 of this Act shall apply only to rulemaking proceedings initiated after the date of enactment of this Act. Such amendment shall not be construed to affect in any manner a rulemaking proceeding which was initiated before the date of enactment of this Act.

(c) APPLICABILITY OF SECTION 6.—The amendments made by section 6 of this Act shall apply only with respect to cease and desist orders issued under section 5 of the Federal Trade Commission Act (15 U.S.C. 45) after the date of enactment of this Act. These amendments shall not be construed to affect in any manner a cease and desist order which was issued before the date of enactment of this Act.

(d) APPLICABILITY OF SECTIONS 7 AND 8.—The amendments made by sections 7 and 8 of this Act shall apply only with respect to compulsory process issued after the date of enactment of this Act.

(e) APPLICABILITY OF SECTION 9.—The amendments made by section 9 of this Act shall apply only with respect to cease and desist orders issued under section 5 of the Federal Trade Commission Act (15 U.S.C. 45), or to rules promulgated under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) after the date of enactment of this Act. These amendments shall not be construed to affect in any manner a cease and desist order which was issued, or a rule which was promulgated, before the date of enactment of this Act. These amendments shall not be construed to affect in any manner a cease and desist order issued after the date of enactment of this Act, if such order was issued pursuant to remand from a court of appeals or the Supreme Court of an order issued by the Federal Trade Commission before the date of enactment of this Act.

And the Senate agree to the same.

JOHN D. DINGELL,
AL SWIFT,
T.J. MANTON,
CARLOS J. MOORHEAD,
M.G. OXLEY,
Managers on the Part of the House.

ERNEST F. HOLLINGS,
WENDELL FORD,
RICHARD H. BRYAN,
JACK DANFORTH,
SLADE GORTON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2243) to amend the Federal Trade Commission Act to extend the authorization of appropriations in such Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

1. SHORT TITLE

House bill

Designates short title as the "Federal Trade Commission Act Amendments of 1993."

Senate amendment

Identical provision.

Conference agreement

Conferees agree to designate title as "Federal Trade Commission Act Amendments of 1994."

2. UNFAIR METHODS OF COMPETITION

Senate amendment

Amends the Federal Trade Commission Act (the Act) to provide that State action antitrust immunity, as developed by courts in litigation under the Sherman Act, would apply equally to cases brought by the Federal Trade Commission (FTC) alleging unfair methods of competition.

House bill

No provision.

Conference agreement

Senate recedes.

3. AGRICULTURAL COOPERATIVES

House bill

Amends the Act by establishing restrictions on the FTC's authority to prosecute, investigate, or study agricultural cooperatives and to study and investigate agricultural marketing orders.

Senate amendment

Similar provision.

Conference agreement

House recedes to Senate amendment.

4. COMPENSATION IN PROCEEDINGS

Senate amendment

Repeals the FTC's authority under section 18(h) of the Act to compensate persons who participate in FTC rulemaking proceedings.

House bill

No provision.

Conference agreement

House recedes to Senate amendment.

5. PROCEEDINGS SUBSEQUENT TO VIOLATIONS OF ORDERS

House bill

Clarifies scope of FTC's authority under section 5(m)(1)(B) of the Act to obtain civil penalties against persons who engage in unfair or deceptive acts or practices as defined by prior Commission orders.

Senate amendment

Similar provision.

Conference agreement

House recedes to Senate amendment.

6. PREVALENCE OF UNLAWFUL ACTS OR PRACTICES

Senate amendment

Amends section 18(b) of the Act to permit the FTC to issue a notice of proposed rulemaking only where the FTC has reason to believe the challenged conduct is prevalent in the industry.

House bill

No provision.

Conference agreement

House recedes to Senate amendment with amendment to require indication of "widespread" pattern of unfair or deceptive acts or practices.

7. EFFECTIVE DATE OF ORDERS

House bill

Amends Act to make most FTC cease-and-desist orders effective 60 days after service, unless stayed by the FTC or a court.

Senate amendment

Similar provision.

Conference agreement

House recedes to Senate amendment. As provided in the Senate amendment, the conferees agree to retain the current mandatory stay requirements with regard to divestiture orders. To the extent such orders pertain to divestiture orders, as well as other activities, the conferees agree that the effect of

the provision adopted is that only the specific provisions requiring divestiture in such orders are stayed automatically.

8. CIVIL INVESTIGATIVE DEMANDS

House bill

Amends section 20 of the Act to allow FTC investigations concerning methods of competition declared unlawful by a law administered by the FTC to be conducted pursuant to civil investigative demand procedures set out in such section.

Senate amendment

Similar provision.

Conference agreement

House recedes to Senate amendment with technical changes. The conferees agree that the authority made available to the FTC under this section is additional and not in lieu of other forms of process available in any FTC investigations.

9. CUSTODY OF TANGIBLE THINGS

Senate amendment

Conforms section 21 of the Act, which sets forth confidentiality requirements for materials the FTC receives as a result of a civil investigative demand (CID) or subpoena, to the CID provisions adopted by the conferees in section 7 of the conference substitute.

House bill

No provision.

Conference agreement

House recedes to Senate amendment.

10. DEFINITION OF UNFAIR ACTS OR PRACTICES

Senate amendment

Amends section 5 of the Act to limit unfair acts or practices to those that: (1) cause or are likely to cause substantial injury to consumers, (2) which is not reasonably avoidable by consumers themselves and (3) not outweighed by countervailing benefits to consumers or competition.

House bill

No provision.

Conference agreement

House recedes to Senate amendment with an amendment. The amendment retains the three-part test set forth in the Senate amendment but adds the following: "In determining whether an act or practice is unfair, the Commission may consider established public policies as evidence to be considered, with all other evidence. Such public policy considerations may not serve as a primary basis for such determination." The amendment is derived from the 1980 policy statement of the Commission regarding unfairness, the Commission's 1982 letter on the same subject, and from subsequent interpretations of and applications to specific unfairness proceedings by the Commission.

11. COMMERCIAL ADVERTISING

Senate amendment

Provides for permanent prohibition on the FTC's authority to initiate rulemakings regarding commercial advertising on the basis that such advertising constitutes an unfair act or practice.

House bill

No provision.

Conference agreement

Senate recedes.

12. PROCEEDINGS

Senate amendment

Amends section 13 of the Act regarding proceedings brought by the FTC.

House bill

No provision.

Conference agreement

House recedes with technical changes.

13. REPORT ON RESALE PRICE MAINTENANCE

Senate amendment

Requires the FTC to report to Congressional committees on enforcement activities relating to resale price maintenance.

House bill

No provision.

Conference agreement

Senate recedes.

14. PREDATORY PRICING PRACTICES

Senate amendment

Requires FTC to report to Congressional committees on its enforcement activities relating to predatory pricing practices.

House bill

No provision.

Conference agreement

Senate recedes.

15. INTERVENTION BY COMMISSION

House bill

Prohibits the expenditure of funds by the FTC, during the authorized period of time, for the purpose of submitting statements to, appearing before, or intervening in the proceedings of, any Federal or State agency unless the FTC advises the Congressional committees of jurisdiction.

Senate amendment

Similar provision.

Conference agreement

House recedes to Senate amendment. The conferees agree that the provision adopted requires the FTC immediately to notify the Congressional committees of jurisdiction when the FTC has agreed to take action in any proceedings described in the provision.

16. RESOURCE ALLOCATION STUDY

Senate amendment

Requires the FTC to study the manner in which its resources are allocated and to report to Congressional committees of jurisdiction within 6 months.

House bill

No provision.

Conference agreement

House recedes to Senate amendment.

17. FEDERAL-STATE COOPERATION

Senate amendment

Requires the FTC to report to Congressional committees of jurisdiction on areas that are most appropriately enforced by the FTC and those that States might enforce more effectively.

House bill

No provision.

Conference agreement

House recedes.

18. CREDIT REPAIR ORGANIZATIONS

Senate amendment

Prohibits credit repair organizations from accepting fees or payments from consumers until the promised services are completed.

House bill

No provision.

Conference agreement

Senate recedes.

19. AUTHORIZATION OF APPROPRIATIONS

House bill

Authorizes appropriations to the FTC as follows: $88 million for fiscal year 1993; $92 million for fiscal year 1994; and $99 million for fiscal year 1995.

Senate amendment

Authorizes appropriations to the FTC as follows: $88 million for fiscal year 1994; $92 million for fiscal year 1995: and $95 million for fiscal year 1996. Additional sums as may be necessary are authorized for increases in salaries, pay, and other employee benefits provided by law.

Conference agreement

Authorizes appropriations to the FTC as follows: $92.7 million for fiscal year 1994; $99 million for fiscal year 1995: and $102 million for fiscal year 1996.

20. EFFECTIVE DATE

House bill

Sets forth effective dates for various provisions of the bill.

Senate amendment

Similar provision.

Conference agreement

Provides that provisions of the bill will take effect upon date of enactment except as otherwise set forth in subsections (b), (c), (d), and (e).

JOHN D. DINGELL,
AL SWIFT,
T.J. MANTON,
CARLOS J. MOORHEAD,
M.G. OXLEY,
Managers on the Part of the House.

ERNEST F. HOLLINGS,
WENDELL FORD,
RICHARD H. BRYAN,
JACK DANFORTH,
SLADE GORTON,
Managers on the Part of the Senate.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3222

Mrs. FOWLER. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 3222.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Florida?

There was no objection.

FURTHER MESSAGE FROM THE PRESIDENT

A further message in writing from the President of the United States was communicated to the House by Mr. Edwin Thomas, one of his secretaries.

MOTION TO INSTRUCT CONFEREES ON H.R. 3355, VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1993

Mr. BONILLA. Mr. Speaker, pursuant to rule XXVIII, clause 1(c), I offer a motion to instruct conferees on the bill (H.R. 3355) to amend the Omnibus Crime Control and Safe Streets Act of 1968 to allow grants to increase police presence, to expand and improve cooperative efforts between law enforcement agencies and members of the community to address crime and disorder problems, and otherwise to enhance public safety.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. BONILLA moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the House amendment to the Senate amendment to the bill HR 3355 be instructed not to agree to any provision having the effect of diminishing the amount of money made available to the United States Border Patrol Service from the amount provided in the House amendment.

The SPEAKER pro tempore. The gentleman from Texas [Mr. BONILLA] will be recognized for 30 minutes, and the gentleman from Kentucky [Mr. MAZZOLI] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. BONILLA].

Mr. BONILLA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I offer this motion to instruct the crime bill conferees as a necessity, but also as a tribute to the men and women who proudly wear the green uniform of the U.S. Border Patrol Service.

The primary mission of the Border Patrol is to stop illegal drugs and aliens from entering the United States.

Illegal drugs ruin the lives of too many Americans and are the scourge of our Nation. Illegal aliens burden the services of our local, State and Federal Governments.

Our mayors, county judges of both parties and Governors are calling out to Washington for leadership and assistance. We must help them, we must help our constituents. The best and most effective way to do this is to stop those who come into our country illegally at the border.

By stopping this traffic at the border, we would cut deeply into illicit activities. Every year the Border Patrol seizes tons of marijuana, heroin, cocaine and other deadly narcotics.

These drugs have a street value of well over a billion dollars. Since 1986, the value of Border Patrol drug seizures increased by over 700 percent.

Those drugs will never enter our communities, our school yards and playgrounds, thanks to the drug interdiction activities of the U.S. Border Patrol.

Our long borders with Canada and Mexico are largely unmonitored. There are more Capitol Hill Policemen—1,100—than agents in Texas' largest border patrol sector—the Laredo sector which only has 364 officers.

In fact, while the Capitol building and grounds are well protected, the Laredo sector, with an area of 101,439 square miles and 171 miles of riverfront with Mexico, is forced to spread its officers thinly. This is wrong. As a result, decent hardworking Americans pay the price in higher taxes, fewer services and increasing crime rates.

According to a Department of Justice report, an estimated 25 percent of all inmates in Federal prisons are criminal aliens. Too often these criminals are not deported but maintained at Government expense. This is also the case with alien criminals in our State and county facilities.

Very few of these criminals are deported and those who are, often return to our communities hunting law abiding Americans.

By increasing funding for the Border Patrol and adding agents and support staff, America's borders and heartland will be more secure.

This is not just a border problem, or a Texas problem, or even a California problem—it is an American problem.

The Border Patrol apprehended 1.25 million illegal aliens in 1993, a 4.4-percent increase from the previous year. This is the fourth consecutive year that apprehensions were above the one million arrest mark. This is significant because the U.S. Border Patrol Service makes the most arrests of any law enforcement agency—in the entire world. So just imagine what can be accomplished with more agents at work.

As the issue of crime is discussed, any solution would be incomplete without mention of the Border Patrol. The dramatic increase in nation-wide criminal alien activity and growth in illegal narcotics from our border area should be a prime example of the need for greater support measures for the Border Patrol.

The Hunter amendment would put 6,000 more agents on the border. The House approved this vital amendment. Please join me in instructing our conferees to stand firm in protecting our borders and keep this provision in the crime bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MAZZOLI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is not my position today to oppose the gentleman's motion to instruct, but I think it is important for the House to have before it some information about what really this does.

I would join the gentleman from Texas and all the Members of the House in saying that the Border Patrol is one of the most important agencies of the Immigration Service and of the Federal Government and for many years the Border Patrol has not had sufficient assets or resources both financial and personnel to get the job done. But I am happy to note that under the administration of President Clinton that there has been stronger efforts mounted in this regard than we have had in a number of years. In a moment, I will outline some of that data.

Mr. Speaker, I think it is also useful to note that while the gentleman's motion to instruct has as its final line the operative part which is that the House conferees would not agree to any provision which has the effect of diminishing the amount of money made available to the Border Patrol from the amount provided in the House amendment, and the House amendment, which is before the conference committee on the crime bill uses the term "such sums as may be appropriate." So that in reality of the House conferees do not have before them any specific sum of money for Border Patrol purposes.

□ 1710

They simply have the general admonition from this House appropriating such sums as may be necessary.

In connection with the amount of money actually appropriated, I am told that in his budget cycle that the House Appropriations Committee approved by this House has appropriated sufficient money for another 700 persons, men and women for the Border Patrol, so that if the appropriations bill is eventually approved, as we think it will be because the Senate is moving in the same direction, then we will have enough money within the year fiscal 1995 to have something up to one hundred new Border Patrol agents.

It is also instructive to note that just over a period of a number of years, as we know, the role and responsibility of the Border Patrol has increased. For example, in the fiscal year 1981 funds appropriated for the purpose of the Border Patrol, both agents and support personnel amounted to $87 million. In 1994 it is, roughly speaking, in the category of $350 million, up from $87 million. So there has been a recognition on the part of the Congress under several administrations, and particularly this one, the Clinton administration, that the Border Patrol does need to have additional funding. That is exactly what we have done.

There also has been as part of the immigration initiative announced by the Attorney General very recently in February some $327 million proposed and released, some $264 million of which will come from the crime control fund, which is the pending crime bill, and some $63 million to come from additional appropriations. If my figures are correct, something like $2,262,000,000 will be in the fiscal year 1995 budget authority for the Immigration Service. So in addition to the Border Patrol part, which the gentleman is pointing out, which is of absolutely great importance to his State and all of our States, the overall Immigration Service is also being shored up and being augmented by necessary appropriations to get the job done.

So again, I have no objection to the gentleman's motion to instruct. But it is important to point out that the conferees at this point of the part of the House do not have before them any specific sum of money for the Border Patrol. They have the general admonition, the general instruction of such sums as may be necessary, and that sum will be decided by the Committee on Appropriations.

Mr. Speaker, I reserve the balance of my time.

Mr. BONILLA. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would just like to say I appreciate the gentleman's comments and also appreciate the bipartisan efforts he also pointed out have taken place on both sides of the aisle, but also by the administration that is interested in helping the Border Patrol in its efforts, and we just want to make sure that that continues. Again I just emphasize my appreciation of his support.

Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from Texas [Mr. SMITH].

Mr. SMITH of Texas. Mr. Speaker, I thank my colleague, neighbor, and friend, the gentleman from San Antonio, TX, for yielding me the time. Mr. Speaker, I rise in support of the motion to instruct.

As a flood of illegal aliens pours through the gaps in our national borders, the administration cannot be trusted to deal with the problem without a little prodding.

Only 2 months ago, I was stunned when Doris Meissner, the Commissioner of the Immigration and Naturalization Service, told me at an Immigration Subcommittee hearing that she did not need—and did not want—the 6,000 new Border Patrol agents that the recently passed Hunter amendment would fund.

Mr. Speaker, my phone rings daily with calls from taxpaying constituents irate over the growing number of their tax dollars being spent on Government benefits for illegal aliens. And as bad as the problem is in Texas, it's even worse in States like California and Florida.

All across Texas, American citizens and legal immigrants—who play by the rules and in some cases have waited decades to enter the United States legally—are forced to compete for scarce jobs and social services with illegal aliens who have simply cut ahead in line.

That is fundamentally unfair. America was built on respect for the rule of law. Our job is to make sure the law is enforced. This motion to instruct demonstrates our determination to do so.

Every other civilized nation on the planet does a better job than the United States of protecting its borders. We have no need to apologize for enforcing our laws and requiring immigrants to enter legally, just as previous generations have for hundreds of years.

I urge my colleagues to support the motion to instruct.

Mr. MAZZOLI. Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. BONILLA. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding the time. I want to congratulate the author of this motion to instruct, the gentleman from Texas [Mr. BONILLA], for his concern for the men and women of the Border Patrol and for his concern for the need to have law and order on our borders.

I want to congratulate my friend, the gentleman from Texas, Mr. LAMAR SMITH, who is the head of Republican Research Tax Force on Immigration who has put together an immigration package that I think is second to none. He has held national hearings really as the result of a great deal of work by many Members on the Republican side, and has taken testimony from Members on the other side of the aisle as well.

I want to thank the gentleman from California [Mr. MOORHEAD], my colleague, for sponsoring the amendment to add 6,000 Border Patrol agents, as well as my colleague from California [Mr. CUNNINGHAM], who is also a cosponsor of that very important amendment.

I want to thank a Member who is going be leaving us, the gentleman from Kentucky [Mr. MAZZOLI], who has dedicated a great deal of time and effort here in the House to working on the problems of controlling our border, and for the input that he had in this year's appropriation bill in urging the chairman to move forward on a higher mark. It is a mark in which we get about almost a thousand new agents this year. I want to thank him for all of the work he has done.

Mr. Speaker, I want to join my colleague, the gentleman from Texas [Mr. SMITH], for taking to task the INS commissioner who said they did not, at least at that time, support our amendment to add some 6,000 new Border Patrol agents. I hope the administration will reserve its position and come to the position of strength that his amendment and that of the gentleman from California, Mr. MOORHEAD, the gentleman from Texas, Mr. BONILLA, and the gentleman from California, Mr. CUNNINGHAM's amendment has led us to, and that is doubling the Border Patrol.

My colleagues, this amendment basically takes the Border Patrol from about 4,500 personnel to well over 10,000. We need that because on the southwest border of the United States there are 12 smuggling corridors where massive smuggling of illegal aliens and narcotics take place on a nightly basis. Those corridors occur any place where you have a population on each side of the border, San Diego-Tijuana, Calexico-Mexicali, to all the way in the east, Matamoros and Brownsville. They need a Grand Central Station effect. They need a lot of people and an urban area so the smugglers and the smuggled contraband can get lost in the crowds. They also have to have a logistical base in the smuggling corridors where there is a heavy population, and generally they also have freeways or highway arteries that come down close to the border. But once they get the contraband across, whether they are smuggling illegal aliens in a U-Haul truck, or smuggling cocaine, they can move it quickly on to the freeway and disperse it to their destinations.

If we want to have a real border, we need to have the political will to do essentially what was done in El Paso, TX. People have talked for years about how complex it is to have a real border. Let me tell my colleagues how complex it is. It is so complex that we basically took a bunch of border patrolmen at El Paso and every 100 yards we would walk down with a group and say "Stand here." Then we would walk another 100 yards and we would say to two more border patrolman, "Stand here." It is simply a matter of having the political will to have the personnel to line the border, so that you have a couple of agents every 100 yards or so in these smuggling corridors on a 24-hour basis. That is three shifts. You have to have reserves so that you can move to an area where massive smuggling is taking place or some of the so-called bonsai raids where 300 or 400 people will try to overwhelm a border patrol.

□ 1720

You have to have an ability to respond to that, and you have got to have enough personnel to run headquarters and also to handle the Canadian border. That requires, if you figure it out, about 10,000 agents. So we need to go from 4,500 agents, as the gentleman from Texas [Mr. BONILLA] has suggested to 10,000 agents. We need an increase of about 6,000 agents.

If you put that in the context of what this Government is doing, we are cashiering 1,700 young people a week out of the military, out of the uniformed services, so we are talking about 4 weeks' worth of uniformed terminations in the armed services and you could totally flesh out the Border Patrol.

So I want to thank the gentleman for his motion to instruct. I hope everybody will vote up to it.

You know, I had the honor the other day of giving out some awards for heroism to Border Patrol agents and their families in San Diego. These are wonderful people. They serve this country just as strongly and just as fervently as any of our people in the armed services, and they have not been given enough credit. What they would really like, I think, from us right now is reinforcements, and the motion to instruct offered by the gentleman from Texas [Mr. BONILLA] does that.

Mr. MAZZOLI. Mr. Speaker, I yield myself 2 minutes.

First, I would like to thank my friend, the gentleman from California

[Mr. HUNTER], for his nice remarks and to say that I think often of our very first meeting in 1981 at the Hotel Coronado. I think the gentleman was on the San Diego County Board of Supervisors at the time, and I was just newly appointed to this committee, and I remember our conversation, and I have happily served with the gentleman for these years of his time in Congress. I want to thank him.

Mr. HUNTER. Mr. Speaker, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from California.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for his nice statement. You know, seeing you there at the border in San Diego, CA, was an early illustration to me that there are a lot of Members in this body who really work hard, who really give great credit to the body. I wondered, "Why is this guy out here going on these night patrols 3,000 miles from his own district and trying to help a cause that does not" at that time at least, "was not very popular," and it was because you thought it was right. I appreciate that.

Mr. MAZZOLI. I thank my friend for that. I also would endorse everything he said about the bravery and gallantry and dedication of the men and women of the Border Patrol. They certainly on a day-to-day basis have some of the toughest jobs in Federal service.

For them, the amendment like the gentleman is offering and the work that has been done by the gentleman from California, the gentleman from Kentucky, is starting to pay off dividends.

I would like to maybe make a couple of points. When Ms. Meisner came before the committee and suggested that maybe the number of 6,000, which is what the amendment by the gentleman from California calls for, might have been a little bit too generous, and I do not think maybe Ms. Meisner was thinking about that from the total needs of the Border Patrol as much as from the time it takes to train and deploy and sort of cycle people in there. So I think it probably was not a rejection of the concept as much as just how we could do it.

I would say this, and I have said this very often, and it gets back to Father Ted Hesburgh who, when I first met the gentleman from California, was ending up his work as chairman of that immigration committee which led to the eventual recommendations, which led to the 1986 act, but Father Hesburgh is very fond of saying unless you close the back door in the immigration setting you will not be able to keep the front door open. What Father means by that, and what I think the amendment offered by the gentleman from Texas gets to, or his motion to instruct, unless we close the back door which keeps out people who are seeking to enter illegally or come in with claims that are false of asylum or somehow use false documentation, we will not be able to keep the front door open, which is the door through which many people have come in legally because they are rejoining family, because they have job talents that this Nation needs, because they have an ability to create businesses to add to the economic growth of our Nation, and the more of what I see now happening, unfortunately, around the country is a kind of frustration, a kind of feeling that is growing of disquiet about immigration, not making the distinction between legal and illegal.

And so I really believe that our Nation, our Government, would make a great step forward by doing everything possible to curtail illegal immigration in order to maintain a generous and magnanimous program of legal immigration, and we suffer the loss of the one if we do not attend to the problems of the other.

Mr. Speaker, I reserve the balance of my time.

Mr. BONILLA. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I thank the gentleman for yielding me this time.

I would like to draw personal attention. There is one person in this entire House who has made this the tip of his spear when it was very unpopular to try and stop the problem we are talking about of illegal immigration, that is the gentleman from California [Mr. HUNTER]. He even told me about the gentleman from Kentucky [Mr. MAZZOLI]. I was still in the Navy when the gentleman from California [Mr. HUNTER] came and said, "DUKE, we need to stop the drugs coming across the border as well. Let's use F–14's." I was out at NAS Miramar, and I had to explain to my colleague an F–14 radar cannot see a low flier at 50 feet over the ground, and you are not going to find any F–14 driver flying down there with his lights out at night anyway.

The whole bill he and the gentleman worked in the House allowed the military to be able to participate in building a fence, helping us build a road, put up the lights, and that was all the gentleman from California [Mr. HUNTER], and on the Senate side Governor Wilson, who was then in the Senate, a allowed that to happen.

I would like to thank the gentleman. Even when I was in the Navy, I know of his efforts. There are a few other people, the gentleman from California [Mr. MOORHEAD] the gentleman from California [Mr. GALLEGLY] who when this was not a popular issue fought hard, and there has been a lot of frustration, to try and get it done.

Why are we working so hard? I would also like to thank another individual, Gus Tellivini, who was on the border down there when the gentleman from Kentucky [Mr. MAZZOLI] came down, he was the head of the Border Patrol. It is like locusts coming across down there, and let me tell you a few things it is going to help. Unlike some of my colleagues, I think in the crime bill we need a balance. There should be strong education programs. There should be a strong rehabilitation system. Yes, even after going down in San Diego and talking to the night basketball thing, it does work. Day-night basketball does help with the kids. I support that. There should be some of those programs.

But let me tell you when we are putting new policemen on the street what it helps. If I could put Border Patrol up there, I could stop the million that are infesting the school systems in California from K through 12. That costs, the teachers are telling me, and that is one of the big problems. My wife is a teacher, and it is one of the big problems in our school systems in San Diego. We have 16,000 illegals in our jail system. That costs between $25,000 and $50,000 each just to house them depending on what kind of facility they are in. That money could well be used.

Up to two-thirds of all the children born in L.A. hospitals are to illegal aliens. They then go down, because that child is now an American citizen, and qualify for AFDC and welfare. That costs us millions of dollars just in the State of California.

We look at the other health care. When "20/20" and "60 Minutes" did a price on the emergency care that goes in, when we are talking about the elevation of health care costs, that also goes up. So if we can stop illegals at the border, if I can stop them from coming into international airports from other countries, losing their papers and filtering into the system, the same type of guy that blew up the World Trade Center which was an illegal alien, we can save a lot of money.

We are looking, and the President, and most of us, I think, support universal health care. We do not know how to pay for it. This Nation: It costs us $37 billion a year, the illegal immigration problem, $37 billion, and take that times 5 years, and say, "Well, DUKE, that is inflated." Let us take half of that. That is $93 billion a year that we could save ourselves and apply it to our schools or health care problems or wherever we want for additional coverage.

That is why, you know, I think the gentleman from Texas [Mr. BONILLA] in this resolution, to talk about Border Patrol, where we need 10,000 to cover from St. Louis all the way through the border States, and I think it is money well spent, because it saves money in the long run.

If we were going to invade Haiti because of the immigration problem that we have from Haiti, we would have invaded Mexico a long time ago if that

was the logic. I mean, we have tens of millions of illegals coming into our country from all over the country, but here in San Diego, we have a special problem through ourselves that we need to stop.

□ 1730

So I laud the gentleman and appreciate the additional time.

Mr. MAZZOLI. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, as a representative from the southern border, I can tell you that the men and women who risk their lives every day to patrol our border have not received a fair deal from Congress.

Currently, the San Diego sector accounts for 50 percent of all immigration arrests in the country. In 1992, there were more than 565,000 arrests—accomplished with only 1,035 agents. Though the San Diego sector carries out 50 percent of the arrests, it has only 30 percent of the agents and less than 15 percent of the operational budget of the agency.

Our Border Patrol officers are working in a dangerous environment with woefully inadequate resources. Let me give you just a few examples:

The body armor used by our agents has, in most cases, exceeded the life of the manufacturer's warranty. Outdated body armor offers virtually no protection to officers in the field.

Detention facilities are completely inadequate given the numbers being arrested. Recently, almost 2,000 illegal immigrants were arrested in a 24-hour period—and brought to a facility designed for only a few hundred. Conditions are unsafe for everyone.

The radio communications system is outdated and unworkable. With 20 or more agents sharing one frequency it is, at times, close to impossible to get on the air. Emergency responses are delayed—and routine operations are frequently interrupted.

How can we ask these men and women to protect our borders—and then fail to give them the minimal resources they need?

The helicopter fleet is almost 30 years old—and can't compare with the speed, air time, or other capabilities that are standard in other law enforcement agencies.

To add to the helicopter problem, there is a real shortage of pilots. In the San Diego sector, there are typically only 6 hours of helicopter flying time in every 12-hour shift—and that is on a good day. Within the next 5 years, almost all of the pilots now in the San Diego sector will be eligible for retirement.

Employees at the Imperial Beach Station perform maintenance out of a tent to keep their vehicles going. At the Brown Field Station the sector garage tries to service 700 vehicles from a building designed to support only 250. Because of this overload, the sector currently contracts out much of its own vehicle repair work, at a much higher cost to the taxpayer—thus wasting precious dollars that could be used to bolster enforcement.

Most facilities are small and overcrowded. Many of the agents do not have lockers for their equipment and must operate out of the trunks of their personal cars.

How can any of these men and women do the job that we in Congress are demanding.

I support the motion because we need additional agents to control the border. But the infrastructure—buildings, radio communications, safety equipment, helicopters and even phone lines—must be provided as well.

Like law enforcement agencies all over the country, the Border Patrol is asked to do a dangerous job. We have a responsibility to those officers and their families to give them the resources they need to do the job safely.

Mr. BONILLA. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I urge my colleagues to support the Hunter-Bonilla motion to instruct conferees to support authorizing the addition of 6,000 new Border Patrol agents over a 5-year period which is presently contained in the House-passed crime bill. I would like to commend the sponsors of this motion for their vigilance over this important issue.

In 1986, when Congress adopted my amendment to the Immigration Reform and Control Act authorizing a 50-percent increase in our border strength, our Border Patrol force included a total of 3,238 agents. Today, our current on-line force has reached 4,092, only 854 more agents than we had onboard 8 years ago. Congress cannot continue to refuse to give our Border Patrol the manpower and resources they need to tighten our wide-open borders. This inaction by Congress is resulting in a multibillion-dollar price tag for health care, education, and other benefits granted to illegal immigrants. It is the responsibility of the Congress to enforce the immigration laws of our country, and the Border Patrol is the very first line of defense against controlling illegal immigration and drug smuggling.

For decades we have heard assertions from special interest groups that the border is unenforceable. The effectiveness of Operation Blockade in the El Paso sector proves, of course, that this is nonsense. In El Paso, apprehensions of illegal immigrants have gone down by 81 percent and crime has been reduced by 46 percent. This successful blockade demonstrates the beneficial effects of an adequate number of Border Patrol agents.

Last year was a turning point for our Border Patrol force, when this body overwhelmingly passed the Hunter amendment, of which I am a sponsor, appropriating $60 million for 600 additional agents this year. The authorization before us today will continue this trend. Right now, we have a relatively small force of just over 4,000 dedicated and talented law enforcement officers performing a nearly impossible task in policing and protecting our land borders. Up to 4,500 undocumented aliens enter the southern California area each day. Last year the Border Patrol apprehended 1.25 million illegal aliens, marking the fourth consecutive year that apprehensions surpassed 1 million. Agents continue to put their lives on the line by intercepting 1.34 billion dollars' worth of narcotics in 1993 that would have otherwise found their way onto our streets and into the hands of gangs and pushers.

If we can put 100,000 new policemen on our streets, as the omnibus crime bill proposes, we can certainly expand our Border Patrol force by 6,000 over the same length of time. Of all Americans, 81 percent support an increase in our border force and it is important to retain that provision in whatever version of the crime bill is adopted by the conferees.

Mr. Speaker, I urge a "yes" vote on the motion to instruct.

Mr. BONILLA. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. PACKARD].

Mr. PACKARD. I thank the gentleman for yielding this time to me.

Mr. Speaker, there is no issue that is more crucial to my district and to my part of the State of California than this issue of undocumented aliens. I think that is true in Texas and many of the other border districts along our Mexican-American border. The most significant thing we can do to stem the tide is to increase our efforts at the border. We can do lots of other things by reducing the attraction, and we are trying to do that in other ways and by strengthening our efforts at the checkpoints and a variety of other places, but to strengthen our effort at the border is where we can stop at tide of crossings illegally.

That means new personnel, additional personnel. I heartily endorse this motion to instruct, and I congratulate the gentleman from Texas and the gentleman from California for their efforts to make certain that we increase by 600 the number of Border Patrol agents which is in our bill.

I hope that the conferees will use the House version in this aspect rather than the Senate version.

Mr. MAZZOLI. Mr. Speaker, I yield myself the balance of my time.

I want to very briefly sum up to once again inform the House that the Committee on the Judiciary, the members of that committee, on the conference on the crime bill, have no objection to the gentleman's motion to instruct, and I therefore would not oppose it on their part.

I think it is, once again, important to just clarify that while the gentleman's motion to instruct demands that the House conferees not diminish the amount of money for the Border Patrol from the amount which has been provided by the House amendment, by the House bill, as we have said earlier there is no specific sum of money set by the House bill. The House bill provides such sums of money as would be necessary and those moneys, of course, are filled in by the Committee on Appropriations, which this year will provide up to 700 additional Border Patrol agents.

Having said that, it seems to me very important for us to recognize that the bulwark of our Nation's ability to prevent influxes of illegal immigrants is the Border Patrol, composed of the men and women who serve it. So it is very important that we from time to time both in the appropriation bill and the authorizing legislation and motions to instruct, as offered by the gentleman from Texas, make it very clear that this Congress, this House of Representatives, commends the work being done by the Border Patrol and recognizes the amount of work done by that agency and offers our services in trying to make that work done even more efficiently and effectively in the future.

□ 1740

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BONILLA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all I would like to once again thank the gentleman from Kentucky [Mr. MAZZOLI] for his remarks in support of this motion. I concur with his analogy that he drew about the front door/back door argument; the front door is legal immigration in this country, and there is no one who supports someone going through the legal process more strongly than my colleague from Kentucky and myself, and I wanted to make that point very clearly. But it is the back door, illegal immigration, that is causing problems for people, not only in the communities along the border, but for those who choose to try to go through the legal process, doing it the right way, trying to become a citizen of this wonderful country of ours. So, I appreciate those remarks and wanted to point that out.

I also would like to make a point, as we close, about the Border Patrol and the dedication. As my colleagues know, here in Washington today it is probably 90-some-odd degrees, and the humidity is roughly the same, about 90 percent, or it feels that way anyway, but along the border in many of these communities where the temperature is reaching a hundred degrees and the high humidities, these people that serve our country in a most dedicated way are out there working every day in climates that often never see anything but very hot temperatures every day, but nonetheless go out and face their job every day with the greatest dedication, and also never complaining, but always just wanting a little bit more help from us here in the Congress, and that point I would like to make very strongly.

I would also like to mention that the vote on the original Hunter-Cunningham amendment was passed by 417 to 12, and, if that is not a good show of bipartisan support, I do not know what is.

Mr. HUFFINGTON. Mr. Speaker, I rise in enthusiastic support of the motion offered by my distinguished colleague from Texas. No country can survive for long if its borders are not secure. Right now, a few brave guards stand alone in the desert, swamped by wave after wave of illegal immigration. I urge the conference to keep the measure we voted for in the House and provide funds for 6,000 new Border Patrol agents. California needs more Border Patrol agents and so does America.

Mr. KYL. Mr. Speaker, I rise in strong support of Representative BONILLA's motion to instruct crime bill conferees to maintain the House crime provision significantly increasing the number of U.S. Border Patrol agents. The House-passed crime bill contains the Duncan amendment to hire 6,000 additional Border Patrol agents and other services to apprehend illegal aliens.

In Arizona we are seeing first-hand the effects of inadequate resources for border patrol services. Illegal border crossings have increased significantly over the past year in Arizona. Recent Immigration and Naturalization Service reports show that illegal-immigrant apprehensions have increased 54 percent between the periods of October through April 1993 and October through April 1994. Increasing the number of Border Patrol agents in Arizona would go a long way toward helping to combat the problems resulting from this significant increase.

In June, I sent a letter to Attorney General Reno calling for an immediate reassessment of the fact that Arizona has been shut out of the administration's $40-million immigration enforcement plan, which added 1,000 border agents and other officers to the borders of California and Texas. Arizona, in contrast, received 33 support positions, and only at the urging of Arizona's and New Mexico's Senators.

Our Nation's immigration enforcement plan should be directed toward the entire Southwest border region, and should include proper resources for the State of Arizona. While the great States of Texas and California admittedly need extensive immigration enforcement resources, other States such as Arizona and New Mexico must continue to confront significant border problems. The Clinton administration must recognize that in order to control illegal immigration, smuggling and drug trafficking across the entire Southwest border, Arizona must be allocated its fair share of resources.

I am hopeful that this very necessary increase in funding for the Border Patrol will result in increases in Border Patrol personnel for the entire Southwest region. I urge my colleagues to support Representative BONILLA's motion to instruct crime bill conferees regarding this increase.

Ms. SCHENK. Mr. Speaker, I rise in strong support of the Bonilla motion to instruct.

In April I joined with the gentleman from San Diego, Mr. HUNTER, in successfully offering an amendment to the crime bill authorizing the expansion of the border patrol to 10,000 agents. This type of Federal commitment is overdue and sorely needed by the agents themselves and by those communities located on or near the United States-Mexico border.

Historically, the border patrol has not received funding commensurate with its tremendous responsibilities. Its primary responsibility is preventing illegal entry into the United States—in 1992 the border patrol apprehended 1,199,587 illegal aliens along the border. In addition, border patrol agents have primary responsibility for drug interdiction between ports of entry, and the border patrol conducts numerous interagency task force operations with other Federal, State, and local law enforcement agencies.

This issue is of particular interest to me, Mr. Speaker, because I represent the San Diego-Tijuana border region, the Nation's busiest and most violent border zone. Of those 1,199,567 apprehensions in 1992, more than 50 percent or 560,000, were apprehended in our region. 30 percent of all controlled substances seized by the border patrol in that year were confiscated in the San Diego area.

For years the political leadership in our country let the border leak like a sieve and nobody cared. And now our States and our localities are paying the price. Spending money on the border patrol is a cost-effective investment. If someone is prevented from crossing illegally, we do not incur potential medical, educational and law enforcement costs.

The Hunter/Schenk amendment is an opportunity for the Congress to do something besides talk about our border problems.

I urge my colleagues to instruct the conferees to accept this very important part of the crime bill.

Mr. BONILLA. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the motion to instruct.

The previous question was ordered.

The SPEAKER pro tempore (Mr. FIELDS of Louisiana). The question is on the motion to instruct offered by the gentleman from Texas [Mr. BONILLA].

The motion was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 3838, HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1994

Ms. SLAUGHTER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 482 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 482

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 3838) to amend and extend certain laws relating to housing and community development, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs now printed in the bill. The amendment in the nature of a substitute shall be considered by title rather than by section. Each title shall be considered as read. Points of order against the amendment in the nature of a substitute for failure to comply with clause 7 of rule XVI or clause 5(a) of rule XXI are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentlewoman from New York [Ms. SLAUGHTER] is recognized for 1 hour.

Ms. SLAUGHTER. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. DREIER], pending which I yield myself such time as I may consume.

During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 482 is an open rule providing for the consideration of H.R. 3838, the Housing and Community Development Act of 1994.

The rule waives all points of order against consideration of the bill.

It provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance, and Urban Affairs.

Further, the rule makes in order the Banking, Finance, and Urban Affairs Committee amendment in the nature of a substitute now printed in the bill as an original bill for the purposes of amendment. The substitute shall be considered by title with each title considered as read. Points of order under clause 7 of rule XVI, which prohibits nongermane amendments, and clause 5(a) of rule XXI, which prohibits appropriations in a legislative bill, are waived against the substitute.

The rule is an open rule which allows any amendment which does not violate the rules of the House to be offered.

Finally, the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, H.R. 3838, the bill for which the Rules Committee has recommended this rule, reauthorizes for 2 years the much needed programs of the Department of Housing and Urban Development and the Farmers Home Administration. These programs provide vital housing and development assistance to our most vulnerable families and communities.

I commend Chairman GONZALEZ and his committee for crafting a bill which includes crucial reforms so that housing programs can more effectively and flexibly meet the needs of their beneficiaries.

Mr. Speaker, I ask my colleagues to support the rule so that we may proceed with consideration of the merits of this important legislation.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentlewoman from New York [Ms. SLAUGHTER], my friend, for yielding this time to me.

Mr. Speaker, under the facade of an open rule, our friends on the other side are perpetuating business-as-usual. This rule waives points of order against H.R. 3838, the Housing and Community Development Act, for violating House rules regarding germaneness, appropriating in an authorization bill, and direct spending.

These waivers are granted by this rule despite a July 15 letter from the chairman of the Committee on Appropriations, the gentleman from Wisconsin [Mr. OBEY] to the chairman of the Committee on Rules, the gentleman from Massachusetts [Mr. MOAKLEY] asking that all requests for waivers of clause 5(a) of rule 21 regarding appropriating in an authorization bill be rejected.

Despite these waivers, Mr. Speaker, I do want to commend the gentleman from Texas [Mr. GONZALEZ] for requesting an open rule. When we considered the rule for the last housing bill 2 years ago, it was the first time since Mr. GONZALEZ took over the chairmanship of the Housing Subcommittee in 1981 that we were faced with a closed rule on a major housing bill. I congratulate the chairman for returning to the fold.

I also want to commend the chairman, as well as the ranking Republican member of the Housing Subcommittee, the gentlewoman from New Jersey [Mrs. ROUKEMA] from a substantive perspective. I served on the Housing Subcommittee. During that time, I worked with Mrs. ROUKEMA and with the Reagan and Bush administrations to bring about many of the reforms that are contained in H.R. 3838.

These include public housing rent reform to help tenants become self-sufficient; correcting the failed policy of the one-for-one replacement rule that has caused the deterioration of the public housing stock; expediting the eviction of drug dealers from public housing; and giving local authorities more control over housing resources.

In previous years, we were blocked from making these important reforms. But it's never too late to open the shades and see the need to reform our scandal-plagued housing programs. This is a refreshing departure from the partisan gridlock that has characterized previous housing debates.

Of course, this does not mean that there are not serious problems with this housing bill. For example, the bill increases FHA loan limits to $172,675 in high-cost housing areas.

This is a gimmick to raise revenues for HUD in the short-run at the expense of undermining the long-term solvency of FHA's Mutual Mortgage Insurance Fund.

Accounting studies have found that FHA is losing money at an alarming rate, and raising FHA's loan limit to accommodate higher income homebuyers, while raising fees in the short-term, will lead to higher default rates 4 to 5 years down the road.

□ 1750

If these new lien limits stand, Congress may soon have to revisit another savings-and-loan-style debacle.

In addition, upper-income families have access to private mortgage insurance, and higher loan limits take away scarce housing resources from low- and moderate-income families, thus shutting many of them out of the housing market.

As an editorial in last Friday's New York Times entitled "Save FHA Loans for Needy Families" concluded:

Despite high default rates, FHA-backed mortgages are an important tool for moving financially-strapped families into their first homes. For Congress to steer lenders of these mortgages from the needy toward upper-income families serves no public purpose.

Mr. Speaker, I hope that this FHA mistake will be reversed, and that other changes will be made that will allow me to end up supporting this bill.

Mr. Speaker, I am happy to congratulate my friend from New York [Ms. SLAUGHTER], for managing this rule so skillfully.

Mr. Speaker, I include the New York Times article referred to for the RECORD.

[From the New York Times, July 15, 1994]

SAVE F.H.A. LOANS FOR NEEDY FAMILIES

The Clinton Administration is backing legislation that would give more families Government-guaranteed mortgages. Put that way, the policy sounds enlightened. Why then do prominent community housing groups and consumer advocates oppose the legislation?

Their objections flow from a less flattering interpretation of the House and Senate bills: they authorize the Federal Housing Administration to help relatively high-income families. That would help mortgage lenders, whose loans to those families would become risk-free. But it would siphon mortgages from low-income home buyers whom the F.H.A. is supposed to protect.

Under the House bill, the F.H.A. would be allowed to provide Government-backed insurance to lenders who provide mortgages up to $101,575; the current limit is $67,500. In high-cost areas like New York City, the limit would be raised to $172,675.

But families would need to earn $70,000 a year or more to afford such mortgages. Most of these families already own houses and do not need help from the F.H.A., whose primarily mission is to make a family's first house affordable.

Community housing groups note that raising the F.H.A.'s limits does nothing to make a family's monthly mortgage payments more affordable. And the higher limits will steer lenders away from the less-profitable smaller mortgages that go to low-income families. The bill's sponsors counter by arguing that if the F.H.A. is permitted to cater to richer families, it will cut down defaults and generate profit that could be used to help the poor.

This proposition is dubious. True, the current default rate is high. Lenders of F.H.A.-backed mortgages, protected from default, provide loans with very low down payments. Low down payments invite foreclosure—and losses for the F.H.A.—because the families have little equity at stake and the lenders have little incentive to monitor their customers.

Last year over 80,000 families with F.H.A.-backed mortgages defaulted; in some areas, F.H.A. foreclosure rates reach nearly 30 percent. If legislation steers families into larger mortgages, it is likely to attract credit-risky families and trigger more foreclosures—dealing another blow to neighborhood economic revival.

Despite high default rates, F.H.A.-backed mortgages are an important tool for moving financially strapped families into their first homes. For Congress to steer lenders of these mortgages from the needy toward upper-income families serves no public purpose.

OPEN VERSUS RESTRICTIVE RULES 95TH–103D CONG.

Congress (years)	Total rules granted [1]	Open rules		Restrictive rules	
		Number	Percent [2]	Number	Percent [3]
95th (1977–78)	211	179	85	32	15
96th (1979–80)	214	161	75	53	25
97th (1981–82)	120	90	75	30	25
98th (1983–84)	155	105	68	50	32
99th (1985–86)	115	65	57	50	43
100th (1987–88)	123	66	54	57	46
101st (1989–90)	104	47	45	57	55
102d (1991–92)	109	37	34	72	66
103d (1993–94)	78	19	24	59	76

[1] Total rules counted are all order of business resolutions reported from the Rules Committee which provide for the initial consideration of legislation, except rules on appropriations bills which only waive points of order. Original jurisdiction measures reported as privileged are also not counted.

[2] Open rules are those which permit any Member to offer any germane amendment to a measure so long as it is otherwise in compliance with the rules of the House. The percentages are open rules as a percent of total rules granted.

[3] Restrictive rules are those which limit the number of amendments which can be offered, and include so-called modified open and modified closed rules, as well as completely closed rule, and rules providing for consideration in the House as opposed to the Committee of the Whole. The percentages are restrictive rules as a percent of total rules granted.

Sources: "Rules Committee Calendars & Surveys of Activities," 95th–102d Cong.; "Notices of Action Taken," Committee on Rules, 103d Cong., through July 20, 1994.

OPEN VERSUS RESTRICTIVE RULES: 103D CONG.

Rule number date reported	Rule type	Bill number and subject	Amendments submitted	Amendments allowed	Disposition of rule and date
H. Res. 58, Feb. 2, 1993	MC	H.R. 1: Family and medical leave	30 (D–5; R–25)	3 (D–0; R–3)	PQ: 246–176. A: 259–164. (Feb. 3, 1993).
H. Res. 59, Feb. 3, 1993	MC	H.R. 2: National Voter Registration Act	19 (D–1; R–18)	1 (D–0; R–1)	PQ: 248–171. A: 249–170. (Feb. 4, 1993).
H. Res. 103, Feb. 23, 1993	C	H.R. 920: Unemployment compensation	7 (D–2; R–5)	0 (D–0; R–0)	PQ: 243–172. A: 237–178. (Feb. 24, 1993).
H. Res. 106, Mar. 2, 1993	MC	H.R. 20: Hatch Act amendments	9 (D–1; R–8)	3 (D–0; R–3)	PQ: 248–166. A: 249–163. (Mar. 3, 1993).
H. Res. 119, Mar. 9, 1993	MC	H.R. 4: NIH Revitalization Act of 1993	13 (d–4; R–9)	8 (D–3; R–5)	PQ: 247–170. A: 248–170. (Mar. 10, 1993).
H. Res. 132, Mar. 17, 1993	MC	H.R. 1335: Emergency supplemental Appropriations	37 (D–8, R–29)	1(not submitted) (D–1; R–0)	A: 240–185. (Mar. 18, 1993).
H. Res. 133, Mar. 17, 1993	MC	H. Con. Res. 64: Budget resolution	14 (D–2; R–12)	4 (1-D not submitted) (D–2; R–2)	PQ: 250–172. A: 251–172. (Mar. 18, 1993).
H. Res. 138, Mar. 23, 1993	MC	H.R. 670: Family planning amendments	20 (D–8; R–12)	9 (D–4; R–5)	PQ: 252–164. A: 247–169. (Mar. 24, 1993).
H. Res. 147, Mar. 31, 1993	C	H.R. 1430: Increase Public debt limit	6 (D–1; R–5)	0 (D–0; R–0)	PQ: 244–168. A: 242–170. (Apr. 1, 1993).
H. Res. 149 Apr. 1, 1993	MC	H.R. 1578: Expedited Rescission Act of 1993	8 (D–1; R–7)	3 (D–1; R–2)	A: 212–208. (Apr. 28, 1993).
H. Res. 164, May 4, 1993	O	H.R. 820: Nate Competitiveness Act	NA	NA	A: Voice Vote. (May 5, 1993).
H. Res. 171, May 18, 1993	O	H.R. 873: Gallatin Range Act of 1993	NA	NA	A: Voice Vote. (May 20, 1993).
H. Res. 172, May 18, 1993	O	H.R. 1159: Passenger Vessel Safety Act	NA	NA	A: 308–0 (May 24, 1993).
H. Res. 173 May 18, 1993	MC	S.J. Res. 45: United States forces in Somalia	6 (D–1; R–5)	6 (D–1; R–5)	A: Voice Vote (May 20, 1993)
H. Res. 183, May 25, 1993	O	H.R. 2244: 2d supplemental appropriations	NA	NA	A: 251–174. (May 26, 1993).
H. Res. 186, May 27, 1993	MC	H.R. 2264: Omnibus budget reconciliation	51 (D–19; R–32)	8 (D–7; R–1)	PQ: 252–178. A: 236–194 (May 27, 1993).
H. Res. 192, June 9, 1993	MC	H.R. 2348: Legislative branch appropriations	50 (D–6; R–44)	6 (D–3; R–3)	PQ: 240–177. A: 226–185. (June 10, 1993).
H. Res. 193, June 10, 1993	O	H.R. 2200: NASA authorization	NA	NA	A: Voice Vote. (June 14, 1993).
H. Res. 195, June 14, 1993	MC	H.R. 5: Striker replacement	7 (D–4; R–3)	2 (D–1; R–1)	A: 244–176.. (June 15, 1993).
H. Res. 197, June 15, 1993	MO	H.R. 2333: State Department. H.R. 2404: Foreign aid	53 (D–20; R–33)	27 (D–12; R–15)	A: 294–129. (June 16, 1993).
H. Res. 199, June 16, 1993	C	H.R. 1876: Ext. of "Fast Track"	NA	NA	A: Voice Vote. (June 22, 1993).
H. Res. 200, June 16, 1993	MC	H.R. 2295: Foreign operations appropriations	33 (D–11; R–22)	5 (D–1; R–4)	A: 263–160. (June 17, 1993).
H. Res. 201, June 17, 1993	O	H.R. 2403: Treasury-postal appropriations	NA	NA	A: Voice Vote. (June 17, 1993).
H. Res. 203, June 22, 1993	MO	H.R. 2445: Energy and Water appropriations	NA	NA	A: Voice Vote. (June 23, 1993).
H. Res. 206, June 23, 1993	O	H.R. 2150: Coast Guard authorization	NA	NA	A: 401–0. (July 30, 1993).
H. Res. 217, July 14, 1993	MO	H.R. 2010: National Service Trust Act	NA	NA	A: 261–164. (July 21, 1993).
H. Res. 220, July 21, 1993	MC	H.R. 2667: Disaster assistance supplemental	14 (D–8; R–6)	2 (D–2; R–0)	PQ: 245–178. F: 205–216. (July 22, 1993).
H. Res. 226, July 23, 1993	MC	H.R. 2667: Disaster assistance supplemental	15 (D–8; R–7)	2 (D–2; R–0)	A: 224–205. (July 27, 1993).
H. Res. 229, July 28, 1993	MO	H.R. 2330: Intelligence Authority Act, fiscal year 1994	NA	NA	A: Voice Vote. (Aug. 3, 1993).
H. Res. 230, July 28, 1993	O	H.R. 1964: Maritime Administration authority	NA	NA	A: Voice Vote. (July 29, 1993).
H. Res. 246, Aug. 6, 1993	MO	H.R. 2401: National Defense authority	149 (D–109; R–40)		A: 246–172. (Sept. 8, 1993).
H. Res. 248, Sept. 9, 1993	MO	H.R. 2401: National defense authorization			PQ: 237–169. A: 234–169. (Sept. 13, 1993).
H. Res. 250, Sept. 13, 1993	MC	H.R. 1340: RTC Completion Act	12 (D–3; R–9)	1 (D–1; R–0)	A: 213–191–1. (Sept. 14, 1993).
H. Res. 254, Sept. 22, 1993	MO	H.R. 2401: National Defense authorization		91 (D–67; R–24)	A: 241–182. (Sept. 28, 1993).
H. Res. 262, Sept. 28, 1993	O	H.R. 1845: National Biological Survey Act	NA	NA	A: 238–188 (10/06/93).
H. Res. 264, Sept. 28, 1993	MC	H.R. 2351: Arts, humanities, museums	7 (D–0; R–7)	3 (D–0; R–3)	PQ: 240–185. A: 225–195. (Oct. 14, 1993).
H. Res. 265, Sept. 29, 1993	MC	H.R. 3167: Unemployment compensation amendments	3 (D–1; R–2)	2 (D–1; R–1)	A: 239–150. (Oct. 15, 1993).
H. Res. 269, Oct. 6, 1993	MO	H.R. 2739: Aviation infrastructure investment	N/A	N/A	A: Voice Vote. (Oct. 7, 1993).
H. Res. 273, Oct. 12, 1993	MC	H.R. 3167: Unemployment compensation amendments	3 (D–1; R–2)	2 (D–1; R–1)	PQ: 235–187. F: 149–254. (Oct. 14, 1993).
H. Res. 274, Oct. 12, 1993	MC	H.R. 1804: Goals 2000 Educate America Act	15 (D–7; R–7; I–1)	10 (D–7; R–3)	A: Voice Vote. (Oct. 13, 1993).
H. Res. 282, Oct. 20, 1993	C	H.J. Res. 281: Continuing appropriations through Oct. 28, 1993	N/A	N/A	A: Voice Vote. (Oct. 21, 1993).
H. Res. 286, Oct. 27, 1993	O	H.R. 334: Lumbee Recognition Act	N/A	N/A	A: Voice Vote. (Oct. 28, 1993).
H. Res. 287, Oct. 27, 1993	C	H.J. Res. 283: Continuing appropriations resolution	1 (D–0; R–0)	0	A: 252–170. (Oct. 28, 1993).
H. Res. 289, Oct. 28, 1993	O	H.R. 2151: Maritime Security Act of 1993	N/A	N/A	A: Voice Vote. (Nov. 3, 1993).
H. Res. 293, Nov. 4, 1993	MC	H. Con. Res. 170: Troop withdrawal Somalia	N/A	N/A	A: 390–8. (Nov. 8, 1993).
H. Res. 299, Nov. 8, 1993	MO	H.R. 1036: Employee Retirement Act–1993	2 (D–1; R–1)	N/A	A: Voice Vote. (Nov. 9, 1993).
H. Res. 302, Nov. 9, 1993	MC	H.R. 1025: Brady handgun bill	17 (D–6; R–11)	4 (D–1; R–3)	A: 238–182. (Nov. 10, 1993).
H. Res. 303, Nov. 9, 1993	O	H.R. 322: Mineral exploration	N/A	N/A	A: Voice Vote. (Nov. 16, 1993).
H. Res. 304, Nov. 9, 1993	C	H.J. Res. 288: Further CR, FY 1994	N/A	N/A	
H. Res. 312, Nov. 17, 1993	MC	H.R. 3425: EPA Cabinet Status	27 (D–8; R–19)	9 (D–1; R–8)	F: 191–227. (Feb. 2, 1994).
H. Res. 313, Nov. 17, 1993	MC	H.R. 796: Freedom Access to Clinics	15 (D–9, R–6)	4 (D–1; R–3)	A: 233–192. (Nov. 18, 1993).
H. Res. 314, Nov. 17, 1993	MC	H.R. 3351: Alt Methods Young Offenders	21 (D–7; R–14)	6 (D–3; R–3)	A: 238–179. (Nov. 19, 1993).
H. Res. 316, Nov. 19, 1993	C	H.R. 51: D.C. statehood bill	1 (D–1; R–0)	N/A	A: 252–172. (Nov. 20, 1993).
H. Res. 319, Nov. 20, 1993	MC	H.R. 3: Campaign Finance Reform	35 (D–6; R–29)	1 (D–0; R–1)	A: 220–207. (Nov. 21, 1993).
H. Res. 320, Nov. 20, 1993	MC	H.R. 3400: Reinventing Government	34 (D–15; R–19)	3 (D–3; R–0)	A: 247–183. (Nov. 22, 1993).
H. Res. 336, Feb. 2, 1994	MC	H.R. 3759: Emergency Supplemental Appropriations	14 (D–8; R–5; I–1)	5 (D–3; R–2)	PQ: 244–168. A: 342–65. (Feb. 3, 1994).
H. Res. 352, Feb. 8, 1994	MC	H.R. 811: Independent Counsel Act	27 (D–8; R–19)	10 (D–4; R–6)	PQ: 249–174. A: 242–174. (Feb. 9, 1994).
H. Res. 357, Feb. 9, 1994	MC	H.R. 3345: Federal Workforce Restructuring	3 (D–2; R–1)	2 (D–2; R–0)	A: VV (Feb. 10, 1994).
H. Res. 366, Feb. 23, 1994	MO	H.R. 6: Improving America's Schools	NA	NA	A: VV (Feb. 24, 1994).
H. Res. 384, Mar. 9, 1994	MC	H. Con. Res. 218: Budget Resolution FY 1995–99	14 (D–5; R–9)	5 (D–3; R–2)	A: 245–171 (Mar. 10, 1994).
H. Res. 401, Apr. 12, 1994	MO	H.R. 4092: Violent Crime Control	180 (D–98; R–82)	68 (D–47; R–21)	A: 244–176 (Apr. 13, 1994).
H. Res. 410, Apr. 21, 1994	MO	H.R. 3221: Iraqi Claims Act	N/A	N/A	A: Voice Vote (Apr. 28, 1994).
H. Res. 414, Apr. 28, 1994	O	H.R. 3254: NSF Auth. Act	N/A	N/A	A: Voice Vote (May 3, 1994).
H. Res. 416, May 4, 1994	C	H.R. 4296: Assault Weapons Ban Act	7 (D–5; R–2)	0 (D–0; R–0)	A: 220–209 (May 5, 1994).
H. Res. 420, May 5, 1994	O	H.R. 2442: EDA Reauthorization	N/A	N/A	A: Voice Vote (May 10, 1994).

OPEN VERSUS RESTRICTIVE RULES: 103D CONG.—Continued

Rule number date reported	Rule type	Bill number and subject	Amendments submitted	Amendments allowed	Disposition of rule and date
H. Res. 422, May 11, 1994	MO	H.R. 518: California Desert Protection	N/A	N/A	PQ: 245–172 A: 248–165 (May 17, 1994).
H. Res. 423, May 11, 1994	O	H.R. 2473: Montana Wilderness Act	N/A	N/A	A: Voice Vote (May 12, 1994).
H. Res. 428, May 17, 1994	MO	H.R. 2108: Black Lung Benefits Act	4 (D–1; R–3)	N/A	A: VV (May 19, 1994).
H. Res. 429, May 17, 1994	MO	H.R. 4301: Defense Auth., FY 1995	173 (D–115; R–58)		A: 369–49 (May 18, 1994).
H. Res. 431, May 20, 1994	MO	H.R. 4301: Defense Auth., FY 1995		100 (D–80; R–20)	A: Voice Vote (May 23, 1994).
H. Res. 440, May 24, 1994	MC	H.R. 4385: Natl Hiway System Designation	16 (D–10; R–6)	5 (D–5; R–0)	A: Voice Vote (May 25, 1994).
H. Res. 443, May 25, 1994	MC	H.R. 4426: For. Ops. Approps, FY 1995	39 (D–11; R–28)	8 (D–3; R–5)	PQ: 233–191 A: 244–181 (May 25, 1994).
H. Res. 444, May 25, 1994	MC	H.R. 4454: Leg Branch Approp, FY 1995	43 (D–10; R–33)	12 (D–8; R–4)	A: 249–177 (May 26, 1994).
H. Res. 447, June 8, 1994	O	H.R. 4539: Treasury/Postal Approps 1995	N/A	N/A	A: 236–177 (June 9, 1994).
H. Res. 467, June 28, 1994	MC	H.R. 4600: Expedited Rescissions Act	N/A	N/A	PQ: 240–185 A:Voice Vote (July 14, 1994).
H. Res. 468, June 28, 1994	MO	H.R. 4299: Intelligence Auth., FY 1995	N/A	N/A	A: Voice Vote (July 19, 1994).
H. Res. 474, July 12, 1994	MO	H.R. 3937: Export Admin. Act of 1994	N/A	N/A	A: Voice Vote (July 14, 1994).
H. Res. 475, July 12, 1994	O	H.R. 1188: Anti. Redlining in Ins	N/A	N/A	A: Voice Vote (July 20, 1994).
H. Res. 482, July 20, 1994	O	H.R. 3838: Housing & Comm. Dev. Act	N/A	N/A	
H. Res. 483, July 20, 1994	O	H.R. 3870: Environ. Tech. Act of 1994	N/A	N/A	
H. Res. 484, July 20, 1994	MC	H.R. 4604: Budget Control Act of 1994	3 (D–2; R–1)	3 (D–2; R–1)	PQ: 285–180 A: Voice Vote (July 21, 1994).

Note.—Code: C-Closed; MC-Modified closed; MO-Modified open; O-Open; D-Democrat; R-Republican; PQ: Previous question; A-Adopted; F-Failed.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT ON NATIONAL SECURITY STRATEGY OF THE UNITED STATES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Armed Services.

To the Congress of the United States:

As required by section 603 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, I am transmitting a report on the National Security Strategy of the United States.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 21, 1994.*

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1994

The SPEAKER pro tempore (Mr. FIELDS of Louisiana). Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 3838.

□ 1753

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3838) to amend and extend certain laws relating to housing and community development, and for other purposes, with Mrs. THURMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule the gentleman from Texas [Mr. GONZALEZ] will be recognized for 30 minutes, and the gentlewoman from New Jersey [Mrs. ROUKEMA] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, on behalf of my ranking minority members on the Committee on Banking, Finance and Urban Affairs and the Subcommittee on Housing and Community Development, the gentlewoman from New Jersey [Mrs. ROUKEMA] and the gentleman from Iowa [Mr. LEACH] I am very proud to bring before the House for its consideration the Housing and Community Development Act of 1994. I thank all of my colleagues on the Committee on Banking, Finance and Urban Affairs on both sides of the aisle for their diligence and hard work during the 2 full days of a long markup of this bill. Virtually every member of the committee made a contribution and left his or her mark on this legislation, and it enjoys an overwhelming bipartisan support.

H.R. 3838 continues for 2 years, as was stated in the rule, the current HUD and Farmers Home programs. It finetunes many of them, resulting from many hearings that we have had in the past 2 years, not just last year. It creates a limited number of new programs, limited in accordance with that expressed desire on the part of the leadership, and particularly in consonance with the minority.

These programs provide housing and supportive services to our Nation's most vulnerable citizens and communities for low- and moderate-income and homeless Americans. Others enable thousands of American families for the first time to become homeowners. Still other programs help to stabilize neighborhoods by providing infill housing on vacant lots, neighborhood retail business enhancements, and large-scale site acquisition, clearance, and rebuilding. It is truly a housing and community development bill.

The bill streamlines a number of core housing and community development programs to provide regulatory and paperwork relief to HUD, the Farmers Home Administration, and program beneficiaries. Most initiatives proposed by the the administration are included within the current programs as eligible uses. The committee did this on a bipartisan basis in recognition of the concern of the HUD inspector general now and his predecessors, the inspectors general, for the growing number of HUD programs during a time of reduced HUD staffing and inappropriate skills mix.

This has been the question and the problem for some time, stretching back several administrations.

Important provisions of the bill include a broadening at both the low and the high end of the FHA mortgage limit, the preservation of the current affordable housing stock through a new cost saving section 8 contract renewal process, and this is in anticipation of what, if we are not handling it now as I have thanked the members of the subcommittee and full committee for anticipating, what would otherwise be a difficult problem to handle as we emerge into the next year and have many of the expiration dates coming around the horizon on some of these section 8 contract arrangements.

We have a merger of section 8 certificates and vouchers, which has been the result of at least some 6 or 8 years of effort to bring about, into some streamlined program. And here I want to compliment the HUD administration now in power for the excellent leadership they provided us in bringing a viable and a possible joinder of these two programs.

A block granting of six HUD homeless programs to achieve administrative efficiencies, rent reform for public housing residents, more flexibility for localities to meet the public housing one-for-one replacement, which I have from the very beginning been the advocate of.

In fact, I am the author of the one-for-one replacement amendments, going back to the beginning of the HUD period. I am also the author of the compensation programs in the case of eminent domain. In fact, in the charter legislation in 1965, I happen to be

blessed with the privilege of having been serving on the Subcommittee on Housing and Community Development for the 32½ years that I have been here, and therefore was in on the creation of HUD in 1965, and the first and probably the most comprehensive and innovative and seminal act with respect to housing and urban development, as well as rural, in the 1966 comprehensive act.

Mindful of the cap on the domestic discretionary spending for the next 5 fiscal years, the bill authorizes $28.1 billion in fiscal year 1995, and $30 billion in fiscal year 1996 for HUD programs, and $3.1 billion in fiscal year 1995 and $3.2 billion in fiscal year 1996 for the Farmers Home programs administered by the Department of Agriculture.

□ 1800

The bill reflects a bipartisan consensus on total program funding for each of departments. The managers' amendments will further reduce these totals to levels previously agreed to by both the majority and the minority, without reducing program levels below the appropriated levels.

The authorized levels for HUD programs, if fully funded by the Committee on Appropriations, will add 165,000 new units of affordable housing to the Nation's housing supply in fiscal year 1995 and another 174,000 units in fiscal year 1996.

This does not include new units generated through FHA mortgage insurance, the National Home Ownership Fund, or the Farmers Home Rural Housing programs.

I also intend to offer an en block amendment with the gentleman from Iowa [Mr. LEACH] and the gentlewoman from New Jersey [Mrs. ROUKEMA] particularly, as the minority leader of the Subcommittee on Housing, and myself in consultation with individual Members who have proposed further modifications and amendments to the bill. And we do this to expedite the consideration of the bill on sort of a consensual approach.

Madam Chairman, I include for the RECORD the following summary:

SHORT SUMMARY

H.R. 3838—THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1994

Funding Levels: Authorizes $28.1 billion in FY 1995 and $30 billion in FY 1996 for HUD programs. Authorizes $3.1 billion in FY 1995 and $3.2 billion in Farmers Home Administration (FmHA) rural housing programs administered through the Agriculture Department.

The HUD authorized level for FY 95 is $2 billion less than that authorized by the Congress in FY 1994. The HUD funding authorized, if appropriated, would add 165,000 new units of affordable housing to the nation's housing supply in FY 1995 and another 174,000 units in FY 1996. These figures do not include new units financed through the FHA mortgage insurance programs, do not include units under the FmHA rural housing programs.

A chart detailing specific authorization levels for each program is attached.

Title I—Assisted Housing

Subtitle A: General Provisions—Provides that not less than one-fourth of the Commissioners on Public Housing Authority (PHA) boards must be residents of public housing. Clarifies certain definitions in current law. Makes the escrow account required for each Family Self Sufficiency participant an option for PHAs and families. Builds the cost of FSS Service Coordinators into the underlying section 8 contract and public housing development contract. Permits use of Headquarters Reserve to settle civil rights litigation such as desegregation of public housing.

Subtitle B: Public and Indian Housing—Provides rent reform for public housing residents by not counting all or part of their earned income for rent calculation purposes. Provides regulatory relief for "high performer" PHAs and Indian Housing Authorities (IHAs) that score well under the Public Housing Management Assessment Program (PHMAP). Permits PHAs to retain savings they achieve by operating more efficiently.

Directs HUD to include additional factors in its calculation of public housing operating subsidies.

Permits PHAs to use up to one-half their annual modernization grant to replace older public housing rather than remodel it, if such replacement is more cost effective. Reforms and rewrites current law requiring one-for-one replacement of public housing demolished or sold to permit a broader range of eligible replacement programs and joint ventures between a PHA and private developers.

Conforms two programs for severely distressed public housing into one.

Creates a five year demonstration program for 25 PHAs and resident management corporations to provide maximum flexibility in operating public housing through waivers of HUD regulations and statutes.

Permits PHAs to screen applicants for as well as current residents of public housing for prior criminal records. Such records may also be used for evictions.

Broadens the Public Housing Resident Management Technical Assistance and Training program to permit grants for resident organizing, resident council capacity-building, and resident business development.

Broadens Public Housing Family Investment Centers (FICs) services to include job training, employment referrals, job banks, apprenticeship training, business development start-up costs, job recruitment, supervision of trainees, funding of resident councils, RMCs, and other community-based organizations to inform residents about services provided by FICs.

Subtitle C: Section 8 Assistance—Merges the Section 8 certificate and voucher programs.

Establishes the Fair Market Rents (FMRs) at the 45th percentile of local rents; the 30 percent rent-to-income ratio, and federal preferences.

Deletes payment standards and "take one, take all"; permits families to pay up to 40 percent of their income for rent, subject to a rent reasonableness test by the PHA; and requires the PHA to survey its housing market if more than half its section families are paying more than 30 percent of their income for rent. Permits standard leases commonly used in the locality, including written notice requirements for evictions. Freezes the section 8 administrative fee for FY 1995 and FY 1996 at the FY 1994 level for PHAs. Permits limited fee increases, subject to appropriations, in some circumstances.

New features of the merged section 8 program include a "repair and deduct" feature permitting PHAs, and tenants in some circumstances, to repair long-standing code violations and withhold the requisite section 8 payment to the landlord. Debars landlords from participating in the program who are convicted drug dealers or if they have been suspended or debarred from other HUD programs by HUD. Permits a conditional approval of HQS by the PHA if the violation is minor and can be corrected within 15 days. If not corrected within 15 days, the PHA can repair and deduct.

Continues a program to attract pension fund investment in low rent, privately owned housing using section 8 project-based assistance.

Subtitle D: Renewal of Expiring Section 8 Contracts for Section 8 New Construction and Substantial Rehabilitation Projects—Provides a procedure to renew expiring 20 year project-based section 8 contracts while containing costs, protecting tenants, retaining landlords in the program, and preserving affordable housing.

Requires HUD to renew the section 8 assistance if the building's rents are within 110 percent of the area's FMRs, if requested and permits HUD to renew contracts on a budget basis, if rents are higher than 110 percent.

If the building's rents are not supported by the budget-based analysis, then HUD must negotiate with the landlord and can insist that he refinance the mortgage to take advantage of a lower mortgage interest rate, or reduced debt service, thereby reducing the rents and the cost of section 8 contracts.

If the owner opts out of the program, HUD can recapture the section 8 project-based assistance from his building and attach it to another building elsewhere in the community. Tenants displaced as a result of such an opt-out are entitled to tenant-based section 8 assistance to relocate elsewhere in the community.

Subtitle E: Homeownership Programs—Reauthorizes the HOPE Single and Multifamily Sale Programs which attach section 8 assistance to HUD-held foreclosed properties in order to resell them to low and moderate income renters and owners. Sets a 25 percent match for each program.

Continues and streamlines the National Homeownership Fund, permitting mortgage interest write-downs to one percent and grants to cover first-time homebuyer downpayments and closing costs. Second mortgage assistance is also continued as an eligible activity.

Broadens the section 106 Housing Counseling program to a Housing Counseling for Homeownership and Rental Housing Choice program. This incorporates HUD's proposed Choice in Residency proposal, focusing on public housing and section 8 renters to make them aware of housing opportunities throughout a metropolitan area.

Subtitle F: Other Programs—Expands the current Public Housing Drug Elimination Grant Program into a general crime deterrence and reduction program and provides the bulk of the funding in a formula grant to PHAs with 250 or more units of public housing that have crime problems. The new program is called Community Partnerships Against Crime (COMPAC).

Reauthorizes the current Low Income Housing Preservation program and the Flexible Subsidy programs.

Broadens the Youthbuild program to permit the employment of young adults in this job training program on new construction projects, certain community facilities, as

well as the current rehabilitation of vacant housing. Targets 80 percent of funds to youths in families with incomes less than 50 percent of area median.

Requires HUD to provide section 8 assistance to tenants in HUD-held multifamily foreclosed properties if HUD finds, after the two year rent freeze provided in law, that they would be paying significantly more rent.

Directs HUD to provide guidance to PHAs and private landlords with section 8 tenants on proper methods of screening, admission, and eviction of current and former users of illegal drugs and alcohol abusers. Guidelines are to be based on the Public and Assisted Housing Occupancy Task Force report of April 7, 1994 and shall be issued no later than December 31, 1994.

Authorizes a three-year, three-city demonstration of consolidated waiting lists throughout a metropolitan region for applicants for public, section 8, HOME, and other federally-assisted housing. Waiting list to be managed by regional planning organizations, a designated PHA, a nonprofit entity, or consortia of local agencies. Provides incentives to owners to refinance high mortgage rate section 8 projects to today's lower rates.

Title II—HOME Investment Partnerships

Reauthorizes the HOME program for FY 1995 and 1996. Requires the Secretary to publish a notification of funding availability in the Federal Register no later than 90 days after appropriation for CHDO technical assistance. Clarifies that the costs of financing under the program include debt service reserves, credit enhancements and loan guarantees, and that eligible rental housing is housing with rents not greater than existing fair market rents. Requires that prevailing labor wage rates not be applied to HOME funds used to acquire land.

Title III—Supportive Housing Programs

Reauthorizes supportive housing programs for persons with special needs, including supportive housing for the elderly (section 202) and supportive housing for persons with disabilities (section 811); the housing opportunities for persons with AIDS (HOPWA) program; the revised congregate housing services program; and service coordinators in mixed populations buildings. Makes elder cottage housing a permanent eligible housing type for both the section 202 and 811 programs. Makes permanent the housing for elderly independence program. Makes other program improvements to the section 811, revised congregate services (revising the definition of frail elderly and reducing the match requirements) and HOPWA programs.

Title IV—Mortgage Insurance and Secondary Mortgage Market

Authorizes the Secretary to enter into commitments to insure mortgages under the National Housing Act for a reauthorized amount to be appropriated. Extends the date of termination for the Federal Housing Administration's Board to January 1, 1997.

Increases the maximum mortgage amount and the base floor amount for the FHA single family program to 85% and 50% of the conforming loan limit for FNMA and FHLMC, respectively, and allows for those limits to adjust annually.

Authorizes the Secretary to refinance HUD-held and HUD-assigned mortgages; in high cost areas to enter into arrangements with state or local agencies to share the risk in insuring mortgages; to delegate, under the direct endorsement program, the authority to insure mortgages involving single family dwellings; to insure a mortgage that secures a single family residence located on property owned by a community land trust; and, to insure a mortgage securing a single family property in which the effective rate of interest is fixed for not more than 5 years and is adjusted upon the expiration of that fixed period for the remaining term of the mortgage at a fixed or an adjusted rate.

Clarifies that the Secretary must approve point-of-use and point-of-entry water treatment equipment and water purification systems as acceptable water purification units. Strikes the provision which allows an increase in the amount of mortgage insurance if the increase is due to the installation of a solar energy system.

Extends the date of termination to September 30, 2000 for the home equity conversion mortgage demonstration program, and increases the number of mortgages insured under the program to 50,000. Makes technical changes to the energy mortgage pilot program.

Establishes a National Commission to recommend to Congress the appropriate future role of the Federal Housing Administration.

Extends the authorization to auction section 221(g)(4) multifamily mortgages through December 31, 2005. Provides that credit subsidy for refinanced FHA-insured multifamily housing mortgages shall be calculated based only on the amount which exceeds the outstanding principal balance of initial mortgage.

Extends authorization of the multifamily risk sharing demonstrations with the Federal National Mortgage Insurance Association, the Federal Home Loan Mortgage Corporation and other financial institutions for fiscal years 1995 and 1996 and extends the authorization for the risk sharing demonstration with state housing finance agencies for fiscal years 1995, 1996, and 1997.

Reauthorizes and extends the Emergency Homeowners Relief Act of 1975 for FY 1995 and 1996. Extends the authorization for the Indian Housing Loan Guarantee program through fiscal year 1996. Limits aggregate GNMA mortgage-backed security guarantee authority to $130 billion in each of fiscal years 1995 and 1996.

Requires the Secretary through the Federal Housing Commissioner to review the report issued by the Urban Institute, entitled "Performance of HUD Subsidized Loans: Does Cooperative Housing Matter?". Requires the Secretary to study the patterns of lending and insurance activity of private mortgage lenders and private mortgage insurers.

Title V—Rural Housing

Clarifies requirements for moratoria and for re-amortizing section 502 single family loans and makes the deferred mortgage program permanent.

Establishes a streamlined refinancing program for the section 515 rural rental housing program and provides permanent authorization for the section 515 program. Provides technical changes and reforms to the section 515 program including a prohibition on transfers and authority to provide loans for a term of 30 years.

Provides technical and clarifying changes and reforms for the rental housing prepayment program, including a prohibition on equity loans as incentives, unless necessary to prevent displacement or provide just compensation; and clarifies that incentives are available only for projects subject to the prepayment provisions at the 20 year mark, not before.

Extends the designation period for the targeted under-served areas program from 1 year to 2 years, except on tribal lands where the designation will be in place for 3 years, authorizes a set aside of up to 10 percent for communities with severe unmet housing needs, and extends the nonprofit set aside for the section 515 program.

Provides for operating assistance in lieu of rental assistance for migrant farmworker housing.

Establishes a rural community development initiative to attract foundation and other private funding for capacity building for nonprofit intermediaries in rural areas and establishes a delegated processing demonstration for section 502 loans in underserved areas. Establishes a technical assistance program for Native American areas to enable tribes and members of tribes to apply for rural housing program assistance.

Establishes a section 515 rural housing guaranteed loan demonstration of 25 projects with a total loan obligation not to exceed $50 million in each year.

Title VI—Community Development

Reauthorizes the following programs to be appropriated for FY 1995 and 1996: (1) the Community Development Block Grant (CDBG) program, (2) the section 108 loan guarantee program, (3) Special Purpose Grants for insular areas for technical assistance, for historically black colleges, for technical assistance for joint community development, for inner-city revitalization, for community adjustment, to purchase fire suppressing foam and to train fire fighters to use the foam in order to reduce fire-related deaths, and for work study grants for minority and economically disadvantaged students, (4) Neighborhood Reinvestment Corporation, and (5) John Heinz Neighborhood Development.

Expands the eligible activities for the CDBG loan guarantee program's economic development grant assistance to include the construction, rehabilitation or financing of retail and service facilities, mixed-use projects that link economic development activities and housing, community centers, farmers market and community business expansions.

Authorizes the Secretary to provide assistance directly to community-based and capacity-building organizations in order to conduct neighborhood community development as well as affordable housing, revitalization, and economic development activities. Creates a new program that will address the needs of border communities which have sub-standard housing.

Title VII—Regulatory and Miscellaneous Programs

Reauthorizes the following for FY 1995 and FY 1996: the Fair Housing Initiatives Program; HUD program monitoring and evaluation; HUD salaries and expenses; HUD research and development; the National Institute of Building Sciences; Residential lead-based paint hazard reduction grant program; New Towns demonstration program; National Institute of Building Sciences; National American Indian Housing Council; and the Housing Assistance Council.

Makes the following programmatic changes: permits HUD to transfer up to 10 percent from any technical assistance for HUD staff professional development training; requires HUD to report on authorized but unappropriated programs; requires HUD construction contractors to make a good faith effort to employ women; requires HUD, for each notice of funding availability, to provide an estimated date for notification of grant awards; removes Government National

Mortgage Association employees from HUD full time equivalent employment ceiling; requires wage matching with IRS records for residents of section 515 rural rental housing; requires 6 month GAO study of lead based paint detection technologies and tenant notification procedures; authorizes HUD to enforce compliance with Home Mortgage Disclosure Act reporting requirements through imposition of civil money penalties on nonsupervised lending institutions; extends the termination date for the Federal Deposit Insurance Corporation affordable housing program; and allows state agencies to qualify as sureties.

Title VIII—Housing Programs Under Stewart B. McKinney Homeless Assistance Act

Reatuhorizes and consolidates the Stewart B. McKinney homeless assistance programs and implements a formula-driven funding mechanism. Maintains as a competitive program the section 8 single room occupancy program. Moves the rural hopelessness program to the Department of Agriculture. Reauthorizes the Federal Emergency Management Agency Emergency Food and Shelter program and the HUD Innovative Homeless Demonstration program.

IMPORTANT PROVISIONS OF H.R. 3838—THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1994

1. FHA mortgage limits: A broadening, at both the low and high end.

2. Sec. 8 contract renewals: Preservation of the current affordable housing stock through a new, cost-saving section 8 contract renewal process.

3. Sec. 8 merger: A merger of section 8 certificates and vouchers into one streamlined program.

4. Homeless block grant: A block granting of six HUD homeless programs to achieve administrative efficiencies.

5. Public housing rent reform: Rent reform for public housing residents.

6. Demolition and replacement of public housing: More flexibility for localities to meet the public housing one-for-one replacement requirements of current law.

7. COMPAC crime grants for public housing: A broadening and formula funding of public housing crime reduction funds.

8. Enterprise-empowerment zone funding: Funding authorization for enterprise and empowerment zones.

9. Rural Housing Program reform: Reform of the section 515 Rural Rental Housing Program.

HUD PROPOSALS: WHAT HAPPENED TO THEM

The Department proposed 12 new programs and 6 program modifications.

1. McKinney homeless program block grant—Included in the bill (Title VIII) and authorized at $1.2 billion for FY 96 Transition year of FY 95 permitting consolidated application Programs combined: Emergency Shelter Grants; Transitional Housing; Shelter Plus Care; Safe Havens; Innovative Homeless Demonstration Programs left freestanding: Sec. 8 Single Room Occupancy and Shelter Plus Care rental assistance.

2. Sec. 8 Set-Aside for Homeless—Not included. Leave to local discretion. Too many set-asides of Sec. account at federal level already.

3. Enterprise and Empowerment Zone funding: $500 Million—Included in bill (Sec. 635). Authorized amount split $250 million in each of FY 95 and FY 96. HUD indicates initial designations will be made in September for approximately half the authorized number of zones.

4. Increase in FHA mortgage loan limits to $172,675—Included in bill along with an increase in the floor (lowest mortgage amount) which FHA may insure. Both ceiling and floor limits are indexed to secondary mortgage market's conforming loan limits.

5. National Homeownership Fund—funding—For the first time since this program, authored by myself, was authorized in 1990, HUD asked for funding. Bill authorizes $115 M in FY 95 and $215 M in FY 96.

6. FHA Single Family risk-sharing demonstration—Sec. 411 of the bill. Limited to high cost housing markets.

7. LIFT—Leveraged Investment for Tomorrow grants—Included within Economic Development Grants (Sec. 606), a discretionary grant program requested by the Department and authorized last year in the Hud Demonstration Act.

8. Community Viability Fund—Activities included within new consolidated program of capacity building for nonprofits and neighborhood based community development organizations (Sec. 633).

9. COMPAC—Community Partnerships Against Crime—Included in bill (Sec. 181) with five-yr. Formula funding for PHAs with 250 or more units that have crime problems in their public housing communities.

10. Public Housing Modernization Loan Guarantee—Managers' Amendment includes authority for PHAs to borrow up to five times their annual Mod grant amount to leverage private funds to build replacement housing and get ahead of their Modernization backlog by modernizing more units sooner.

11. Economic Opportunity Centers—Included within current public housing Family Investment Centers as one-stop job training, resident business development, and supportive service centers.

12. Tenant Opportunity Program—Replaces current public housing resident management technical assistance and training program. Expands eligible uses to include job training, and other self sufficiency activities beyond resident management of public housing.

13. Choice in Residency—Included with current sec. 106 Housing Counseling program. Counsels public housing and Sec. 8 residents and applicants to look for and move to housing outside pockets of poverty.

14. Metro-Wide Consolidated Waiting List Demonstration—Sec. 187 of bill.

15. Assistance to Impoverished Border Communities—Sec. 634 of bill (Colonias Assistance program).

16. HOME loan guarantee authority—Included as eligible use under HOME program.

17. Pension Fund Investment in Affordable Housing—Continued with 15 yr. project-based Sec. 8 assistance at $150 M in FY 95 and $200 M in FY 96.

Madam Chairman, I reserve the balance of my time.

Mrs. ROUKEMA. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I rise, as the ranking Republican on the Housing Subcommittee, to express my strong support for H.R. 3838, the Housing and Community Development Act of 1994.

In reviewing this legislation, my colleagues should know that the same commitment to produce a comprehensive, bipartisan bill which helped pass the 1990 and 1992 Housing Acts under the Bush/Kemp administration, has again guided our actions under the new administration.

In this respect, I want to commend HUD Secretary Cisneros for his total dedication and cooperation in working with us to achieve this legislation.

I also want to commend Chairman GONZALEZ for his sincere willingness to work with me and the other Members on the Republican side and for accepting many of the ideas, initiatives, and alternative housing polices which we presented. Without his total cooperation we could not have been successful.

This is in sharp contrast to past years when irreconcilable conflicts arose giving housing bills the reputation of being mired in controversy.

For my colleagues on this side of the aisle, I want to say that the Republicans were very much a part of the formulation of this bill with several provisions directly attributable to their efforts.

Just to name a few:

Mr. BEREUTER for his efforts on rural policy and surplus property.

Mr. RIDGE for his efforts on the homeless formula grant.

Mr. RICHARD BAKER for his efforts on public housing replacement.

Mr. KNOLLENBERG for his outstanding effort on rent reform.

Ms. PRYCE for her efforts on section 8 reform.

Mr. LAZIO for his amendment creating a public housing witness assistance program which will help fight crime in public housing.

Mr. GRAMS for his initiative on behalf of elderly persons living with the nonelderly.

And Mr. CASTLE for his efforts, which I strongly support although unsuccessful, to rid public housing of violent crime.

My colleagues, H.R. 3838 is a good bill.

H.R. 3838 balances the need for housing resources with the fiscal realities this Nation faces.

While the bill authorizes some $31 billion, this represents a modest 1.9 percent increase over the fiscal year 1994 appropriation for HUD and the fiscal year 1995 administration request.

And, compared to the fiscal year 1994 authorized funding levels approved by this House in 1992, this bill actually represents a reduction of approximately $2 billion.

Despite our tight-fisted funding approach, the committee was able to reverse several severe program budget reductions requested by the administration. These reversals were achieved because the committee felt the "Rob-Peter-to-pay-Paul or Pauline" approach was not acceptable and that funding for new programs could not come at the expense of existing programs.

One example was the committee increase for funding for the much needed, and popular, HOME investment partnership from the requested level of $1 billion to $1.5 billion.

The committee also restored the serious reduction in the section 202 program for the elderly from the administration request of $150 million to $1 billion.

H.R. 3838 also strikes the right balance between authorizing several of Secretary Cisneros' new programs without sacrificing existing effective programs.

In fact, 15 new programs were requested by the administration. However, because of the continuing management problems and staff shortages at HUD, as documented by both the GAO and the HUD IG, the committee agreed to create only three new programs. All of the other new initiatives were redesigned to fit into existing HUD programs.

H.R. 3838 also incorporates several housing and community development policies long championed by Republican members, including public housing rent reform, demolition and replacement of public housing, additional provisions to help address the mixed populations issue and the consolidation of Federal homeless assistance programs.

Madam Chairman, let me at this point take a moment to address just a few of the more significant issues addressed in this bill.

Perhaps the most notable of the changes made to housing policy was in the area of public housing reform.

H.R. 3838 takes action to help turn around public housing by reversing budget reductions in the operating and modernization accounts. The bill also allows modernization funds to be used for the replacement of obsolete and unlivable housing units.

H.R. 3838 makes great strides to remove the disincentives to work by initiating significant rent reforms which actually reward public housing residents who seek employment.

Here, I want to commend the work of our colleagues, Mr. KNOLLENBERG and Ms. WATERS for their hard work in shaping the rent reform provisions in this bill.

Among the changes, the bill provides a 20-percent earned-income deduction for those who work and allows residents whose children between the ages of 18 and 21 who work to discount their income for rent purposes.

And, the bill provides, at the option of the PHA the ability to freeze a resident's rent if that person finds a job after being unemployed for more than 1 year.

H.R. 3838 helps address the serious problems of crime and drugs in public housing by initiating a new anticrime program known as COMPAC and it allows public housing authorities to review the criminal records of housing applicants in order to help screen those who enter public housing.

Unfortunately, it was in this area that the Committee failed to enact the one important effort which could have made a significant impact on the lives of our residents. This unfortunate shortcoming involving guns in public housing is the singular failure of this legislation.

During subcommittee mark-up, the committee accepted an amendment sponsored by Mr. CASTLE, and BARRETT which would have permitted the residents of public housing to hold a referendum to ban guns in their housing complexes.

I supported this amendment as the one significant effort which could help stop the insanity of violent crime among our poor families.

My colleagues, 3.2 million Americans live in public housing. Unfortunately, we all are aware that, many of these developments are plagued with high rates of drug and other criminal activity.

And, most especially the residents of many of these developments are increasingly confronted with violence associated with the use of guns. One only needs to read the newspaper accounts of families in public housing forced to have their children sleep on the floor under their mattresses or in their bathtubs because they fear being shot, to fully appreciate the magnitude of this problem. Or instruct their children to lie on the floor while watching television to avoid possibility of ricocheting bullets.

The Barrett, Castle, Roukema amendment adopted in subcommittee took a reasoned and rational approach to this severe problem.

Regrettably, this much-needed amendment was deleted in full committee.

This was not an issue of constitutional rights to own a gun. This was an issue of the rights of the majority of the residents in a public housing development to live in a safe home.

This was not an issue of making residents in public housing second-class citizens subject to different standards of behavior or laws. This issue was brought to us by the very PHA's and residents who are most affected by this problem.

This was an issue of empowering poor people to act in their own best interest to provide a safe and decent environment to live in and to raise their children.

This was not an issue of gun control, this was an issue of crime control. This was an honest issue of keeping some sort of control over gun-related violence and preventing nonresidents from bringing guns into the developments.

Madam Chairman, for all the effort we are trying to make in this Congress to pass a crime bill to help our citizens feel safe and secure, the failure to keep this provision in the bill represents a major gap in our efforts.

Also for public housing, H.R. 3838 rewrites section 18 of the 1937 Housing Act making the most significant changes to the rules governing the demolition and replacement of obsolete public housing units. When fully implemented, these changes will go a long way in helping to rid the Nation of undesireable and mostly vacant high-rise housing.

Another provision in this bill would raise the loan limits for the FHA single family program.

As my colleagues are aware, I have had a long-standing position that no changes should be made to the operation of the FHA until the mutual mortgage insurance [MMI] fund met the capital levels mandated by the 1990 Housing Act.

Just before the committee mark-up, the results of the annual actuarial report and audit of the financial health of the MMI fund conducted by Price/Waterhouse and reviewed by the HUD IG, confirmed that the MMI fund had reached a capital level of 1.44 percent.

This was truly good news and allowed several of our members to support the proposed changes.

This is not to say that the FHA is out of the woods. The audit pointed out there are serious management weaknesses within the FHA especially with staff shortages. But these problems exist whether the FHA insures a $125,000 loan or a $172,000 loan.

While I will remain concerned about the long-term problems of the FHA, I do not feel the increase the high-cost area loan limit poses any risk to the MMI fund at this time. Of course, strict underwriting and constant diligence must continue.

Finally, through a strong bipartisan effort, and along the lines of an original Roukema/Ridge proposal, H.R. 3838 transforms the current six McKinney Homeless Assistance Act programs into a single, formula-driven grant program beginning on fiscal year 1996.

Under this revision, participating State and local jurisdictions will create local advisory boards which will be responsible for the development of a comprehensive homeless assistance strategy and a plan to carry out that strategy. The funding will be distributed on the basis of 70 percent allocated to the local communities and 30 percent to the States.

This change, by refocusing the effort to the State and local level, will help make the national effort to solve the problems of homelessness a much more effective and efficient program.

In conclusion, Madam Chairman, I again want to say that the Banking Committee has presented the House and the administration a good, balanced, bipartisan bill in which the Republicans played a major role in formulating.

I urge the Members of this House to vote "yes" on H.R. 3838.

Madam Chairman, I include for the RECORD the following article:

[From the Washington Post, July 20, 1994]

A PROMISING HOUSING BILL

Congress may be about to pass a housing bill that deserves more attention than it has received. The troubled public housing program in particular would be pointed in a new direction. The projects would be opened up to a slightly higher income group than now. The bill would also make it easier to replace and break up the concentrated inner-city projects that are the focal point of the program's problems.

These ideas bespeak a changed trend in the climate in which federal housing policy is made. The housing debate for most of the Reagan-Bush era was rigid and ideological. The administrations wanted mainly to cut the various subsidy programs for the poor on grounds they were too expensive, counterproductive and none of the government's business. The housing committees of Congress were just as determined to protect them. The two sides fought to a kind of lifeless draw in which there was little middle ground. The new administration has put the discussion back in the real world.

The rent rule now with regard to public housing is that tenants pay 30 percent of their adjusted incomes. The 30 percent becomes a kind of tax on extra earnings atop all other taxes (and in addition to the phaseout of other federal benefits as income rises). The effect is either to discourage earnings or to cause the upwardly mobile to leave. That adds in turn to the pressure on public housing.

Partly as a matter of policy—there are not enough units to serve all the poor, and Congress has said the poorest should be served first—the relative income of public housing tenants has declined in recent years. Because as a group they are poorer than they used to be, as a group they have more problems. The projects reflect it. The bill seeks modestly to reverse that trend by to some extent divorcing rent from income through a system of rent ceilings, partial income disregards and delays in what would otherwise be rent increases. The people in public housing will still be poor but as a group not as hopelessly so; that can't be bad.

To preserve an already insufficient stock of public housing in an era of budget cuts, it was also the rule that local housing authorities could only get rid of units if they replaced them. Much of the money for such replacements came through a modernization program. The result was that most replacements tended to be in the same configurations on the same sites.

The new rule still would mostly require replacement units, but not so much on the same site. The modernization money could be used to spread the units elsewhere, including, if the administration gets it way, into adjoining jurisdictions if they agree to receive them. The effort is to ease the heavy concentration of problems that comes with the concentration of subsidized housing for the poor. That could prove to be difficult or troublesome, but there's time to see how it goes, and its worth a try.

□ 1810

Madam Chairman, I reserve the balance of my time.

Mr. GONZALEZ. Madam Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. VENTO], the ranking member of the subcommittee.

Mr. VENTO. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, I rise in support of H.R. 3838, the Housing and Community Development Act of 1994, which authorizes $28.1 billion in fiscal year 1995 and $30 billion in fiscal year 1996 for HUD community development and housing programs. The bill also authorizes $3.2 billion Farmers Home Administration [FmHA] and rural housing programs administered through the Agriculture Department.

This bill has been a significant undertaking, pulling together the innovative initiatives and ideas of our Secretary at HUD, Henry Cisneros, and the new administration, members of the Banking Committee and others in Congress—for our important housing programs—in urban, suburban, and rural America.

I am especially pleased, as the chairman on the Speaker's task force on homelessness, that we are acting today upon an important revision of the HUD McKinney homeless assistance programs. Title 8 of this bill will create a new flexible grant program, consolidating several current programs—emergency shelter grant, supportive housing, safe havens, and shelter plus care—for formula allocation. These provisions were modeled on the comprehensive local and State planning for homelessness advocated by the Speaker's task force, by the Federal plan to end homelessness entitled "Priority Home," and of course, through the HUD legislation sent to us by Secretary Cisneros and his able Assistant Secretary, Andrew Cuomo. It is a major expansion of McKinney, nearly doubling the program and reforming it.

H.R. 3838 will also reauthorize the Interagency Council on the Homeless, maintain the current FEMA Emergency Food and Shelter Program at FEMA, and maintain section 8 SRO Program as a separate categorical program so that it can continue to provide the larger capital grants on annual basis to make permanent housing—some 2,000 units last year. Our bill also moves the rural homelessness assistance program to the Agriculture Department.

Our provisions incorporate many of the concepts put forth by the task force, the Federal plan and others, to embrace the nonprofits who carry much of the work load on this issue and to simplify and consolidate the Federal programs for homelessness assistance at HUD.

Of course, we are continuing to work out some of the differences between the various versions of the consolidation, including the possibility of speeding up the transition period for regulations and implementation and other formula matters such as holding harmless funding levels for communities.

I would like to comment on a couple of other provisions which I have worked on, and, of course, those programs that I support. I would like to draw my colleagues attention to our provision to expand the drug elimination program in public housing and the revised compac initiative which is crafted to address broadly crime in and around public housing areas.

The committee's bill is also creating several options for addressing equal opportunity and choice in housing in our communities. We are including demonstrations for joint waiting lists and providing guidance and flexibility where possible to assist with deconcentration issues.

Madam Chairman, our housing needs are great. Millions of Americans live in poverty and only about one-third of them receive any government housing aid. Almost 10 million Americans are unemployed. Millions of very low income renters live in substandard housing or pay well over 30 percent of their income for housing. Millions of our citizens are on our Nations streets over the course of a year. We need comprehensive housing and community development legislation to help us meet the promise of decent safe sanitary affordable housing for all Americans.

An essential component of our housing programs is the FHA Single Family Insurance Program which last year insured close to 1 million American homes. The accounting firm of Price Waterhouse has produced an audit of FHA, the MMI fund is doing fine and is predicted to exceed the interim capital standard of 1.25 percent by obtaining 1.44 percent and is currently projected to reach 3.41 percent by the year 2000, well over the required 2 percent capital ratio.

Our bill will raise the base loan limit from $67,500 to roughly $101,000—50 percent of the Freddie Mac/Fannie Mae conforming loan limit—bringing this limit back into the market. This base amount has not been adjusted since 1979 and FHA has not kept pace with the market. According to National Association of Realtors' figures the only source of important information; existing home sales show the median priced home in 1993 was $106,800.

Our bill also broadens the marketability of FHA by raising the ceiling loan limits and setting them at 85 percent of the conforming secondary FNMA/FM loan limit in high cost States. By broadening the market usefulness and appeal of the program, we can keep the FHA fund self-sustaining and serving middle-class families striving to achieve homeownership.

Madam Chairman, I would also like to speak in favor of a provision we have incorporated, as a result of the good work of our colleague, Congresswoman KAPTUR. Included in the bill is a version of the community viability fund proposed by the administration to help provide technical and other assistance to neighborhood groups and community development organizations at the local level to expand their capacity to

serve. With this, we will be creating a Geno Baroni Recognition Award with a 10-percent set-aside of these capacity building funds to acknowledge the work of these organizations and to encourage them to do more. These recognition awards will allow us to pay tribute to the leadership and the vision of a former Assistant Secretary at HUD, Msgr. Geno Baroni. The monsignor was instrumental in drawing national attention to the plight of America's neighborhoods in the 1970's. His work led the grassroots of neighborhood development forward and also helped create organizations such as the successful Neighborhood Reinvestment Corporation, which carries out vital programs today in hundreds of cities around the country.

Mr. Speaker, I would conclude by thanking the chairman and the ranking minority Member, Congresswoman ROUKEMA, and their able staff members of the Banking Subcommittee for the their work on this important bill. I urge my colleagues to vote in favor and support the bill.

Mrs. ROUKEMA. Madam Chairman, I yield 4 minutes to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Madam Chairman, I thank the gentlewoman from New Jersey for yielding me this time.

Madam Chairman, this Member rises today in support of H.R. 3838, the Housing and Community Development Act of 1994, and commends the gentleman from Texas [Mr. GONZALEZ], the distinguished chairman of the Committee on Banking, Finance, and Urban Affairs, who continues his strong interest and leadership in housing and community development; the gentleman from Iowa [Mr. LEACH], the distinguished ranking member of the committee; and the distinguished gentlewoman from New Jersey [Mrs. ROUKEMA], the ranking member of the Subcommittee on Housing and Community Development of the Committee on Banking, Finance, and Urban Affairs, all for their efforts in bringing this measure before us today.

Madam Chairman, there were excellent initiatives from both sides of the aisle, and despite debate on some very controversial issues, the subcommittee and the committee moved forward in the markup in a bipartisan, good-faith effort worthy of further emulation in this Congress.

Madam Chairman, this legislation, H.R. 3838, makes significant changes and improvements to a wide variety of the Nation's Federal urban, rural, and Indian housing policies and programs. However, for purposes of legislative intent, this Member will primarily address his remarks to programs on which he has had a special involvement in the legislative process this year.

□ 1820

It includes a demonstration program authored by this Member which will create a new loan guarantee program for the development of multifamily rural rental housing. Currently the only Federal program allowing development of this type of housing is an expensive direct loan program which has, unfortunately, been plagued with problems. H.R. 3838 addresses many of those problems, and does make that program better. This Member wants to be clear, that the 515 loan guarantee demonstration program proposed by the members is not intended to replace the existing program, but to augment it, at a lower cost, to reach a segment of our rural population which has been underserved by Federal housing programs. The demonstration program will provide a Federal guarantee on loans made by private lenders for the development of greatly needed rental housing rural areas. In each of fiscal years 1995 and 1996, 25 developments will be guaranteed by the Farmers Home Administration. Developers will bring 10 percent of the cost of the project to the table, and private lenders will make loans for the balance. The lenders will be given a 100 percent Federal guarantee on the loans they make. Unlike the current program, whose full costs are borne by the Federal Government, the only costs to the Federal Government under this program will be for administrative costs and potential defaults. It should be noted that this program is based on the very successful FmHA 502 Middle Income Loan Guarantee Program for home ownership. That program has a default rate of only 1.59 percent. As you can see, Mr. Chairman, loan guarantees are a much more effective use of limited Federal dollars. This Member thanks Chairman GONZALEZ, the gentlelady from New Jersey [Mrs. ROUKEMA], and the members of the Banking Committee for their cooperation in including this provision in H.R. 3838.

This Member is also pleased that this measure also reauthorizes the Indian Housing Loan Guarantee Program which this Member authored and saw authorized in 1992. This program is poised to provide tremendous opportunities in Indian country by making private lending available on trust land. Again, this is a loan guarantee program, so the costs to the Federal Government will be very low and the opportunities to our native American citizens will be great.

This measure makes significant improvements to the Nation's low-income housing programs as well. The regulatory relief for innovative public housing authorities included in H.R. 3838 will allow the Secretary of Housing and Urban Development to waive many of the burdensome, unnecessary and counter-productive regulations created by HUD over the years. While protecting the interests of low income tenants, this provision will give innovative public housing authorities the means to develop a plan for operation, management, maintenance and development which exempts them from the stifling regulations currently imposed by HUD. It's a good provision, and this Member is pleased to note that it includes many of the ideas included in this Member's legislation, H.R. 4165 and H.R. 4432.

Another positive feature of the bill is rent reform for public housing. This provision sets a more rational, fairer policy which encourages residents of public housing to work and improve their lives without penalizing them for their efforts as current rent policies do. The gentlelady from New Jersey [Mrs. ROUKEMA] and the gentleman from Michigan [Mr. KNOLLENBERG] are to be especially commended for their efforts on this provision and a proposal this member had drafted.

Perhaps one of the most positive features of this measure is the relaxation of the one-for-one replacement rules. This correction of a well-intended but failed policy will allow public housing authorities to develop safe, decent and livable housing to replace some of the worst projects in the nation. Currently, dilapidated, unsafe and badly designed housing cannot be demolished unless it is replaced on a one-for-one basis. Of course, with funding tight, many public housing authorities cannot replace this housing and so it sits, empty and dangerous, attracting criminal activity and demoralizing those who are forced to live near it. This measure allows less than one-for-one replacement and the development of better, scattered site, more livable housing. This is truly an important improvement to Federal policy.

Finally, Madame Chairman, H.R. 3838 contains a provision which allows public housing authorities to obtain the criminal records of adult applicants and residents of public housing. This provision will help to foster a safer, more secure environment for the residents of our Nation's public housing.

Madame Chairman, this Member strongly supports this bipartisan measure and urges his colleagues to vote for its passage.

Mr. GONZALEZ. Madam Chairman, I yield 3 minutes to the gentlewoman from California [Ms. WATERS], a distinguished member of this subcommittee and of the committee.

Ms. WATERS. Madam Chairman, I rise in support of H.R. 3838. H.R. 3838 reauthorizes a number of important housing and community development programs for fiscal year 1995 and fiscal year 1996. As a member of the House Banking Committee and the Subcommittee on Housing and Community Development, I am proud to have been a participant in this legislative effort. I want to commend Chairman GONZALEZ and the ranking minority leader, Mrs. ROUKEMA, for their leadership in moving this bill through both the subcommittee and full committee.

I want to speak briefly on several measures that are included in this bill and tell you why I think they are so important.

H.R. 3838 makes several crucial reforms. First, it changes the manner in which HUD calculates rent for public housing residents, along the lines of H.R. 4159.

I introduced H.R. 4159 as a result of contact being made to me by another Member of this body, the gentleman from Georgia [Mr. BISHOP]. He came to me with some of his constituents from Georgia, and they had worked up a wonderful proposal for rent reform and I joined with them to make sure we implemented this idea, because I know a lot about what was going on in housing projects all over America. I recognized that there were many residents who tried to work, who tried to get a job so that they could mainstream their lives, only to find for every penny they earned, it was being taken away. They did not have the opportunity to accumulate any savings. They did not have the opportunity to realize the difference in income as a result of the job that they had gotten. So this rent reform is extremely important to empowering people. So I was fortunate at the initiation of the gentleman from Georgia [Mr. BISHOP] to introduce that legislation.

H.R. 3838 modifies rent requirements to exclude a portion of earned income from being considered for rent calculation purposes, thereby allowing public housing tenants to keep more of the money they earn and encourage them to work for additional income. The bill also excludes from a family's income calculation, the earned income of young adults between the ages of 18 and 21 that live with the family. This is real welfare reform, Mr. Chairman. If we are serious about welfare reform, we must provide opportunities and incentives for individuals to work like the ones contained in this bill.

Second, H.R. 3838 authorizes $212 million for fiscal year 1995, and $225 million for fiscal year 1996 for AIDS housing programs. The bill encourages additional input from AIDS service providers and affected communities in local planning and application activities.

H.R. 3838 also reauthorizes and reforms the Section 108 loan guarantee program. I have been and continue to be a strong supporter of the Section 108 loans because I truly believe they provide meaningful resources. This legislation would enhance the economic development aspect of the Section 108 program.

Other programs reauthorized by this legislation include the HOPE and HOME programs, Section 8 low-income rental assistance, public housing modernization and construction, elderly and handicapped housing, rural housing grants and loans, and Community Development Block Grants.

H.R. 3838 is a good package. I think it represents a shift in the housing discussion from one based on ideology to one based on the real life problems of people and communities and concrete, meaningful solutions to address those problems.

I support H.R. 3838 and I urge my colleagues to join me in passing this very important legislation.

Mrs. ROUKEMA. Madam Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. BAKER].

Mr. BAKER of Louisiana. I thank the gentlewoman for yielding me the time.

Madam Chairman, I rise to congratulate our leadership and that of the other side on a very important aspect of this legislation, dealing with a very troubling matter in our Federal housing policy known as the one-for-one replacement rule that was well intended when first passed to require that before any unit of public housing could be demolished, a similar unit should be constructed at another location to ensure that adequate housing inventory was maintained for all those in need. Unfortunately, the Federal Government has not been a very good housing manager. In fact, it is probably one of the poorer in the country, because resources are stressed, units often suffer in a dilapidated condition, we are not able to renovate properly or even do adequate maintenance.

In the case of a project in New Orleans, LA, known as the Desire Street project, we find frankly some of the most miserable housing conditions in America. Regretfully, although one of the largest housing units today, it is one of the lower in occupancy because the units have continued to deteriorate, the quality of life there is miserable and accordingly suffers from a very high rate of crime.

The most efficient and logical thing for us to do is not to continue to invest additional dollars in this very large and inefficient unit but to allow the housing authority there locally to use their best initiatives in using scarce taxpayer dollars to create quality housing opportunities for those who really need it. It will reduce the total number of housing units structurally available but, in fact, will increase more units for those who really need it in the New Orleans area.

This waiver provision for the one-for-one housing rule is a very important provision, and I wish to commend not only the chairman of the full committee, the gentleman from Texas [Mr. GONZALEZ], but the gentleman from Massachusetts [Mr. FRANK], who has been a strong advocate for housing in our Nation as well as the gentlewoman from New Jersey [Mrs. ROUKEMA] for her hard work in working this compromise language in the process. The result I believe is not only a gain for those in need of public housing but more importantly a significant gain for the American taxpayer, because it means scarce resources will be more effectively utilized to provide quality housing for those who need it and not to be constrained by artificial rules that force us to continue in a very inefficient and irresponsible manner.

I appreciate the leadership of those on the Committee on Banking, Finance and Urban Affairs for inclusion of this provision. I am happy to work with them in seeing its adoption.

Mr. GONZALEZ. Madam Chairman, I yield 2½ minutes to the gentleman from New Jersey [Mr. KLEIN], a very distinguished member of the subcommittee, and, of course, the committee.

Mr. KLEIN. Madam Chairman, I rise in strong support of H.R. 3838, the Housing and Community Development Act reauthorization bill.

This 2-year authorization—which provides $31.2 billion in fiscal year 1995 and $33.6 billion in fiscal year 1996—is a carefully crafted bill that provides essential spending authority on a wide range of programs that fall under the jurisdiction of the Department of Housing and Urban Development.

I am sad to say that I believe this bill falls short of the amount of money needed to adequately address our housing needs across this country. But given the limited amount of funds that are available, I believe our committee has done a masterful job in striking a careful balance between existing programs and several of the new initiatives proposed by Secretary Cisneros.

This bill gives HUD and local housing authorities more flexibility in using Federal funds. It relaxes the rent ceilings on working families who live in public housing; it simplifies the administration of the subsidized private housing program known as section 8 by merging two forms of assistance; it modifies the current one-for-one public housing replacement rule; and it consolidates existing homeless programs to give States, localities, and nonprofit agencies greater latitude in combating homelessness.

This bill also contains a provision I sponsored which would increase the amount that can be insured by the Federal Government under the FHA's single-family mortgage insurance program.

As it stands now, the maximum amount that can be insured under this program is $151,725. My proposal raises that limit to $172,675.

It is proposed that is supported by the mortgage bankers, the homebuilders, the realtors, and the administration. And it is a proposal that has already been included in the fiscal year 1995 VA–HUD-independent agencies appropriations bill.

Why do we need to raise the current FHA loan limit? Because middle-income people in high-cost areas like northern New Jersey and California

cannot get a loan through the FHA program that exceeds the current $152,000 limit. This is despite the fact that the average cost of a house in my State exceeds $179,000.

People in high-cost areas of this country should not be denied access to the lower downpayment requirements of an FHA loan simply because of where they live.

And let me set the record straight on one key point. I am not talking about rich people buying vacation homes with Government-guaranteed financing.

I am talking about moderate income people, firemen and factory workers, most of whom are first-time home buyers, who simply do not have enough cash on hand to meet the minimum 5-percent downpayment requirements set by most conventional lenders.

Will an increase in the FHA loan limit put the mutual mortgage insurance fund at risk?

Absolutely not. The recent actuarial analysis of the economic net worth of the FHA mortgage insurance fund prepared by Price Waterhouse concluded that the capital ratio requirements as established by law have been exceeded.

As with any insurance company, FHA must and should spread the risk of possible loss. High balance loans have much lower claim rates than lower balance mortgages. Increasing the loan limit will enhance lending and the financial standing of the insurance fund. This, in turn, will allow the FHA to undertake more outreach to underserved buyers. By strengthening the fund, it will give the FHA the ability to make more loans to low-income people as well.

The FHA has and will continue to serve low- and moderate-income home buyers throughout the United States. Increasing the loan limit will simply insure that home buyers in high-cost areas can finally participate in the FHA loan program. In areas where houses are more moderately priced, home buyers will benefit from a more solvent mortgage insurance fund.

H.R. 3838 is an excellent bill and it deserves your support. I urge all my colleagues on both sides of the aisle to cast an "aye" vote in favor of this legislation.

□ 1830

Mrs. ROUKEMA. Madam Chairman, I yield such time as he may consume to the gentleman from Delaware [Mr. CASTLE], a member of the committee.

Mr. CASTLE. Madam Chairman, I congratulate all of the leadership for putting this bill together.

Madam Chairman, I rise in support of H.R. 3838, the Housing and Community Development Act of 1994. This legislation contains some important reforms to our Nation's housing policy, and I believe the majority and minority have made a solid effort to produce a bill that can win bipartisan support. I do not agree with every provision in the bill and I will be supporting some amendments to improve it, but overall, I think it does improve our Nation's housing policy and will help provide housing to low-income Americans in a cost-effective manner. There are a number of issues which I believe deserve particular emphasis.

VIOLENCE IN PUBLIC HOUSING

H.R. 3838 will help public housing authorities reduce the violence that plagues too many of our public housing developments. I strongly support the amendment adopted to permit PHA's access to the criminal conviction records of adult residents and applicants in public housing. This information is necessary to help the PHA's provide a safe living environment for the law-abiding residents of public housing.

I am disappointed that the committee failed to adopt an amendment to authorize the residents of public housing to conduct referendums to register, control, or ban guns from their public housing complexes. These referendums would be voluntary and would give the residents the ability to combat gun-related violence. The residents of public housing want to be involved in solving the problems which face them. We talk a lot about empowering residents to improve their lives. The gun referendum is a legitimate method to help them to do just that. I want to thank my colleagues, RON WYDEN, JOHN LEWIS, TOM BARRETT, MARGE ROUKEMA, and BOBBY RUSH for their leadership on the gun referendum and I will continue to work with them to give residents of public housing the ability to help rid their communities of gun violence.

HUD MANAGEMENT OF EXISTING PROGRAMS

Over the past year, the HUD inspector general has reported on serious problems in HUD's ability to manage its existing programs. While I appreciate Secretary Cisero's efforts to set new priorities and goals for the Department, it is critical that HUD concentrate on improving the management of the Department and its programs. The inspector general has identified major systemic and programmatic issues that make up HUD's top 10 management problems. The Department should make resolution of these problems an ongoing priority. I am pleased that the committee has directed that the majority of HUD's new program initiatives be addressed through existing programs. HUD and the Congress should concentrate on ensuring HUD can meet its current responsibilities before significantly expanding its mission.

REGULATORY RELIEF FOR HIGH PERFORMING PHA'S

I strongly support the provision in this legislation directing HUD to reduce the regulatory burden on well-run public housing authorities. I urge HUD to do as much as possible to provide regulatory relief and operational independence to high performing PHA's. HUD should consider increasing the financial incentives available to these PHA's. If public housing authorities are meeting the goals of Federal programs, they should be given increased flexibility to operate these programs.

MIXED POPULATIONS

Senior citizens in public housing continue to express their concern over the threat posed by the presence of young, disabled individuals in housing which should be reserved for the elderly. There is a particular problem with individuals with a drug or alcohol dependency. I support the provision adopted by the committee which will allow expedited eviction proceedings for residents who threaten the safety of other residents. I urge my colleagues to support an amendment which will be offered by PETER BLUTE to strengthen this provision. The Blute amendment will require the eviction of disruptive tenants after three documented infractions and improve the front-end screening process to prevent nonelderly drug and alcohol abusers from being admitted to senior housing. Let us help our low-income elderly citizens live in safety. Support the Blute amendment.

FHA LOAN LIMITS

Madam Chairman, I have strong reservations over the bill's provisions to increase the loan limits for the FHA's single family mortgage program. The Federal Government should not be in competition with the private mortgage industry. In addition, I am concerned that the increase in the FHA limits, particularly increasing the loan limit in high cost areas, may present a threat to the soundness of the mortgage insurance fund. I believe that this issue should be revisited in conference.

While I do not support every aspect of this legislation, in total it is a good piece of legislation and deserves approval by the House. I congratulate Chairman GONZALEZ, Mrs. ROUKEMA, and the members of the committee for their work on the bill.

Mrs. ROUKEMA. Madam Chairman, I yield 1 minute to the distinguished gentleman from Iowa [Mr. LEACH], the ranking member of the full committee.

Mr. LEACH. Madam Chairman, I am pleased to support H.R. 3838, the Housing and Community Development Act of 1994. The Republican Members have been active participants in the development of this legislation; in particular, I want to acknowledge the leadership of the ranking member of the Subcommittee on Housing and Community Development, Mrs. MARGE ROUKEMA, along with Representatives DOUG BEREUTER, RICHARD BAKER, TOM RIDGE, CRAIG THOMAS, DEBORAH PRYCE, JOE KNOLLENBERG, RICHARD LAZIO, ROD GRAMS, and MICHAEL CASTLE. It is with that bipartisan spirit and Chairman GONZALEZ's cooperation and comity that I ask my colleagues to support a bill that addresses pressing housing problems in a responsible manner. This legislation represents an impressive and welcome examination of significant housing reforms, which in the past have treated with unnecessary partisan debate. Most important, this legislation attempts to reach a balance that maximizes the investments made by the American taxpayers to sustain the rebuilding of our communities started by the President's predecessors.

In public housing we have made great strides in the area of rent reform, through a bipartisan provision that will, in effect, provide incentives for families residing in public housing to work or seek employment with higher wages. Current law has required public

housing authorities to automatically adjust a tenant's rent calculation—based on the 30 percent of income rule—when a family's income increases. In certain circumstances, families who have struggled up the economic ladder find themselves penalized once they have succeeded in finding employment or improving their financial circumstances. The committee bill has responded to this issue by authorizing a public housing authority to not count, up to 18 months, earned income when a family member becomes newly employed. This response will hopefully be an impetus for families to empower themselves to improve their employment and financial condition. It is these types of improvements that will sustain a public housing development with an improved income-mixed population, which ultimately stabilizes a community.

One of the most significant accomplishments of this legislation is the committee's response to the "one-for-one" replacement rule, codified as section 18 of the National Housing Act of 1937. In effect, a waiver is provided, given certain conditions such as population trends and local housing conditions, which allows a Public Housing Authority to demolish dilapidated and uninhabitable public housing without replacing each unit with a unit. This long overdue provision allows PHA's to reduce density of very low and low-income minority residents and creates incentives for HUD to update and streamline the current demolition-disposition process with a time specific approval process. In addition, in attempts to respond in a fiscally prudent manner, this legislation allows PHA's authority to use modernization funds for replacement housing when they can show that it is more cost effective to replace the affected units as opposed to modernizing.

And, it appears that public housing issues continue to involve extensive debate on mixed populations. In the past, this issue was so controversial as to be a driving force behind passage of the housing and community development bill of 1992. I believe that the intent of title VI of the 1992 legislation was to allow public housing authorities and managers of federally assisted facilities flexibility in housing the elderly and young disabled in the most appropriate residential setting. The 1992 legislation provided for supportive services as needed, and permitted facilities for the elderly to continue to house principally the elderly. Further, the 1992 legislation ensured that the disabled received access to affordable housing equal to that available to the elderly, although there continues to be a problem with alcoholics and drug abusers. In an attempt to resolve those ongoing conflicts between two population groups with distinct needs, I am happy that the committee approved a measure that would allow expedited eviction proceedings if a resident's behavior "constitutes a threat to the health, safety, or right to peaceful enjoyment of the premises." Although this measure may not be a panacea for all the unresolved problems of what we call mixed populations, I am hopeful that HUD will develop regulations and policies sensitive and responsive to this issue. Otherwise, absent initiative by HUD, I may find it necessary to support additional legislation to effectuate an appropriate change.

In tackling crime in public housing, the administration's new program, the Community Partnership Against Crime [COMPAC], is a refinement of the previous administration's Public Housing Drug Elimination Program [PHDEP] by applying it to all types of crime, not simply crime that is drug-related. Although COMPAC will expand our efforts to combat crime, I am somewhat cautious because of the funding allocation formula that appears to be in favor of larger public housing authorities with 250 or more units. There are numerous small public housing authorities doing great work, in terms of crimefighting and prevention, that I have been reassured will receive appropriate funding.

To show how programs such as COMPAC can have an enormous impact, I want to highlight a partnership formed in Clinton, IA, between the Clinton Housing Authority and the Clinton Police Department to reduce the impact of drugs, gangs, and alcohol on the families in public housing. This partnership was funded by the public housing drug elimination grant program and enabled the Clinton Police Department to assign a police officer to the housing authority to do a variety of functions. The duties of this officer, Pat Cullen, include criminal background checks, tenant patrols, intervention services, developing service linkages, investigating crimes, creating youth and adult activities, and eliminating drugs and gangs. The success of this partnership has been phenomenal. The officer assigned to the Clinton Public Housing Authority, known as Officer Pat, not only serves as an authoritative figure, but interestingly a surrogate father-figure to many of the children in the public housing developments who lack a positive male role model. This type of program is necessary if we are to make these public housing developments decent and safe communities.

Under assisted housing, this legislation consolidates the section 8 certificate and voucher programs in order to provide needed rental assistance to low and moderate income families through the private sector rental market. I commend the committee's action, in this regard, because the merger of these two programs will bring administrative efficiency at the local level. This is particularly important in small- to medium-size urban areas, which I represent.

This legislation also corrects the system on which fair market rents for section 8 assisted housing are established. This issue came to my attention in the fall of 1993 when the fiscal year 1994 fair market rents were established by HUD. More than 1,200 market areas appealed the proposed lower rents, including my own city of Davenport. To address this situation, H.R. 3838 requires HUD to set fair market rents at no less than the 45th percentile of local market rents—the dollar amount below which 45 percent of the standard quality rental units in the locality are available for rent. In essence, the administration's request to use the 40th percentile is rejected. I am hopeful that this change will ensure an adequate supply of private rental units available for the section 8 rental assistance program. The cities of Davenport and Muscatine have been instrumental in bringing these issues to my attention.

In response to concerns of homelessness, I applaud the administration's proposal, which interestingly, is similar to past Republican initiatives by Mrs. ROUKEMA and Mr. RIDGE to consolidate the McKinney homeless programs into one block grant. This legislation will allow a more comprehensive approach to the homeless issue by granting communities flexibility to develop programs that address their local homeless needs. This is important, particularly in my district, which is less urban than others, but nonetheless, represents a unique homeless problem. This "bottom-up" approach, proposed in the legislation, is the type of Government initiative necessary to ensure that our programs achieve an intended impact on our communities plagued with this problem. Furthermore, I have been assured that the consolidation's formula will not have an adverse impact on any community; every community, under the new allocation formula, will receive at least the amount they received under the previous allocation system. I am hopeful that Iowa communities will fare better under this block grant approach rather than the previous hit-or-miss nature of the categorical HUD homeless assistance programs.

In terms of home ownership, this bill authorizes Chairman GONZALEZ' proposed national home ownerhship trust fund at $100 million, which will provide downpayment assistance, and in limited circumstances, interest rate buydowns, for first-time home buyers. In addition to the fund, the Federal Housing Administration's [FHA] maximum mortgage loan limits have been increased from $151,725 to $172,675 for high-cost areas and in all other areas, $101,575. These limits are tied to the GSE conforming loan limit and will

change automatically as the conforming loan limit changes, thereby eliminating the need to debate every 2 years the increase in loan limits subject to FHA mortgage insurance. However, I would be remiss if I did not acknowledge the concerns of some Members who are apprehensive that FHA may be expanding at a faster pace than some would like, while not necessarily promoting home ownership among first-time home buyers, minorities, and inner-city residents, all of whom typically are characterized as excluded from the mortgage finance system, and who many argue, should be the focus of FHA's programs. Given the proposed National Commission on the Future of the FHA, I believe that a thoughtful and deliberative study on that agency's public policy mission, management, home ownership products, and financial projections, will give Congress a clear direction and recommendation for future debates, particularly on the issue of who FHA should be serving. I am confident that the Conference deliberations on this bill will result in setting FHA mortgage loan limits which we can all be comfortable and proud to support.

I would also like to acknowledge and commend Mr. BEREUTER for his proposed rural housing initiative to create a Farmers Home Administration Rural Rental Housing Loan Guarantee Program—also known as section 515 multifamily housing. This loan guarantee program, although implemented as a demonstration for fiscal years 1995 and 1996, will be the first step in exploring alternative methods of financing and development of affordable housing in rural communities. Furthermore, I am aware of many concerns raised by the April 21, 1994, Committee on Appropriations investigation report that revealed significant managerial and programmatic problems with the section 515 direct loan program. Reforms have been implemented, through this legislation, to address the investigation report and I am amendable to other suggestions that will make the section 515 direct loan program viable, cost efficient, and less susceptible to fraud and abuse.

Overall, Madam Chairman, the Housing and Community Development Act of 1994 is a positive step in the right direction. I urge passage of this legislation.

Mr. GONZALEZ. Madam Chairman, I yield 2½ minutes to the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Madam Chairman, as a member of the Banking Committee, I rise in support of the Housing and Community Development Reauthorization Act, H.R. 3838. I commend Chairman GONZALEZ for his leadership in the crafting of this legislation which will certainly provide a new direction for housing and community development in this Nation. These new policies compliment the positive changes of reform which are taking place at HUD.

I am especially pleased by our committee's bipartisan efforts which resulted in a provision that revises the current one-for-one replacement policy in public housing. We learned from congressional hearings last spring that this policy has become somewhat inefficient and has placed an undue burden on providing decent and affordable housing in some cities. The goal of the new provision contained in H.R. 3838 is to resolve the vast number of vacant and uninhabitable public housing units. A large amount of our valuable housing resources are being devoted to heat and provide security for empty buildings.

As I have witnessed too many times, half-vacant buildings attract drugs, crime, and inhumane living conditions, especially for children. Therefore, a change in policy is warranted.

Essentially, this provision allows for a waiver of the one-for-one replacement rule. Currently, demolition of dilapidated and inhumane public housing is prohibited unless replacement housing is constructed on a one-for-one basis. The new provision allows PHA's to ask the Secretary of HUD to allow them to rebuild housing on less than a one-for-one basis. Of course, safety clauses are included and certain conditions must exist before the exception is allowed. This provision will allow local housing authorities, officials, and residents the necessary flexibility to determine how much and what type of public housing best suits their needs.

This provision will work in synch with the inclusion of the administration's proposal to permit the use of modernization funds for replacement housing if it proves to be more cost effective and reduce the density on site.

Waste, mismanagement, and distress in public housing is very disturbing to us all. In a time when we are cutting Federal programs and asking each citizen to tighten their fiscal belt, we cannot allow inefficiency in Government spending, especially in programs where many deserving people wait for assistance.

I urge my colleagues to support passage of this important legislation—it is a step in the right direction.

Madam Chairman, I think all of us are concerned about the deplorable conditions that exist in many of our public housing units. I would urge all of our colleagues to give their full support to this legislation. It moves us in a direction that I think all of us would want in terms of providing decent and affordable housing. Hopefully the day will come when we will see all of our citizens, not any of them living in homelessness, but everybody housed. This is the American dream.

Mr. GONZALEZ. Madam Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. BARRETT].

Mr. BARRETT of Wisconsin. Madam Chairman, first I want to congratulate the chairman of the committee for doing an excellent job on this bill. I think he put together an excellent bill. I also want to thank the gentlewoman from New Jersey [Mrs. ROUKEMA] for all of her help on the amendment that I tried to put in dealing with public housing conditions.

I rise today and want to thank Chairman GONZALEZ for including provisions that will include antipiracy provisions to this bill as part of the manager's amendment. It will prevent the use of CDBG funds from being used for activity that is intended or likely to facilitate the relocation of jobs from one area to another.

I asked the chairman to include this amendment in his amendment because of a situation that is occurring in my home community of Milwaukee where recently we had a major employer announce that it would be moving 2,000 jobs to a southern part of the United States. That is obviously a slap in the face to the workers of this company who have worked there for many, many years.

But they got a second slap in the face about 3 weeks or 4 weeks later when it was learned that some of the community development block grant funds were going to be used in the new community to help facilitate this move. That is adding salt to the wound, in my opinion, by telling the workers that they will not only be losing their jobs, but they will be helping to subsidize the move of those jobs to another community through their own tax dollars. That is something that should not happen in Wisconsin, it should not happen in Nebraska, it should not happen in California, it should not happen in any State in this country. I am pleased that the chairman has included in his amendment language that will prevent that from happening.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield briefly?

Mr. BARRETT of Wisconsin. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Madam Chairman, I want to thank the gentleman for his initiative. This is a problem existing in many areas, and I think it is an excellent initiative. I am pleased to support it and happy to defend it in conference with the gentleman.

Mr. BARRETT of Wisconsin. I thank the gentleman very much.

□ 1840

Mrs. ROUKEMA. Madam Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. KNOLLENBERG], a member of the committee.

Mr. KNOLLENBERG. Madam Chairman, I rise today in support of H.R. 3838, the Housing and Community Development Act of 1994.

I want to start out by saying that, while far from perfect, this bill contains a host of solid, reform-minded policy provisions.

I am especially pleased that the distinguished ranking member of the Housing Subcommittee, Mrs. ROUKEMA, and I were able to include a comprehensive rent reform package that finally removes the disincentives that keep public housing residents from obtaining gainful employment.

I also want to thank Congressman RICHARD BAKER of Louisiana, who along with Mrs. ROUKEMA and I worked to get a waiver for the so-called one-for-one replacement rule.

I believe this provision will finally give housing authorities some flexibility in disposing of the vacant, crime-ridden buildings that have become a symbol of America's failed public housing policies.

Finally, I want to thank Chairman GONZALEZ for including the minority in every step of the process. H.R. 3838 is a good first step in reforming our various housing and community development programs and I urge its passage.

Having said that, I feel obligated to share my concerns about the problems that still exist at HUD.

The General Accounting Office has determined that the entire Department is at risk of waste and fraud.

Reports by HUD's inspector general also blast the Agency's practices, and I quote:

HUD lacks certain good management practices, business area planning, resource management tools, and performance measurement systems.

HUD currently has many separate, poorly integrated, and generally unreliable data systems.

HUD does not have sufficient staff to carry out its operations nor does it have a plan for either acquiring additional competent staff or restructuring operations based on the resources it has.

Finally:

Multifamily housing project owners and management agents continue to misuse or divert project assets, adversely impacting both HUD and low- and moderate-income persons through increased defaults and project deterioration.

Not to mention the impact on the American taxpayer's wallet.

At some point, we will have to address these and other problems by reassessing HUD's basic functions.

Again Madam Chairman, I ask my colleagues to join me in supporting this bill, but in doing so, realize that this is the beginning of a long journey.

I thank the Chair.

Mr. GONZALEZ. Madam Chairman, I yield such time as she may consume to the distinguished gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Madam Chairman, I would like to enter into a colloquy with the distinguished chairman of the committee.

Mr. Chairman, I would like to get your clarification on one point on this bill. Section 159 of H.R. 3838 discusses residual receipts in section 8 contracts. I would just like to clarify that section 159 in no way negates, obviates, or impinges upon an earlier section of the bill, section 144, and does not interfere with the ability of HUD to carry out the provisions of section 144.

Mr. GONZALEZ. Madam Chairman, will the gentlewoman yield?

Ms. FURSE. I yield to the gentleman from Texas.

Mr. GONZALEZ. Madam Chairman, the interpretation of the gentlewoman is correct, it does not. I would tell the gentlewoman from Oregon that the committee looks forward to HUD carrying out the very innovative model program that you authored and is referred to section 144 that you want to make sure is not interfered with, and I can assure the gentlewoman that that is not the case.

Ms. FURSE. I thank the chairman for that clarification. I also would like to thank him for his assistance and for the wonderful work of the ranking member, the gentlewoman from New Jersey [Mrs. ROUKEMA], and for the very able staff of the committee.

Mr. GONZALEZ. Madam Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Madam Chairman, I want to thank the chairman, the gentleman from Texas [Mr. GONZALEZ], and the ranking member, the gentlewoman from New Jersey [Mrs. ROUKEMA], for the tremendous work you have done on this bill. I also want to congratulate the gentleman from Minnesota [Mr. VENTO] on the fine work he has done on trying to deal with the tremendous confusion that has taken place over many of the homeless programs that our country runs.

I also feel that this bill is a bill that finally I hope the whole Congress will support, because it ensures a role for the community action agencies. It supports the youth program. It expands the lead abatement program that will allow cities to use their Federal funds more effectively to clean up the lead base that has caused so many problems in our schools and in our homes and to the most vulnerable of our society.

Madam Chairman, finally, I want to thank the gentlewoman from Ohio [Ms. PRYCE] for working so effectively to insure with me that hundreds of thousands of expiring section 8 affordable housing units will be preserved. I thank the chairman, and I congratulate you and the gentlewoman from New Jersey [Mrs. ROUKEMA] for the fine work that you have done on this bill.

Mrs. ROUKEMA. Madam Chairman, I yield 2 minutes to the gentlewoman from Ohio [Ms. PRYCE], a distinguished member of our committee.

Ms. PRYCE of Ohio. Madam Chairman, I rise in support of H.R. 3838, the Housing and Community Development Act of 1994. During the committee process Republican members were able to work with the leadership, HUD, and various associations to draft this bipartisan legislation. This bill has several minority provisions to redirect housing and community development programs. In addition, this legislation is reasonable and fiscally responsible.

In the past few weeks I have had the opportunity to work with Mr. KENNEDY on an amendment regarding section 8 contract renewals. The major point to be made is that section 8 contracts beginning in fiscal year 1995 will expire with increasing frequency through the end of the decade. HUD estimates that contracts covering over half the housing units will expire over the next 5 years.

These section 8 properties represent thousands of units that successfully house low- and moderate-income families and elderly tenants. This means that several thousand people who are living in these units could be forced to move. It is my opinion that it is absolutely essential that we act now to provide clarity and structure to this process. This is a very complicated subject, but it is important to point out that a diverse constituency of housing groups representing owners of section 8 properties and resident advocates along with officials at HUD have worked to craft the compromise that my colleague Mr. KENNEDY and I offer as part of this legislation. Significant changes have been made since the committee markup of this legislation. I believe that the specific issues that concerned me during the markup have been improved such as giving the Secretary of HUD the option to increase rents up to comparable unassisted levels, language to protect the contract and economic rights of owners, and the definition of what is meant by the "remaining useful life" of the property.

It is my opinion that the overriding goal of the section 8 program is to make it operate as much like the conventional rental market as possible, while maintaining the essential purposes of the program. The section 8 program was designed for the purpose of aiding low-income families in obtaining a decent place to live and of promoting economically mixed housing. The section 8 program is a true partnership between government and local communities.

I support this provision in H.R. 3838 and encourage the continuation of further revisions during the conference. Madam Chairman, this proposal is not a perfect solution, it has involved compromise on the part of all parties. I myself have a number of ongoing concerns, for instance I believe that in order to attract more owners to the section 8 program, we must raise the 110 percent fair market rent limit.

But, it is my hope that we can continue to work to resolve the minor differences during the conference. In the end, this legislation will offer low-income housing to those who are most in need.

In closing, Madam Chairman, it has been a pleasure to work with the gentleman from Massachusetts, and I appreciate the assistance of HUD and others who had input into this important legislation. I urge my colleagues to support H.R. 3838.

Mr. GONZALEZ. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Madam Chairman, I rise in strong support of H.R. 3838, the Housing and Community Development Act of 1994. Chairman GONZALEZ and the ranking minority member, Representative ROUKEMA, are particularly deserving of recognition for their outstanding leadership in crafting a bill that meets the broad spectrum of our Nation's housing and community development needs.

This important legislation strengthens the new structure and direction of HUD, under the able leadership of Secretary Cisneros. For example, the bill provides the funding for important programs streamlined to improve services and reduce costs, such as the consolidation of the McKinney Homeless programs and the merger of the section 8 voucher and certificate programs.

The bill also includes funding for the National Homeownership Trust and FHA's mortgage insurance programs that will make housing more affordable to the middle-class and first-time homebuyers. In addition, funding for homeless assistance programs was substantially increased, to help remedy the homeless crisis in America.

Funding for the Community Partnerships Against Crime Program will help address the growing crime problem in public housing, and the rent reform provisions will allow public housing residents to obtain employment without increasing their rent, thereby encouraging work over welfare and promoting self-sufficiency.

Finally, I would like to thank the chairman and the full committee for allowing me to amend H.R. 3838 to establish a financial literacy counseling and English language instruction program to better prepare public housing residents for financial independence and future homeownership, and to improve their ability to qualify for meaningful employment opportunities.

These are just a few of the key provisions which make it critical to pass H.R. 3838, the Housing and Community Development Act of 1994, and I urge my colleagues to vote "yes" on final passage.

□ 1850

Mrs. ROUKEMA. Madam Chairman, I yield 3 minutes to the gentleman from New York [Mr. LAZIO], a member of the committee.

Mr. LAZIO. I thank the gentlewoman for yielding this time to me.

Madam Chairman, I rise today in support of H.R. 3838 and also extend my gratitude to the ranking minority member, the gentlewoman from New Jersey [Mrs. ROUKEMA], as well as the chairman, the gentleman from Texas [Mr. GONZALEZ], for their hard work on this bill.

This bill incorporates several public initiatives, such as rent reform and 1-for-1 replacement reform. H.R. 3838 stands in contrast to the Clinton administration's bill, H.R. 4310, which included poorly conceived new programs and reflected a lack of attention to successful current programs.

For example, the President's bill would have gutted the section 202 program. Section 202 is a successful program which provides housing for the elderly. It certainly makes no sense to wreck a program that not only works well but ensures that seniors are provided with decent and affordable housing. The Housing Subcommittee, under the leadership of our chairman and ranking member, reversed this error and restored funding for the 202 program.

In addition to the other initiatives I mentioned, H.R. 3838 contains three of my amendments, which I would like to discuss briefly.

The Federal housing programs are supposed to provide affordable and safe housing for the needy. However, Secretary Cisneros testified that crime rates in public housing are three times the national average.

My first amendment, which was adopted by the subcommittee, was a bill I introduced in the House. It provides for section 8 assistance to citizens who help local police arrest or convict criminals who live in public housing. My initiative, coupled with the proposal to allow local housing authorities to use criminal records in screening applicants and evicting troublesome residents, will help curb the crime problem that plagues public housing. It is time to take action.

My second amendment addresses the problem of the bureaucracy at HUD. Despite the rhetoric of reinventing Government, HUD is attempting to take on new initiatives for which it is ill-equipped to handle. It is in this spirit that I offered, and the subcommittee adopted, an amendment to begin streamlining HUD. My amendment simply requires HUD to submit legislation repealing programs which are authorized but do not receive an appropriation for 3 consecutive years. I hope this will provide Congress with the motivation to act and streamline the intricate maze that is HUD.

My final amendment instructs HUD to study housing quality standards in section 8. Housing quality standards are supposed to ensure minimum housing health and safety standards, but I fear they are not being used in an objective manner. In a town in my district, for example, I have heard instances where local social services agencies place section 8 residents in housing that does not meet local standards.

Madam Chairman, I want to conclude by thanking the Housing Subcommittee staff on both the majority and minority side for their work. I especially want to recognize the fine work of Joe Ventrone, who has helped me with my amendments, and the ranking minority member, Mrs. ROUKEMA.

Mr. GONZALEZ. Madam Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. DURBIN], chairman of a subcommittee of the Committee on Appropriations, who has been most helpful and supportive in the appropriating process of this subcommittee.

Mr. DURBIN. I thank the gentleman for yielding.

Madam Chairman, I want to salute the chairman as well as the ranking minority member, the gentlewoman from New Jersey [Mrs. ROUKEMA] for their hard work on this bill. Included in this bill are several programs administered by the Farmers Home Administration. One of them is in the section 515 program, which is a program on multifamily housing projects in rural areas, which has been on the books for many years. As a result of the investigation by our subcommittee, we made several recommendations to the Banking Committee for changes in this program. I would like to salute them for those reforms which they have adopted. I think they will tend to make the program more cost efficient in the future and still serve the very valuable purpose of providing housing for low-income housing individuals in rural areas, particularly senior citizens.

I also thank both sides for accepting an amendment which I have offered to this bill, which will be included in the en bloc amendment, which would eliminate the point system for designating areas for 515 housing. Unfortunately, our investigation has suggested that this point system is easily manipulated. Instead, we are going to ask the Farmers Home Administration to concentrate on the level of poverty, substandard housing, lack of mortgage credit, lack of affordable housing, and other criteria to select areas where housing is most needed. I hope this amendment results in increased competition among developers and may result in lower cost per unit to the Federal Government.

Let me conclude by saying that although the Committee on Banking, Finance and Urban Affairs has addressed the major part of this program, we are aware of the fact that there is concurrent jurisdiction in the Committee on Ways and Means for some tax credits and tax benefits available to developers under this program.

I sincerely hope, as part of this review of the section 515 program and others we can engage our friends in the

Committee on Ways and Means to look very closely to make sure that we provide only the necessary incentives for this housing to be built and make certain we do not overdo it at the expense of taxpayers.

I reiterate what the committee report says, this is a very valuable program. I am sure we will review it again in the future, and I hope these reforms will result in even better service for the taxpayers of this country. And I thank the chairman again.

Mrs. ROUKEMA. Madam Chairman, I yield 1½ minutes to the gentleman from Florida [Mr. DIAZ-BALART].

Mr. DIAZ-BALART. I thank the gentlewoman for yielding this time to me.

I want to thank the distinguished chairman of the full committee as well as the subcommittee, Mr. GONZALEZ, as well as the distinguished ranking member, the gentlewoman from New Jersey [Mrs. ROUKEMA] and the gentleman from Iowa [Mr. LEACH] for all their hard work, along with the rest of the members of the committee, on this very important bill. I am very encouraged that the Banking Committee included many of the reforms contained in H.R. 4218, a bill that I sponsored that was the result of months of hard work of the housing task force of the Hispanic Caucus. The caucus, by the way, included much hard work by the gentlewoman from California, Congresswoman ROYBAL-ALLARD, among others. These reforms include modification of rent calculations for public housing, the merger of section 8 rental assistance programs, and the modification of the restrictive section 18 1-for-1 replacement of public housing policy.

I believe that we are clearly moving in the right direction by allowing more flexibility for public housing authorities to deal with obsolete buildings. Modification of 1-for-1 will also help the public housing authorities to use their dollars more efficiently to meet the needs of their particular constituencies.

Again I offer my congratulations on this breakthrough in public housing requirements and commend the fine work of the Banking Committee on this legislation.

Mr. GONZALEZ. I yield 1 minute to the gentleman from North Carolina [Mr. WATT].

Mr. WATT. Madam Chairman, there are some of us who are still idealistic enough to believe and aspire to a day when we will not need public housing or housing subsidies or programs for the homeless. But until that day, we must continue to reauthorize these programs. Our committee has done an outstanding job of crafting a bill which has strong bipartisan support. This is a good bill. I want to commend the chairman on his leadership and the leader of the minority, the gentlewoman from New Jersey [Mrs. ROUKEMA] for her leadership in crafting this bill. I want to commend this bill to our colleagues for their support.

Mrs. ROUKEMA. Madam Chairman, I yield 1½ minutes to the distinguished gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Madam Chairman, I thank the gentlewoman for yielding this time to me.

Madam Chairman, I rise today in support of H.R. 3838, the Housing and Community Development Act of 1994, and commend the distinguished chairman, Mr. GONZALEZ, ranking member LEACH as well as Congresswoman ROUKEMA the ranking member of the Housing Subcommittee for all of their hard work on this important bill. This measure which focuses on the reorganization of existing housing programs, and more importantly grants needed flexibility to our local housing authorities and municipalities, is an important step in providing clean, safe, and affordable housing for all.

In addition, Madam Chairman, to the many important programs authorized in H.R. 3838; I am pleased to note that under title I, section 103(A), the committee has included language which will exclude Rockland County, NY from the New York City metropolitan area for purposes of determining the median income level of low-income families. This language drawn from legislation I introduced earlier in the 103d Congress, H.R. 2423, will allow residents in Rockland County to benefit from important low-income housing and first-time homebuyer programs.

Since HUD's income levels are used in calculating eligibility for almost all State and Federal Housing Programs, inaccurate statistics severely limit access to many programs that could be beneficial to Rockland residents. Income caps for the State of New York mortgage agency, Fannie Mae/Freddie Mac, section 8, and a myriad of other beneficial programs are artificially low, and most of Rockland's residents, financial institutions, sellers and home builders are at a severe disadvantage compared to their counterparts in neighboring counties, whose statistics accurately reflect their population.

In fact, Westchester County, NY was successful in removing their median income from the PMSA, thus increasing their resident's participation in Government programs. This change was accomplished through an amendment in the National Affordable Housing Act of 1990.

Accordingly, Madam Chairman I strongly support the committee's bill and urge my colleagues to vote in favor of H.R. 3838.

□ 1900

Mr. GONZALEZ. Madam Chairman, I yield 1 minute to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I wish to express my support for H.R. 3838 and the good work put into this legislation by Chairman GONZALEZ and members of the Committee on Banking, Finance, and Urban Affairs. This bill has been reviewed and debated by many housing groups and incorporates a variety of concerns—hopefully in the best possible form.

Earlier this session I introduced legislation to reform the Farmers Home Administration's 515 housing and to address several identified problems. I wish to acknowledge that H.R. 3838 speaks to most of those concerns.

The district which I represent is a very rural—very poor—district. Based on this fact, I have a special interest in the issue of Farmers Home Administration's targeted housing funds to underserved areas.

Currently the Farmers Home Administration must identify underserved areas—and this has been a successful operation. There are specific guidelines used in the selection of the geographical areas to receive funding under the targeted programs—based on the poverty level and the percentage of substandard housing. However, I believe that we must be mindful that while the geographical areas are being served, there may be groups of underserved applicants in these targeted counties who have received substantially less housing assistance than other applicants.

I hope the chairman will work with me and others in encouraging the Secretary to ensure that within those targeted areas, the needs of the poorest of the people are met. An entire county may be selected—a county with rich and poor people alike—I want to make certain that the funds are allocated to the poor people for which this program is intended. I believe this type of consideration will be a compliment to our President's Executive order which mandates that Federal agencies establish programs to affirmatively promote fair housing.

I am pleased to support this bill—very good changes have been made to support rural housing programs. I thank the chairman for his continued efforts.

The CHAIRMAN. The gentlewoman from New Jersey [Mrs. ROUKEMA] has 30 seconds remaining in general debate.

Mrs. ROUKEMA. Madam Chairman, I yield myself the balance of my time.

Madam Chairman, I just want to say to the gentleman from Texas, "Thank you, Chairman GONZALEZ. I think we made more than a small step in the right direction. There are changes and reforms here, along with innovations, and I think they will serve the people of all the country well, and I thank you for your cooperation."

Mr. GONZALEZ. Madam Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Texas.

Mr. GONZALEZ. Madam Chairman, let me reply by saying that I am most

grateful and indebted to the gentlewoman from New Jersey [Mrs. ROUKEMA] as I have been all through our partnership working on housing for several years, for making this a very, very happy and productive session.

Mrs. ROUKEMA. In addition, our colleagues on the committee have been most helpful. Everyone has worked in a constructive way.

Mr. GONZALEZ. I agree with the gentlewoman.

Mrs. UNSOELD. Mr. Speaker, the Housing and Community Development authorization bill breaks new ground in many areas. It stands as an example of what is possible when both the executive and legislative branches work together to adopt commonsense remedies to serve the common good. I give it a hearty "yes."

I want to focus however on one facet of this significant piece of legislation because I believe it has been criticized unfairly. H.R. 3838 calls for raising the FHA loan limit from its current $67,500. The change is long overdue and will allow middle-class Americans to again use FHA financing on home purchases. With recent reports that new home construction is dipping in most parts of the country, action in this area is well-timed.

By raising the loan limit to $101,575—and higher in areas where housing costs are above the national average—many middle-class families who have been denied their chance at home ownership will now get their shot at a key piece of the American dream. The higher limits will help not only these new home buyers, it will help all of us by fueling new home purchases and strengthening the economy.

Those who assert that the higher limit will direct limited FHA financing away from lower-income home buyers miss a key point; the FHA's reserves will be bolstered by the higher limits. Those higher reserves will in turn help provide financing for others, including the poor. Raising the limit is a winner for both lower and middle-income home buyers, it's a winner for the construction and real estate industries, and it's a winner for the American economy.

I encourage my colleagues to join me in supporting higher FHA loan limits. With these higher limits, new homes will bring new dreams for a new generation of American families.

Ms. SHEPHERD. Madam Chairman, I rise today to thank Chairman GONZALEZ for his dedication and hard work which have produced this valuable legislation before us today. I had originally planned to offer a noncontroversial technical correction, accepted by both the majority and minority, to this bill but Chairman GONZALEZ has graciously agreed to include it as part of the chairman's substitute.

My amendment is designed to correct a flaw in the 1990 Housing and Community Development Act, which is discriminating against cites previously determined to be municipalities eligible for community development block grant [CDBG] funding.

Under the 1990 Housing and Community Development Act, if metropolitan cities and urban counties meet their statutory requirements for at least 2 years, they are entitled to permanently retain their CDBG status. Urban county CDBG grants are awarded on a 3-year basis, however. As a result, a county which qualifies for funding once becomes permanently eligible. On the other hand, metropolitan cities which qualify once do not receive this same treatment. Metropolitan cities—which receive CDBG funding on an annual basis—must apply twice to be permanently eligible. In my district the city of West Jordan, UT, however, qualified for and received CDBG funding 1 year but was disqualified the next, without any prior notice, because of inaccurate population projections. One of the fastest growing cities in the Nation, this wreaked havoc with West Jordan's financial planning, robbing it of its ability to accurately plan for its economic development. A comparable city in California was almost placed in the same predicament. Other cities were at risk.

Under my amendment, municipalities will be treated the same as urban counties with regard to permanent eligibility for CDBG. This amendment will not result in a decrease of CDBG funding to any city, municipality, urban county, or State. It simply requires fair and honest treatment for cities.

Again, I thank the chairman for his generosity and urge adoption of the chairman's substitute.

Mr. ORTON. Madam Chairman, I understand my amendment will be included in the Chairman's in-bloc amendment.

I believe this is a noncontroversial amendment which deals with down payment calculations for mortgages under the FHA single family loan program. Under current law, borrowers and real estate professionals face a complex and confusing method of calculating the maximum loan amount which may be financed, and the down payment required.

My amendment provides for a simplification of this down payment calculation. It is done in a manner intended to mirror the general levels of down payment required under current law. Some homeowners may incur slight increases in down payment requirements, some slight decreases. However, the overall effect should generally be neutral with respect to down payment levels.

In fact, I have received a letter from HUD indicating their support for this proposal. HUD's analysis is that there would be "no significant impact" on the health of the FHA single family loan fund.

Briefly, my amendment would permit a simple loan-to-value calculation for maximum loan limits, as follows: For properties up to $50,000, 98.75 percent of the appraised value may be financed. For properties in the range of $50,000 to $125,000, the limit is 97.65 percent. And, for properties over $125,000, the limit would be 97.15 percent. Finally, for what we define as "high closing cost States," the maximum loan amount could be 97.75 percent. This provision is necessary to more closely mirror current law, in which a higher loan amount can generally be financed in high closing cost transactions.

The result is a clear simplification of the down payment calculation. It will make obtaining and processing an FHA home loan much easier. This means more home ownership.

Therefore, I urge adoption of my amendment.

Mrs. MALONEY. Thank you Madam Chairman.

There are few bills that this House will consider this year that are as important as the reauthorization of the fundamental housing and community development programs of the Federal Government.

I think sometimes that we lose sight of just how important these housing programs are to literally hundreds of thousands of families who look to HUD to make housing available and affordable.

In New York City, for example, more than 200,000 people—that's right, 200,000—are on the waiting list to get into public housing.

That is how difficult it is for working families to find affordable housing in that city.

So I deeply appreciate all of the work, done on a bipartisan basis, to see that the HUD budget continues to fund so many important programs, like public housing, like senior citizen housing.

It is my sincere hope that we will begin an expansion of these programs in the coming months to provide even more affordable housing so that New York City won't have to have a waiting list of nearly a quarter-million people.

In the midst of these large programs, addressing the massive housing needs of this country, I would like to briefly touch on two more modest programs that I included in H.R. 3838.

In late May, the Urban Institute issued a comprehensive study on cooperative housing.

The basic conclusion of the report is that co-op housing is one of the best and safest ways for HUD to promote home ownership among low- and moderate-income people.

H.R. 3838 will require HUD to study this important report and its conclusions, and report back to Congress its recommendations on how HUD can increase cooperative housing for low- and moderate-income people.

Some housing experts estimate that 100,000 people can become homeowners if all of the recommendations of the study are implemented.

As the proud representative of many happy co-op homeowners, I very much look forward to HUD's action plan.

H.R. 3838 will also allow community groups, under existing community development programs, to take vacant municipal lots and turn them into urban greenspaces like parks, gardens, and ballfields.

The contents of this program are based upon legislation, H.R. 4143, that I introduced this past spring. Currently, these vacant lots are either havens for human refuse like drug dealers or collection points for vast quantities of other, nonhuman garbage.

There are a number of examples in New York City, like the Success Gardens in East Harlem, where the refurbishment of such lots has provided positive outlets for community youth, increased property values, and made other types of investment in the communities more attractive.

I hope that by making this an eligible activity under existing programs that success can be duplicated in cities across America.

For both the big programs, and the small, I strongly urge my colleagues to vote yes on this bill.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill shall be considered by titles as an original bill for the purpose of amendment and each title is considered as read.

The Clerk will designate section 1.

The text of section 1 is as follows:

H.R. 3838

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Housing and Community Development Act of 1994".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Effective date.

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Provisions

Sec. 101. Low-income housing authorization.
Sec. 102. Resident representation in public housing agencies.
Sec. 103. Determination of median income.
Sec. 104. Definition of families.
Sec. 105. Family self-sufficiency program.
Sec. 106. Use of amounts in headquarters reserve.

Subtitle B—Public and Indian Housing

Sec. 111. Public housing rent reform.
Sec. 112. Sale of public housing to non-profit intermediaries.
Sec. 113. Major reconstruction of obsolete projects.
Sec. 114. New construction of projects for disabled families.
Sec. 115. Recapture of public housing development amounts.
Sec. 116. Repeal of least-cost limitation on public housing new construction.
Sec. 117. Regulatory relief and paperwork reduction for high-performing public housing agencies.
Sec. 118. Standards for lease termination and expedited grievance procedure.
Sec. 119. Availability of criminal conviction information for screening and evictions.
Sec. 120. Designated housing.
Sec. 121. Public housing operating subsidies.
Sec. 122. Eligible uses of emergency modernization funds.
Sec. 123. Use of modernization funds for replacement housing.
Sec. 124. Demolition and disposition of public housing.
Sec. 125. Public housing resident opportunity.
Sec. 126. Public housing family investment centers.
Sec. 127. Revitalization of severely distressed public housing.
Sec. 128. Program monitoring and technical assistance.
Sec. 129. Applicability of public housing amendments to Indian housing.
Sec. 130. Early childhood development program.
Sec. 131. Indian housing childhood development services.
Sec. 132. Public housing one-stop perinatal services demonstration.
Sec. 133. Sale of certain scattered site public housing.
Sec. 134. Eligibility of certain public housing for demolition.
Sec. 135. Demonstration program for innovative public housing agencies and resident management corporations.
Sec. 136. Demonstration program for occupancy of otherwise vacant public housing units by moderate-income families.
Sec. 137. Study of adequacy of payment in lieu of taxes.

Subtitle C—Section 8 Assistance

Sec. 141. Community investment demonstration program.
Sec. 142. Merger of section 8 rental assistance programs.
Sec. 143. Incentives to refinance high interest mortgages for section 8 projects.
Sec. 144. Demonstration program for use of excess residual receipts.
Sec. 145. Treatment of certain projects.
Sec. 146. Study of extent of nonparticipation of owners and landlords in section 8 rental assistance program.
Sec. 147. Study of section 8 housing quality standards.

Subtitle D—Renewal of Expiring Contracts for Section 8 New Construction and Substantial Rehabilitation Projects

Sec. 151. Findings and purpose.
Sec. 152. Notices of contract expiration and intention to renew.
Sec. 153. Secretary's response to owner's proposal.
Sec. 154. Limitation on new contracts.
Sec. 155. Required terms of new contracts.
Sec. 156. Maximum monthly rent under new contracts.
Sec. 157. Actions in cases of failure to enter into new contract.
Sec. 158. Contract extension.
Sec. 159. Financing and restructuring underlying debt and treatment of residual receipts.
Sec. 160. Retention of program savings by Secretary.
Sec. 161. Supportive services.
Sec. 162. Delegation of authority.
Sec. 163. Definitions.
Sec. 164. Regulations.
Sec. 165. Authorization of appropriations.

Subtitle E—Homeownership Programs

Sec. 171. HOPE homeownership programs.
Sec. 172. National Homeownership Fund.
Sec. 173. Section 235 mortgage refinancing.
Sec. 174. Housing counseling for homeownership and rental housing choice.

Subtitle F—Other Programs

Sec. 181. Community partnerships against crime.
Sec. 182. Low-income housing preservation.
Sec. 183. Flexible subsidy program.
Sec. 184. Youthbuild program.
Sec. 185. Disposition of HUD-owned multifamily housing properties.
Sec. 186. Guidelines for screening, admission, and evictions in public and assisted housing.
Sec. 187. Metropolitan area-wide strategy demonstration.

TITLE II—HOME INVESTMENT PARTNERSHIPS

Sec. 201. Authorization of appropriations.
Sec. 202. Eligible uses of investment.
Sec. 203. Qualification as affordable rental housing.
Sec. 204. Repayment of investment.
Sec. 205. Matching requirements.
Sec. 206. Support for State and local housing strategies.
Sec. 207. Labor requirements.

TITLE III—SUPPORTIVE HOUSING PROGRAMS

Sec. 301. Funding for supportive housing for the elderly and for persons with disabilities.
Sec. 302. Supportive housing for the elderly.
Sec. 303. Supportive housing for persons with disabilities.
Sec. 304. Revised congregate services.
Sec. 305. Supportive housing assistance for elderly independence.
Sec. 306. Housing opportunities for persons with AIDS.
Sec. 307. Service coordinators.

TITLE IV—MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

Subtitle A—Mortgage Insurance and Loan Guarantee Programs

Sec. 401. Limitation on insurance authority.
Sec. 402. Federal Housing Administration Advisory Board.
Sec. 403. Maximum mortgage amount ceiling for single family mortgages.
Sec. 404. Maximum mortgage amount floor for single family mortgage insurance.
Sec. 405. Elimination of restrictions regarding new construction.
Sec. 406. Authority to use amounts borrowed from family members for downpayments.
Sec. 407. Indemnification for multifamily housing project managers.
Sec. 408. Extension of multifamily housing mortgage auction provisions.
Sec. 409. Streamlined refinancing for HUD-held mortgages.
Sec. 410. Home equity conversion mortgages for elderly homeowners.
Sec. 411. Single family risk-sharing mortgage insurance program.
Sec. 412. Delegation of single family mortgage insuring authority to direct endorsement mortgagees.
Sec. 413. Eligibility of mortgages on homes on leased land owned by community land trusts.
Sec. 414. Insurance of 2-step single family mortgages.
Sec. 415. Mortgage limits for multifamily projects in high-cost areas.
Sec. 416. Calculation of credit subsidy for FHA refinancings and offset of negative subsidies.
Sec. 417. Approval of point-of-use purification systems and testing of systems.
Sec. 418. Energy efficient mortgages pilot program.
Sec. 419. Extension of multifamily mortgage credit demonstrations.
Sec. 420. Indian housing loan guarantees.
Sec. 421. National Commission on the Future of the Federal Housing Administration.
Sec. 422. Action and report on cooperative homeownership for low- and moderate-income families.
Sec. 423. Study of activity of private mortgage bankers and insurers.

Subtitle B—Secondary Mortgage Market Programs

Sec. 441. Limitation on GNMA guarantees of mortgage-backed securities.
Sec. 442. Assessment collection dates for Office of Federal Housing Enterprise Oversight.

Subtitle C—Emergency Mortgage Relief

Sec. 461. Amendments to Emergency Homeowners' Relief Act.

Subtitle D—Nonjudicial Foreclosure of Defaulted Single Family Mortgages

Sec. 481. Short title.
Sec. 482. Findings and purpose.
Sec. 483. Definitions.
Sec. 484. Applicability.
Sec. 485. Designation of foreclosure commissioner.
Sec. 486. Prerequisites to foreclosure.
Sec. 487. Notice of foreclosure sale.
Sec. 488. Commencement of foreclosure.
Sec. 489. Service of notice of foreclosure.
Sec. 490. Presale reinstatement.
Sec. 491. Conduct of sale and adjournment.
Sec. 492. Foreclosure costs.
Sec. 493. Disposition of sale proceeds.
Sec. 494. Transfer of title and possession.
Sec. 495. Record of foreclosure and sale.

Sec. 496. Effect of sale.
Sec. 497. Computation of time.
Sec. 498. Separability.
Sec. 499. Deficiency judgment.

TITLE V—RURAL HOUSING

Sec. 501. Program authorizations.
Sec. 502. Eligibility of Native Americans for rural housing programs.
Sec. 503. Escrow fund.
Sec. 504. Section 502 homeownership loans.
Sec. 505. Loan guarantees.
Sec. 506. Prepayment of rural rental housing loans.
Sec. 507. Designation of underserved areas and reservation of assistance.
Sec. 508. Administrative appeals.
Sec. 509. Section 515 rural rental housing.
Sec. 510. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
Sec. 511. Definition of rural area.
Sec. 512. Eligibility of manufactured home parks for building site loans for cooperatives.
Sec. 513. Rural housing assistance targeting report.
Sec. 514. Priority for rural housing voucher assistance.
Sec. 515. Native American rural housing capacity demonstration program.
Sec. 516. Rural community development initiative.
Sec. 517. Loan guarantees for multifamily rental housing in rural areas.
Sec. 518. Rural housing loan delegated processing demonstration.

TITLE VI—COMMUNITY DEVELOPMENT

Subtitle A—Community Development Block Grant Program

Sec. 601. Authorization of appropriations and guarantee authority.
Sec. 602. Management information systems.
Sec. 603. Eligible activities.
Sec. 604. Reallocations.
Sec. 605. Limitation on extent of use of loan guarantees for housing purposes.
Sec. 606. Economic development grants.
Sec. 607. Use of UDAG recaptures.
Sec. 608. Extension of certain CDBG assistance.

Subtitle B—Other Community Development Programs

Sec. 631. Neighborhood Reinvestment Corporation.
Sec. 632. John Heinz neighborhood development program.
Sec. 633. Capacity building for community development and affordable housing.
Sec. 634. Colonias assistance program.
Sec. 635. Grants for empowerment zones and enterprise communities.
Sec. 636. Use of grant amounts.

TITLE VII—REGULATORY AND MISCELLANEOUS PROGRAMS

Sec. 701. Fair housing initiatives program.
Sec. 702. HUD program monitoring and evaluation.
Sec. 703. HUD salaries and expenses.
Sec. 704. Use of technical assistance amounts by or for HUD staff.
Sec. 705. Annual report regarding repeal of unfunded programs.
Sec. 706. Requirements for participation of women in construction assisted under HUD programs.
Sec. 707. Notification of HUD funding awards.
Sec. 708. Exclusion of GNMA from HUD personnel ceilings.
Sec. 709. HUD research and development.
Sec. 710. Preventing fraud and abuse in rural rental housing program.
Sec. 711. National Institute of Building Sciences.
Sec. 712. Residential lead-based paint hazard reduction.
Sec. 713. GAO study of lead-based paint detection technologies and tenant notification procedures.
Sec. 714. Civil money penalties for violations of Home Mortgage Disclosure Act by nonsupervised mortgagees.
Sec. 715. Removal of regulatory barriers to affordable housing.
Sec. 716. New towns demonstration program for emergency relief of Los Angeles.
Sec. 717. Authorization of appropriations for public services facility.
Sec. 718. National American Indian Housing Council.
Sec. 719. Housing Assistance Council.
Sec. 720. Demonstration program for outreach to avoid disconnection of utilities.
Sec. 721. Federal Deposit Insurance Corporation affordable housing program.
Sec. 722. State agencies as sureties.

TITLE VIII—HOUSING PROGRAMS UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

Sec. 801. Short title.

Subtitle A—Housing Assistance

CHAPTER 1—REORGANIZATION OF CERTAIN MCKINNEY ACT HOUSING PROVISIONS

Sec. 811. Flexible grant program.
Sec. 812. Regulations.
Sec. 813. Transition provisions.

CHAPTER 2—OTHER HOUSING ASSISTANCE PROGRAMS FOR THE HOMELESS UNDER MCKINNEY ACT

Sec. 821. Section 8 assistance for single room occupancy dwellings.
Sec. 822. Section 8 assistance for shelter plus care single room occupancy dwellings.
Sec. 823. Rural homelessness grant program.
Sec. 824. Clerical amendment.

CHAPTER 3—MISCELLANEOUS HOMELESS HOUSING PROVISIONS

Sec. 831. Innovative homeless program.
Sec. 832. FHA single family property disposition.

Subtitle B—Interagency Council on the Homeless

Sec. 841. Authorization of appropriations.
Sec. 842. Chairperson.
Sec. 843. Extension.

Subtitle C—Federal Emergency Management Agency Food and Shelter Program

Sec. 851. Authorization of appropriations.

The CHAIRMAN. Are there any amendments to section 1?

Mr. GONZALEZ. Madam Chairman, I ask unanimous consent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

SEC. 2. EFFECTIVE DATE.

The provisions of this Act and the amendments made by this Act shall take effect and shall apply upon the date of the enactment of this Act, unless such provisions or amendments specifically provide for effectiveness or applicability upon another date certain.

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Provisions

SEC. 101. LOW-INCOME HOUSING AUTHORIZATION.

(a) AGGREGATE BUDGET AUTHORITY.—Section 5(c)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)(6)) is amended by adding at the end the following new sentence: "The aggregate amount of budget authority that may be obligated for assistance referred to in paragraph (7) is increased (to the extent approved in appropriation Acts) by the sum of the amounts provided in paragraph (7)(A) on October 1, 1994, and by the sum of the amounts provided in paragraph (7)(B) on October 1, 1995.".

(b) UTILIZATION OF BUDGET AUTHORITY.—Section 5(c)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)(7)) is amended by striking the paragraph designation and all that follows through the end of subparagraph (B) and inserting the following:

"(7)(A) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1995, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

"(i) for public housing grants under subsection (a)(2), not more than $861,000,000, of which amount not more than $263,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8, not more than $2,674,000,000, of which not more than $75,000,000 shall be available for assistance under section 8 for family unification under subsection (q)(3) of such section;

"(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $114,000,000;

"(iv) for comprehensive improvement assistance grants under section 14(k), not more than $3,230,000,000;

"(v) for assistance under section 8 for property disposition, not more than $733,000,000;

"(vi) for assistance under section 8 for loan management, not more than $150,000,000;

"(vii) for extensions of contracts expiring under section 8, $5,092,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of this Act) and for loan management assistance under such section;

"(viii) for amendments to contracts under section 8, such sums as may be necessary;

"(ix) for public housing lease adjustments and amendments, such sums as may be necessary;

"(x) for assistance under section 18(g) for replacement housing for units demolished or disposed of under section 18, not more than $333,450,000;

"(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

"(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $500,000,000.

"(B) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1996, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

"(i) for public housing grants under subsection (a)(2), not more than $862,000,000, of which amount not more than $264,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8, not more than $2,800,000,000, of which not more than

$75,000,000 shall be available for assistance under section 8 for family unification under subsection (q)(3) of such section;

"(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $120,000,000;

"(iv) for comprehensive improvement assistance grants under section 14(k), not more than $3,241,000;

"(v) for assistance under section 8 for property disposition, not more than $800,000,000;

"(vi) for assistance under section 8 for loan management, not more than $155,000,000;

"(vii) for extensions of contracts expiring under section 8, $6,000,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of the Housing and Community Development Act of 1994) and for loan management assistance under such section;

"(viii) for amendments to contracts under section 8, such sums as may be necessary;

"(ix) for public housing lease adjustments and amendments, such sums as may be necessary;

"(x) for assistance under section 18(g) for replacement housing for units demolished or disposed of under section 18, not more than $273,600,000;

"(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

"(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $550,000,000.".

SEC. 102. RESIDENT REPRESENTATION IN PUBLIC HOUSING AGENCIES.

(a) REPRESENTATION.—Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended—

(1) by inserting "(a) POLICY.—" after "SEC. 2.";

(2) by striking the last sentence; and

(3) by adding at the end the following new subsection:

"(b) GOVERNANCE OF PUBLIC HOUSING AGENCIES.—

"(1) PROHIBITION.—No person may be barred from serving on the board of directors or other similar governing body of a local public housing agency because of his or her tenancy in a low-income project.

"(2) RESIDENT MEMBERSHIP.—Each public housing agency shall have a board of directors or other similar governing body, of which not less than one-quarter of the members shall be residents of housing units administered or assisted by the agency.

"(3) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent conflicts of interest on the part of resident members of the board or directors or governing body of a public housing agency. Such guidelines shall ensure that resident members are able to participate fully in policy and financial matters within the control of the board or body.

"(4) FULL PARTICIPATION.—No public housing agency may limit or restrict the capacity or offices in which a member of such board or body may serve on such board or body solely because of the member's status as a resident member.

"(5) DEFINITION.—For purposes of this subsection, the term 'resident member' means a member of the board of directors or other similar governing body of a public housing agency who is a resident of a housing unit administered or assisted by the agency.".

(b) CONFORMING AMENDMENT.—The first sentence of section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)) is amended by inserting before the period at the end the following: "and complies with the requirements under section 2(b)".

SEC. 103. DETERMINATION OF MEDIAN INCOME.

(a) IN GENERAL.—Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended—

(1) in the 4th sentence—

(A) by striking "County" and inserting "and Rockland Counties"; and

(B) by inserting "each" before "such county"; and

(2) in the last sentence—

(A) by striking "County" the 1st place it appears and inserting "or Rockland Counties"; and

(B) by striking "County" the 2d place it appears and inserting "and Rockland Counties".

(b) REGULATIONS AND EFFECTIVE DATE.—The Secretary of Housing and Urban Development shall issue regulations implementing the amendments made by subsection (a) not later than the expiration of the 90-day period beginning on the date of the enactment of this Act. The regulations may not take effect until after September 30, 1993.

SEC. 104. DEFINITION OF FAMILIES.

The first sentence of section 3(b)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended by inserting "or, in the case of disabled families, other household members" after "spouses".

SEC. 105. FAMILY SELF-SUFFICIENCY PROGRAM.

(a) SCOPE.—Section 23(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437u(b)(3)) is amended to read as follows:

"(3) SCOPE.—Each public housing agency required to carry out a local program under this section shall make assistance under the program available in a fiscal year, subject only to the availability of amounts for such assistance, to a number of families who are assisted by the agency under section 8 or reside in public housing of the agency that is equivalent to the sum of—

"(A) the increase for such year in the number of families assisted under section 8 (as compared to the preceding year); and

"(B) the increase for such year in the number of public housing dwelling units made available by the agency (as compared to the preceding year).".

(b) VOLUNTARY ESCROW SAVINGS ACCOUNT.—Section 23(d) of the United States Housing Act of 1937 (42 U.S.C. 1437u(d)) is amended—

(1) in paragraph (2)—

(A) in the 1st sentence, by striking "shall" and inserting "may";

(B) in the 2d sentence, by inserting after "area median income" the following: "that choose to escrow amounts under this paragraph";

(C) in the 2d sentence, by striking "shall" and inserting "may"; and

(D) by striking the 3d and 4th sentences and inserting the following new sentence: "Amounts in the escrow account may be withdrawn by the participating family upon the successful performance of the obligations of the family under the contract of participation entered into by the family under subsection (c), as determined according to the specific goals and terms included in the contract, and under other circumstances, as determined by the public housing agency with the approval of the Secretary."; and

(2) by striking the 2d sentence of paragraph (3) and inserting the following new sentence: "The plan may require the establishment of escrow savings accounts under paragraph (2), a description of the procedures for release of escrowed amounts, and any other incentives designed by the public housing agency.".

(c) SERVICE COORDINATORS.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(1) in the last sentence of subsection (b)(1), by inserting "under section 671 of the Housing and Community Development Act of 1992" after "service coordinator"; and

(2) in subsection (h)—

(A) in paragraph (2), by striking "(including the costs of employing a full-time service coordinator)"; and

(B) by adding at the end the following new paragraph:

"(3) CONTRACT ADJUSTMENTS FOR SERVICE COORDINATORS.—If, in providing rental assistance under section 8 of the United States Housing Act of 1937 for a public housing agency carrying out a local program under this section in any fiscal year, the Secretary increases the amount provided for the agency so that the number of families assisted by the agency in the year is greater than the number of families assisted in the preceding year, the Secretary may increase the amount annually provided for the agency to provide for the costs of employing or otherwise retaining the services of one or more service coordinators referred to in subsection (b)(1) of this section. The Secretary may also, under any existing contract for assistance under section 8, include the cost of employing such service coordinators to the extent that amounts for amendments to such contracts are available.".

(d) REPEAL OF INCENTIVE AWARD ALLOCATION.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(1) by striking subsection (i); and

(2) by redesignating subsections (j) through (o) as subsections (i) through (n), respectively.

(e) TECHNICAL AMENDMENT.—Section 23(h)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437u(h)(2)) is amended by striking the last sentence.

SEC. 106. USE OF AMOUNTS IN HEADQUARTERS RESERVE.

(a) USE FOR FAIR HOUSING ACTIVITIES.—Section 213(d)(4)(A) of the Housing and Community Development Act of 1974 (42 U.S.C. 1439(d)(4)(A)) is amended—

(1) in clause (iii), by striking "and" at the end;

(2) in clause (iv) by striking the period at the end and inserting a semicolon; and

(3) by inserting after clause (iv) the following new clauses:

"(v) fair housing activities and cash payments, in connection with the settlement of civil rights litigation (excluding litigation brought by an employee or former employee of the Secretary); and

"(vi) in the case of financial assistance under the rental housing assistance program under section 8 of the United States Housing Act of 1937, providing assistance pursuant to section 8(q)(4) of such Act.".

(b) AVAILABILITY OF PUBLIC HOUSING AND SECTION 8 AMOUNTS.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by adding at the end the following new subsection:

"(m) USE OF AMOUNTS UNDER HEADQUARTERS RESERVE.—Any amounts appropriated for public housing development or assistance under section 8, that are retained by the Secretary in accordance with section 213(d)(4)(A) of the Housing and Community Development Act of 1974, may be used for any of the activities specified in clauses (i) through (v) of such section.".

(c) USE OF SECTION 8 ASSISTANCE FOR PORTABILITY AND NEIGHBORHOOD CRIME FIGHTERS.—Section 213(d)(4) of the Housing and Community Development Act of 1974 is amended by adding at the end the following new subparagraphs:

"(C) Of any financial assistance for the rental housing assistance program under section 8 of the United States Housing Act of 1937 that is reserved pursuant to subparagraph (A), 5 percent shall be reserved for use only for the purposes of

providing assistance pursuant to section 8(o)(6) of such Act.

"(D) In addition to any financial assistance for the rental housing assistance program under section 8 of the United States Housing Act of 1937 that is reserved pursuant to subparagraphs (A) and (C), the Secretary shall reserve not more than an additional $15,000,000 of any financial assistance that becomes available under such program during each of fiscal years 1995 and 1996 and such additional amounts may be used only for the purpose under clause (vi) of subparagraph (A).".

Subtitle B—Public and Indian Housing

SEC. 111. PUBLIC HOUSING RENT REFORM.

(a) CEILING RENTS.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking "and approved by the Secretary"; and

(B) by striking clause (iii) and inserting the following new clause:

"(iii) at the election of such agency, is—

"(I) not less than the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by such agency;

"(II) not less than the reasonable rental value of the unit, as determined by the agency; or

"(III) not less than the local market rent determined by the agency for comparable units of similar size pursuant to the procedures prescribed by the Secretary for determining rent reasonableness under the program for rental certificate assistance under section 8(b).";

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

"(B) Any ceiling rents established by a public housing agency pursuant to this paragraph may be adjusted by the agency.

"(C)(i) Any ceiling rents established pursuant to subclause (I) or (III) of subparagraph (A)(iii) shall take effect at the discretion of the public housing agency.

"(ii) Any ceiling rents established pursuant to subclause (II) of subparagraph (A)(iii) may not take effect before the issuance of regulations to carry out such subclause, which shall be issued by the Secretary not later than 180 days after the date of the enactment of the Housing and Community Development Act of 1994.

"(iii) Before the effectiveness of regulations under clause (ii), an agency shall determine the reasonable rental value of unit for purposes of subclause (II) of subparagraph (A)(iii) based upon (I) in a project of 50 or more units for which such ceiling rents are being established, the 95th percentile of rents paid for all units in the project, (II) in a group of comparable projects for which such ceiling rents are being established that consists of a total of 50 or more units, all units in the projects, and (III) in a group of at least 50 comparable units for which such ceiling rents are being established, all units in the group.".

(b) EXCLUSIONS FROM ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended—

(1) in subparagraph (C)—

(A) by striking "and" before "(ii)"; and

(B) by inserting before the semicolon at the end the following: "; and (iii) to the extent documented by the family, the amount paid by the family for health insurance coverage and any other nonreimbursed out-of-pocket medical expenses for any members of the family residing in the household who, at the time, are not receiving or approved to receive any assistance for health care from the Federal Government or any State government, except that this clause shall apply only to families residing in public housing";

(2) in subparagraph (E), by inserting before the semicolon at the end the following: ", except that in the case of a family residing in public housing the amount excluded under this subparagraph shall be 20 percent of the earned income of the family remaining after excluding any amounts pursuant to subparagraph (H)";

(3) in subparagraph (F), by striking "and" at the end;

(4) in subparagraph (G), by striking the period at the end and inserting a semicolon; and

(5) by adding at the end the following new subparagraphs:

"(H) in the case of a family residing in public housing, any earned income of any formerly dependent child who is a member of the family residing in the family's dwelling unit during the period beginning on the date of the first redetermination of the rent for and family composition of the family that occurs after the child reaches 18 years of age and ending upon the date of the first such redetermination occurring after he or she reaches 21 years of age; and

"(I) in the case of 2-parent families with children (as defined by the Secretary by regulation) who reside in public housing, an amount (in addition to any amounts excluded under subparagraphs (E) and (H)) not to exceed 10 percent of any earned income of the family.".

(c) EXCLUSION OF EARNED INCOME OF RESIDENTS WHO OBTAIN EMPLOYMENT FROM RENT DETERMINATIONS.—

(1) IN GENERAL.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)) is amended—

(A) in the third sentence of paragraph (1), by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(B) by adding at the end the following new paragraph:

"(3) OPTIONAL EXCLUSION OF EARNED INCOME FROM RENT DETERMINATION FOR FAMILIES PREVIOUSLY UNEMPLOYED.—Notwithstanding any other provision of law, a public housing agency may provide (at the option of a public housing agency) that, for all units in public housing administered by the agency, the rent payable under subsection (b) for any such unit occupied by a family whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years, may not—

"(A) be increased as a result of the increased income due to such employment during the period that begins upon the commencement of such employment and ends upon the second annual redetermination of the rent for and family composition of the family occurring thereafter;

"(B) during any 12-month period occurring during the 36 months succeeding the expiration of the period under subparagraph (A) for the family, be increased due to the continued employment of such family member by more than one-third of the difference between (i) the rent being paid by the family upon expiration of such period, and (ii) the amount of rent that the family would pay but for the applicability of this paragraph; and

"(C) in any case, exceed the amount determined under paragraph (1) or (2).";

(d) EXCLUSION FROM INCOME OF EARNINGS FROM JOB TRAINING AND SELF-SUFFICIENCY PROGRAMS.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in subsection (b)(4), by inserting before the period at the end the following: ", and except that the earnings of and benefits to any public housing resident resulting from enrollment and participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of this Act, the Job Training Partnership Act, Subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, part F of title IV of the Social Security Act, or any comparable Federal, State, or local law shall not be considered as income for the purposes of determining a limitation on the amount of rent paid by the resident during the period that the resident enrolls and participates in such program"; and

(2) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act).

(e) APPLICABILITY.—Notwithstanding the amendments made by this section, any resident of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937 (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625; 104 Stat. 4199)), as such paragraph existed before the date of enactment of this Act, shall continue to be governed by such authority.

(f) PERFORMANCE FUNDING SYSTEM.—Section 9(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437g(a)(3)(B)) is amended—

(1) in clause (iv), by striking "and" at the end;

(2) in (v), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following new clause:

"(vi) the amount of any reduced revenue resulting from the exclusion of income of public housing residents pursuant to section 3(b)(5)(E) shall be calculated and included in the amount of the payment received under this section by the public housing agency administering the public housing in which such residents reside;".

(g) EFFECTIVE DATE.—The amendments under this section shall take effect on the earlier of—

(1) date of the effectiveness of the regulations under subsection (i); or

(2) the expiration of the 120-day period beginning on the date of the enactment of this Act.

(h) REGULATIONS.—The Secretary shall issue any final regulations necessary to implement the amendments made by this section, which shall take effect not later than the expiration of the 120-day period beginning on the date of the enactment of this Act. The regulations shall be issued after notice and opportunity for public comment in accordance with the procedures under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

SEC. 112. SALE OF PUBLIC HOUSING TO NONPROFIT INTERMEDIARIES.

The first sentence of section 5(h) of the United States Housing Act of 1937 (42 U.S.C. 1437c(h)) is amended by striking "its lower income tenants" and inserting: "low-income families residing in public housing or to non-profit organizations for resale to low-income families residing in public housing".

SEC. 113. MAJOR RECONSTRUCTION OF OBSOLETE PROJECTS.

(a) ASSISTANCE FOR RECONSTRUCTION.—Section 5(j)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(2)) is amended—

(1) in subparagraph (A), by striking "Notwithstanding" and all that follows through "fiscal year" and inserting the following: "The Secretary may provide assistance under this paragraph";

(2) in subparagraph (C), by striking "reserved" and inserting "made available for assistance";

(3) in subparagraph (F)(i), by striking "reserved or"; and

(4) in subparagraph (G)(i), by striking "reserved under subparagraph (A)" and inserting "made available for use under this paragraph".

(b) SET-ASIDE FOR DISABLED FAMILIES.—Section 5(j)(2)(G)(i) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(2)(G)(i)) is amended by striking "fiscal years 1993 and 1994" and inserting "fiscal years 1995 and 1996".

SEC. 114. NEW CONSTRUCTION OF PROJECTS FOR DISABLED FAMILIES.

Section 5(j)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(3)(A)) is amended by striking "fiscal years 1993 and 1994" and inserting "fiscal years 1995 and 1996".

SEC. 115. RECAPTURE OF PUBLIC HOUSING DEVELOPMENT AMOUNTS.

Section 5(k) of the United States Housing Act of 1937 (42 U.S.C. 1437c(k)) is amended by adding before the period at the end of the first sentence the following: ", unless the Secretary finds that there is no feasible way for the agency to begin construction or rehabilitation, or to complete acquisition, within such period".

SEC. 116. REPEAL OF LEAST-COST LIMITATION ON PUBLIC HOUSING NEW CONSTRUCTION.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by striking subsection (h).

SEC. 117. REGULATORY RELIEF AND PAPERWORK REDUCTION FOR HIGH-PERFORMING PUBLIC HOUSING AGENCIES.

(a) WAIVER OF RULES AND REPORTS.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended by adding at the end the following new paragraph:

"(5)(A) Except as provided in subparagraph (B), the Secretary may, for public housing agencies designated pursuant to this subsection as high performing public housing agencies with respect to a fiscal year, waive (by regulation issued under subparagraph (C)) the applicability for the ensuing fiscal year of regulatory requirements otherwise applicable to public housing agencies to the extent appropriate, as determined by the Secretary, to facilitate more efficient operation of such agencies.

"(B) The Secretary may not waive the applicability of any provision—

"(i) limiting occupancy of public housing to low-income families;

"(ii) under section 18 requiring replacement of units in the case of demolition or disposition;

"(iii) under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

"(iv) that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap, or that relates to fair housing or equal opportunity; or

"(v) under chapter 75 of title 31, United States Code.

"(C) During fiscal year 1995, the Secretary shall publish in the Federal Register a proposed rule providing for the waiver of the regulations to be waived pursuant to this paragraph and identifying such regulations. The Secretary shall publish such proposed rule at a time determined by the Secretary to be sufficient to provide notice and an opportunity for public comment before issuance of a final rule under this paragraph. Such final rule shall be issued not later than August 31, 1995.".

(b) RETENTION BY PHA'S OF SAVINGS FROM EFFICIENT MANAGEMENT.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

"(e) TREATMENT OF SAVINGS.—

"(1) IN GENERAL.—Any income generated by a high-performing public housing agency that exceeds the income estimated by the agency to be generated, according to the agency's annual operating budget, shall be excluded in subsequent years in calculating the amount of the operating subsidy provided under section 9 to the high-performing public housing agency. Such savings shall be retained by the agency for other housing purposes.

"(2) HIGH-PERFORMING PUBLIC HOUSING AGENCY.—For purposes of paragraph (1), the term 'high-performing public housing agency' means, with respect to a year, a public housing agency that has been designated pursuant to subsection (j) as a high performing public housing agency for the last fiscal year ending before the commencement of such year.".

SEC. 118. STANDARDS FOR LEASE TERMINATION AND EXPEDITED GRIEVANCE PROCEDURE.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended—

(1) in subsection (k), in the first sentence of the matter following paragraph (6), by striking "criminal" the first place it appears; and

(2) in subsection (l)(5), by striking "criminal" the first place it appears.

SEC. 119. AVAILABILITY OF CRIMINAL CONVICTION INFORMATION FOR SCREENING AND EVICTIONS.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by adding at the end the following new subsection:

"(q) AVAILABILITY OF CRIMINAL RECORDS.—

"(1) AVAILABILITY.—Notwithstanding any other provision of Federal, State, or local law, upon the request of any public housing agency, the National Crime Information Center, police departments, and any other law enforcement entities shall provide information to the agency regarding the criminal convictions of applicants for, or residents of, public housing for the purpose of applicant screening, lease enforcement, and eviction. A public housing agency may pay a reasonable fee for such information.

"(2) CONTENT.—The information provided under paragraph (1) shall include information regarding convictions for any felony and convictions for certain misdemeanors, including crimes of violence, destruction of property, use, sale, or distribution of controlled substances, illegal possession or use of firearms, and hate crimes. Such information may not include information regarding any criminal conviction of such an applicant or resident for any act (or failure to act) occurring before the applicant or resident reached 18 years of age or information regarding any criminal conviction of such an applicant or resident occurring more than 10 years before the request under this subsection is made by the public housing agency.

"(3) USE.—A public housing agency receiving information under this subsection may use such information only for the purposes provided in this subsection and such information may not be disclosed to any person who is not an officer or employee of the public housing agency. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided to a public housing agency under this subsection is used, and confidentiality of such information is maintained, as required under this subsection.

"(4) PENALTY.—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or resident of, public housing pursuant to the authority under this subsection under false pretenses, or any person who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than $5,000. The term 'person' as used in this paragraph shall include an officer or employee of any public housing agency.

"(5) CIVIL ACTION.—Any applicant for, or resident of, public housing affected by (A) a negligent or knowing disclosure of information referred to in this section about such person by an officer or employee of any public housing agency, which disclosure is not authorized by this subsection, or (B) any other negligent or knowing action that is inconsistent with this subsection, may bring a civil action for damages and such other relief as may be appropriate against any officer or employee of any public housing agency responsible for such unauthorized action. The district court of the United States in the district in which the affected applicant or resident resides, in which such unauthorized action occurred, or in which the officer or employee alleged to be responsible for any such unauthorized action resides, shall have jurisdiction in such matters. Appropriate relief that may be ordered by such district courts shall include reasonable attorney's fees and other litigation costs.".

SEC. 120. DESIGNATED HOUSING.

Section 7(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437e(e)(1)) is amended—

(1) in the first sentence, by striking "and the Secretary approves an application under this subsection for such designation"; and

(2) in the second sentence, by inserting before the period at the end the following: ", which shall provide that an application for a project (or portion of a project) shall be submitted and considered for approval in conjunction with submission and approval of the allocation plan for the project (or portion) under section 7(f)".

SEC. 121. PUBLIC HOUSING OPERATING SUBSIDIES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 9(c) of the United States Housing Act of 1937 (42 U.S.C. 1437g(c)) is amended—

(1) in paragraph (1), by striking "There" and all that follows and inserting the following new sentence: "There are authorized to be appropriated for purposes of providing annual contributions under this section $3,146,000,000 for fiscal year 1995 and $3,208,000,000 for fiscal year 1996.".

(2) in paragraph (2), by striking "1993 and 1994" and inserting "1995 and 1996"; and

(3) in paragraph (3), by striking "1993 and 1994" and inserting "1995 and 1996".

(b) ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC HOUSING.—Section 9(a)(2) of the United States Housing Act of 1937 is amended—

(1) by striking "one" and inserting "that is (A)"; and

(2) by inserting after "section 8," the following: "or (B) assisted under section 24 or the program authorized under (i) the third paragraph of the head, HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE GRANTS (HOPE GRANTS), of title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, or (ii) the head, SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS, of title II of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994;".

(c) INCLUDED COSTS.—Section 9(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437g(a)(3)(B)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new clauses:

"(vii) the amount of the payment received under this section by public housing agencies shall be calculated to include—

"(I) benefits (including health care and pensions, annuities, and other retirement benefits) of employees of the agency;

"(II) the amount of any reduced revenue resulting from the amendments made by subsections (b) and (c) of section 573 of the Cranston-Gonzalez National Affordable Housing Act;

"(III) maintenance deferred;

"(IV) utility costs attributable to air conditioning; and

"(V) any increased costs of security for the public housing, attributable to increases in the number of incidents of vandalism and crime in the housing; and

"(viii) the amount of the payment received under this section by a public housing agency for a fiscal year shall be determined taking into consideration the actual expenses for the agency for the preceding fiscal year.".

SEC. 122. ELIGIBLE USES OF EMERGENCY MODERNIZATION FUNDS.

Section 14(k)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(k)(1)) is amended—

(1) in the first sentence, by striking "$75,000,000" and inserting "$50,000,000"; and

(2) by adding at the end the following new sentence: "The Secretary shall make any amounts reserved under this paragraph for any fiscal year that remain unobligated on September 1 of such fiscal year available for modernization needs in connection with the settlement of litigation and desegregation of public housing. Of the amounts reserved each year under this paragraph, the Secretary shall make available to the Inspector General of the Department of Housing and Urban Development not more than $5,000,000 for cost in connection with efforts to combat violent crime in public housing. Using amounts made available pursuant to the preceding sentence during fiscal years 1995 and 1996, the Secretary shall provide amounts in each such fiscal year for the continuation of the drug elimination activities under Project Nos. IA05PO98003004 and IA05DEP0980193.".

SEC. 123. USE OF MODERNIZATION FUNDS FOR REPLACEMENT HOUSING.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is amended by adding at the end the following new subsection:

"(q) USE OF AMOUNTS FOR REPLACEMENT HOUSING.—

"(1) AUTHORITY.—A public housing agency may use assistance under this section to provide replacement housing as required by section 18 by developing additional housing under this Act, in accordance with requirements applicable to the development of public housing, but only if the cost of providing such housing (not including costs of demolition) is more cost effective than the cost of modernization of the housing proposed to be replaced.

"(2) LIMITATION ON AMOUNT.—In any fiscal year, a public housing agency may not use more than 50 percent of any assistance provided to the agency under this section for the fiscal year for providing replacement housing pursuant to this section.

"(3) REQUIREMENTS.—A public housing agency may use assistance under this section as provided in subsection (a) only if the replacement of units is included in the replacement plan of the agency.".

(b) AVAILABLE REPLACEMENT HOUSING.—Section 14(c)(1) of the United States Housing Act of 1937 is amended by inserting before the semicolon the following: "or, only in the case of assistance used as provided under subsection (q), housing or units in housing owned (or leased for a period to be determined by the Secretary) by a partnership of a public housing agency and other entity in which the agency has a controlling interest".

SEC. 124. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

"DEMOLITION AND DISPOSITION OF PUBLIC HOUSING

"SEC. 18. (a) CONDITION OF HOUSING.—The Secretary may approve an application by a public housing agency for permission to demolish or dispose of a public housing project or a portion of a public housing project only if the Secretary has determined that—

"(1) in the case of—

"(A) an application proposing demolition of a public housing project or a portion of a public housing project, the project or portion of the project is obsolete as to physical condition, location, or other factors, and it is more cost effective to replace the project or portion of the project than to rehabilitate the project or portion of the project; or

"(B) an application proposing the demolition of only a portion of a project, the demolition will help to assure the remaining useful life of the remaining portion of the project;

"(2) in the case of an application proposing disposition of real property of a public housing agency by sale or other transfer—

"(A)(i) the property's retention is not in the best interests of the tenants or the public housing agency because (I) developmental changes in the area surrounding the project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency, (II) disposition will allow the acquisition, development, or rehabilitation of other properties which will be more efficiently or effectively operated as low-income housing and which will preserve the total amount of low-income housing stock available in the community or housing sufficient to address the needs of the community as described in the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, or (III) because of other factors which the Secretary determines are consistent with the best interests of the tenants and public housing agency and which are not inconsistent with other provisions of this Act; and

"(ii) for property other than dwelling units, the property is excess to the needs of a project or the disposition is incidental to, or does not interfere with, continued operation of a project; and

"(B) the net proceeds of the disposition will be used for (i) the payment of development costs for the replacement housing and for the retirement of outstanding obligations issued to finance original development or modernization of the project, which, in the case of scattered-site housing of a public housing agency, shall be in an amount that bears the same ratio to the total of such costs and obligations as the number of units disposed of bears to the total number of units of the project at the time of disposition, and (ii) to the extent that any proceeds remain after the application of proceeds in accordance with clause (i), the provision of housing assistance for low-income families through such measures as modernization of low-income housing, or the acquisition, development, or rehabilitation of other properties to operate as low-income housing; or

"(3) in the case of an application proposing demolition or disposition of any portion of a public housing project, assisted at any time under section 5(j)(2)—

"(A) such assistance has not been provided for the portion of the project to be demolished or disposed within the 10-year period ending upon submission of the application; or

"(B) the property's retention is not in the best interest of the tenants or the public housing agency because of changes in the area surrounding the project or other circumstances of the project, as determined by the Secretary.

"(b) TENANT INVOLVEMENT AND REPLACEMENT HOUSING.—The Secretary may approve an application or furnish assistance under this section or under this Act only if the following requirements are met:

"(1) TENANT CONSULTATION AND EMPLOYMENT.—The application from the public housing agency—

"(A) has been developed in consultation with tenants and tenant councils, if any, who will be affected by the demolition or disposition;

"(B) includes a plan to employ public housing tenants in construction or rehabilitation to the extent practicable, pursuant to section 3 of the Housing and Urban Development Act of 1968; and

"(C) contains a certification by appropriate local government officials that the proposed activity is consistent with the applicable comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) RELOCATION ASSISTANCE.—All tenants to be relocated as a result of the demolition or disposition will be provided assistance by the public housing agency and are relocated to other decent, safe, sanitary, and affordable housing, which is, to the maximum extent practicable, housing of their choice, including housing assisted under section 8 of this Act.

"(3) REPLACEMENT HOUSING.—The public housing agency has developed a plan that provides for additional decent, safe, sanitary, and affordable dwelling unit for each public housing dwelling unit to be demolished or disposed under such application or provides additional dwelling units sufficient to address the needs and demographic characteristics of the number of applicants on the waiting list of the agency equal to the number of units to be demolished or disposed of or the needs of the community as described in the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, which plan—

"(A) provides for the provision of such additional dwelling units through—

"(i) the acquisition or development of additional public housing dwelling units, which may be units in housing owned (or leased for a period to be determined by the Secretary) by a partnership of a public housing agency and other entity in which the agency has a controlling interest;

"(ii) the use of 15-year project-based assistance under section 8;

"(iii) in the case of an application proposing demolition or disposition of 200 or more units, the use of tenant-based assistance under section 8 having a term of not less than 5 years;

"(iv) units acquired or otherwise provided for homeownership (including cooperative and condominium interests) by public housing residents under section 5(h), subtitle B or C of title IV of the Cranston-Gonzalez National Affordable Housing Act, or other programs for homeownership that have program requirements substantially equivalent to the requirements established under section 605 of the Housing and Community Development Act of 1987;

"(v) affordable housing homeownership units assisted under title II of the Cranston-Gonzalez National Affordable Housing Act and sold to public housing residents;

"(vi) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 15 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8, except that this subclause shall only apply in cases provided under subparagraph (C);

"(vii) housing assisted by a tax credit under section 42 of the Internal Revenue Code;

"(viii) housing acquired from the Resolution Trust Corporation or the Federal Deposit Insurance Corporation;

"(ix) housing acquired under section 203 of the Housing and Community Development Amendments of 1978;

"(x) other manners approved by the Secretary; or

"(xi) any combination of such methods;

"(B) in the case of an application proposing demolition or disposition of 200 or more units, shall provide that—

"(i) not less than 50 percent of such additional dwelling units shall be provided through the acquisition or development of additional dwelling units or through project-based assistance; and

"(ii) not more than 50 percent of such additional dwelling units shall be provided through tenant-based assistance under section 8 having a term of not less than 5 years;

"(C) if it provides for the use of tenant-based assistance provided under section 8 or otherwise, may be approved—

"(i) only after a finding by the Secretary that replacement with project-based assistance is not feasible, and the supply of private rental housing actually available to those who would receive such assistance under the plan is sufficient for the total number of families in the community assisted with tenant-based assistance after implementation of the plan and that such supply is likely to remain available for the full term of the assistance; and

"(ii) only if such finding is based on objective information, which shall include rates of participation by landlords in the section 8 program, size, conditions and rent levels of available rental housing as compared to section 8 standards, the supply of vacant existing housing meeting the section 8 housing quality standards with rents at or below the fair market rental, the number of eligible families waiting for public housing or housing assistance under section 8, and the extent of discrimination against the types of individuals or families to be served by the assistance;

"(D) may provide that all or part of such additional dwelling units may be located outside the jurisdiction of the public housing agency (in this subparagraph referred to as the 'original agency') if—

"(i) the location is in the same housing market area as the original agency, as determined by the Secretary; and

"(ii) the plan contains an agreement between the original agency and the public housing agency in the alternate location or other public or private entity that will be responsible for providing the additional units in the alternate location that such alternate agency or entity will, with respect to the dwelling units involved—

"(I) provide the dwelling units in accordance with subparagraph (A);

"(II) complete the plan on schedule in accordance with subparagraph (F);

"(III) meet the requirements of subparagraph (G) of this paragraph and the maximum rent provisions of subparagraph (H);

"(IV) not impose a local residency preference on any resident of the jurisdiction of the original agency for purposes of admission to any such units; and

"(V) allow that preference for admission to any such additional units may be provided to residents of the severely distressed public housing dwelling units replaced under this subparagraph pursuant to section 24;

"(E) includes a schedule for completing the plan within a period consistent with the size of the proposed demolition or disposition and replacement plan, which—

"(i) shall not exceed 6 years, except that the Secretary may extend the schedule to not more than 10 years if the Secretary determines that good cause exists to extend the implementation of the replacement plan under this subsection; and

"(ii) the demolition or disposition under the plan can occur in phases necessary to provide for relocation of tenants under paragraph (2);

"(F) includes a method of ensuring that the same number of individuals and families will be provided housing;

"(G) provides for the payment of the relocation expenses of each tenant to be displaced and ensures that the rent paid by the tenant following relocation will not exceed the amount permitted under this Act; and

"(H) prevents the taking of any action to demolish or dispose of any unit until the tenant of the unit is relocated to decent, safe, sanitary, and affordable housing; and

"(I) permits the Secretary to intervene and take any actions necessary to complete the plan if the public housing agency fails, without good cause, to carry out its obligations under the plan.

"(c) LIMITATION ON DEMOLITION AND EXEMPTION.—

"(1) MAXIMUM PERCENTAGE.—Notwithstanding any other provision of this section, in any 5-year period a public housing agency may demolish not more than the lesser of 5 dwelling units or 5 percent of the total dwelling units owned and operated by the public housing agency, without providing an additional dwelling unit for each such public housing dwelling unit to be demolished, but only if the space occupied by the demolished unit is used for meeting the service or other needs of public housing residents.

"(2) SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.—Notwithstanding any other provision of law, a replacement plan under subsection (b)(3) may provide for demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished and the balance of replacement units are provided elsewhere in the jurisdiction or pursuant to subsection (b)(3)(D).

"(d) TREATMENT OF REPLACEMENT UNITS.—With respect to any dwelling units developed, acquired, or leased by a public housing agency pursuant to a replacement plan under subsection (b)(3)—

"(1) assistance may be provided under section 9 for such units; and

"(2) such units shall be available for occupancy, operated and managed in the manner required for public housing, and shall be subject to the other requirements applicable to public housing dwelling units.

"(e) APPROVAL OF APPLICATIONS.—

"(1) IN GENERAL.—The Secretary shall notify a public housing agency submitting an application under this section for demolition or disposition and replacement of a public housing project or portion of a project of the approval or disapproval of the application not later than 60 days after receiving the application. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (2), the application shall be considered to have been approved.

"(2) DISAPPROVAL AND RESUBMISSION.—If the Secretary disapproves an application, the Secretary shall specify in the notice of disapproval the reasons for the disapproval and the agency may resubmit the application as amended or modified.

"(3) ANNUAL REPORT.—The Secretary shall submit a report to the Congress annually describing for the year the applications under this section approved and disapproved, the number, general condition, and location of units demolished or disposed of, and the number, general condition, location and method of provision of units of replacement housing provided pursuant to this section.

"(f) ACTION BEFORE APPROVAL OF APPLICATION.—

"(1) PROHIBITED ACTION.—A public housing agency shall not take any action to demolish or dispose of a public housing project or a portion of a public housing project without obtaining the approval of the Secretary and satisfying the conditions specified in subsections (a) and (b).

"(2) ALLOWABLE RELOCATION.—A public housing agency may relocate tenants of public housing into other dwelling units before the approval of an application under this section for demolition or disposition or prior to implementing a plan for modernization under section 14 or 24, if units to be demolished or disposed of are not decent, safe, and sanitary, or if the units to be rehabilitated can not be maintained cost-effectively in a decent, safe, and sanitary condition.

"(g) ASSISTANCE FOR REPLACEMENT HOUSING.—The Secretary may provide assistance under this subsection for—

"(1) providing replacement public housing units pursuant to subsection (b)(3)(A) for units demolished or disposed of pursuant to this section; and

"(2) providing assistance under section 8 for replacement housing pursuant to subsection (b)(3)(A) for units demolished or disposed of pursuant to this section.

"(h) INAPPLICABILITY TO PUBLIC HOUSING HOMEOWNERSHIP PROGRAM.—The provisions of this section shall not apply to the disposition of a public housing project in accordance with an approved homeownership program under title III of this Act.

"(i) EXCEPTION TO REPLACEMENT RULE.—

"(1) REQUIREMENTS FOR WAIVER.—The Secretary shall waive the applicability of the provisions of subsection (b)(3) with respect to any application under this section by a public housing agency for the demolition or disposition of public housing dwelling units if—

"(A) the Secretary determines, based on information provided by the public housing agency in the application and the request under paragraph (2), that—

"(i) the requirements under subsection (b)(3) are preventing or interfering with the development or acquisition of new public housing dwelling units by the agency;

"(ii) the long-term goal of the agency in requesting the waiver under this subsection is to increase the number of habitable public housing dwelling units of the agency;

"(iii) maintaining and operating the dwelling units to be demolished or disposed of is not cost effective; and

"(iv) sufficient financial assistance is not, and will not be, available to the public housing agency to rehabilitate or replace all or some of the units;

"(B) the Secretary determines that replacing the dwelling units to be demolished or disposed under the application is unnecessary because other affordable housing is available in the area in which the units are located, and in making such determination the Secretary shall consider the assessment submitted by the public housing agency under paragraph (2)(C); and

"(C) the public housing agency requests a waiver under this subsection in accordance with the requirements under paragraph (2).

"(2) REQUEST FOR WAIVER.—To be eligible for a waiver under this subsection, a public housing agency shall submit to the Secretary a request for a waiver under this subsection that includes—

"(A) a comprehensive plan for demolition, disposition, and replacement that describes additional dwelling units to be made available by the public housing agency;

"(B) an identification of the dwelling units for which the waiver is requested; and

"(C) an assessment of the need of replacing such dwelling units including the unit size, age, general condition, and length of time such units have been vacant, the condition of the neighborhood in which the dwelling units are located, and the availability of dwelling units affordable to low-income families within the jurisdiction in which the dwelling units are located, during the implementation of the replacement plan.

"(3) SUBMISSION TO SECRETARY.—A request for a waiver under this subsection may be submitted at any time. The request shall be submitted to the Secretary by certified mail or any other equivalent means that provides notification to the public housing agency making the request of the date of receipt by the Secretary.

"(4) NOTICE OF DISPOSITION OF REQUEST.—Except as provided in paragraph (5), the Secretary shall notify a public housing agency requesting a waiver under this section of the approval or disapproval of the request not later than 45 days after receiving the request. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (5), the request for a waiver shall be considered to have been approved.

"(5) REQUEST FOR ADDITIONAL INFORMATION.—If the Secretary determines that more information is needed to make the determinations under paragraph (1) than has been provided by the public housing agency, the Secretary shall notify the agency in writing not later than 30 days after receiving the request for the waiver that additional information is necessary. Such notice shall describe specifically the additional information required for the determinations and establish a deadline for the submission of the information by the agency, which shall be determined based on the difficulty of obtaining the information requested. If the agency submits such additional information requested before the deadline established in the notice under this paragraph, the Secretary shall notify the agency requesting the waiver that the request is approved or disapproved not later than 30 days after the submission of such additional information.

"(6) STATEMENT OF REASONS FOR DENYING OR APPROVING REQUEST.—The Secretary shall include, in each notice under paragraph (4) or (5) of the denial or approval of a request for a waiver under this subsection, the specific reasons for denying or approving the request. The denial of any request for a waiver for public housing dwelling units shall not prejudice the consideration of any other subsequent request for such a waiver for any of such dwelling units.".

SEC. 125. PUBLIC HOUSING RESIDENT OPPORTUNITY.

Section 20 of the United States Housing Act of 1937 (42 U.S.C. 1437r) is amended—

(1) by striking the section heading and inserting the following new section heading:

"RESIDENT OPPORTUNITY PROGRAM";

(2) in the first 2 sentences of subsection (b), by striking "resident management program" each place it appears and inserting "resident opportunity program"; and

(3) in subsection (f)—

(A) by striking "RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING" and inserting "RESIDENT OPPORTUNITY ASSISTANCE";

(B) in paragraph (1), by adding at the end the following new sentence: "In addition, the Secretary may provide financial assistance to resident management corporations or resident councils for activities sponsored by resident organizations for job training, economic development, security, and other self-sufficiency activities beyond those related to the management of public housing.";

(C) in paragraph (2), by striking "$100,000" and inserting "$250,000";

(D) by striking paragraph (3) and inserting the following new paragraph:

"(3) FUNDING.—Of any amounts made available for financial assistance under section 14, the Secretary may use to carry out this subsection $25,000,000 for fiscal year 1995 and $25,000,000 for fiscal year 1996.";

(E) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively;

(F) by inserting after paragraph (1) the following new paragraph:

"(2) OTHER USES OF ASSISTANCE.—The Secretary may use amounts available to carry out this subsection to enter into contracts with—

"(A) various entities for monitoring, evaluation, technical assistance, and information dissemination in connection with activities under this subsection; and

"(B) resident organizations and public or private entities for activities that support the economic development and increased self-sufficiency of public housing residents.

Eligible activities related to economic development and self-sufficiency may include programs for counseling, treatment for substance abuse, child care, remedial education, job training, and development of resident businesses.".

SEC. 126. PUBLIC HOUSING FAMILY INVESTMENT CENTERS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 22(k) of the United States Housing Act of 1937 (42 U.S.C. 1437t(k)) is amended to read as follows:

"(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.".

(b) PURPOSES.—Section 22(a) of the United States Housing Act of 1937 (42 U.S.C. 1437t(a)) is amended—

(1) in the matter preceding paragraph (1) by inserting before "to provide" the following: "to provide job training and employment services to public housing residents in connection with public and private sector jobs generated by construction, modernization, maintenance, and supportive service activities of public housing and other housing projects and programs assisted by the Department of Housing and Urban Development and";

(2) by redesignating paragraphs (2), (3), and (4), as paragraphs (3), (4), and (5), respectively;

(3) by inserting after paragraph (1) the following new paragraph:

"(2) operating job banks, assisting employers to develop training and apprenticeship programs, assisting businesses of public housing residents, and other employment-related activities;"; and

(4) by adding at the end the following new flush sentence:

"The provision of services under this section shall be considered the provision of housing for purposes of section 3 of the Housing and Urban Development Act of 1968.".

(c) ELIMINATION OF SUPPORTIVE SERVICES CAP.—Section 22(c)(4) of the United States Housing Act of 1937 is amended by striking "not more than 15 percent of".

(d) ECONOMIC OPPORTUNITY ACTIVITIES.—Section 22 of the United States Housing Act of 1937 is amended—

(1) by striking subsection (b) and inserting the following new subsection:

"(b) GRANT AUTHORITY.—The Secretary may make grants to public housing agencies to adapt and provide sites in or near public housing for providing services to help families residing in the public housing gain better access to educational and job opportunities to achieve self-sufficiency and independence, and to provide such services. Assistance under this section may be made available only to public housing agencies that demonstrate to the satisfaction of the Secretary that supportive services (as such term is defined in subsection (j)) will be made available. Facilities assisted under this section shall be located in or near the premises of public housing.";

(2) in subsection (c)(3), by striking "the renovation of facilities located near the premises of 1 or more public housing projects" and inserting the following: "the acquisition of facilities located near the premises of 1 or more public housing projects, the acquisition and renovation of such facilities, or the renovation of such facilities,"; and

(3) in subsection (j)—

(A) in the first sentence, by inserting before the period at the end the following: "(including opportunities under a Family Self-Sufficiency program under section 23 of this Act, subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, and the Job Training Partnership Act) and to facilitating participation in such opportunities";

(B) in paragraph (5), by striking "and" at the end;

(C) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (15), respectively; and

(D) by inserting after paragraph (3) the following new paragraph:

"(4) English language education for persons having no or limited proficiency in English;"; and

(E) by inserting after paragraph (6) (as so redesignated) the following new paragraphs:

"(7) providing a job bank of available employment positions;

"(8) assisting contractors, contractor associations, and joint labor-management committees to develop and assist training and apprenticeship programs;

"(9) funding start-up costs of business employing, or owned by, public housing residents;

"(10) providing coordination with related government and private programs;

"(11) carrying out job-related activities necessary to establish and operate a family investment center, including training, supervision of trainees, and job recruitment;

"(12) apprenticeship training of public housing residents in job skills used in the construction modernization, maintenance, and operation of public housing and other housing assisted by the Department of Housing and Urban Development;

"(13) employing public housing residents in modernization, maintenance, and operation of public housing and other housing assisted by the Department of Housing and Urban Development;

"(14) training and employing public housing residents in jobs providing supportive services to residents participating in the program for family self-sufficiency and other economic independence; and".

SEC. 127. REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING.

(a) PLANNING GRANTS.—Subsection (c) of section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v(c)) is amended—

(1) in paragraph (2) by striking "$200,000" and inserting "$300,000";

(2) in paragraph (3)—

(A) in subparagraph (G), by striking "designing a suitable replacement housing plan" and inserting "designing suitable relocation and replacement housing plans";

(B) by redesignating subparagraphs (E) through (I) as subparagraphs (F) through (J), respectively; and

(C) by inserting after subparagraph (D) the following new subparagraph:

"(E) planning for community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;";

(3) in paragraph (4)—

(A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(B) by inserting after subparagraph (C) the following new subparagraph:

"(D) to the extent the applicant is requesting amounts for community service activities, a description of the planning activities for community service to be carried out by residents, other

members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;''; and

(5) in paragraph (5)—

(A) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the public housing agency as a whole'';

(B) by striking subparagraph (E);

(C) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively; and

(D) by adding at the end the following new flush material:

''In making grants under this subsection, the Secretary may select a lower-rated application that meets the requirements pursuant to this section instead of a higher-rated application to increase the national geographic diversity among applications approved under this section.''.

(b) IMPLEMENTATION GRANTS.—Subsection (d) of section 24 of the United States Housing Act of 1937 is amended—

(1) in paragraph (2)—

(A) in subparagraph (I), by striking ''except that'' and all that follows and inserting the following: ''except that—

''(i) not more than 20 percent of any grant under this subsection may be used for such purpose; and

''(ii) an amount equal to 15 percent of the amount of any grant under this subsection used for such purposes shall be contributed from non-Federal sources, and may be in the form of cash, administrative costs, and the reasonable value of in-kind contributions, and may include funding under title I of the Housing and Community Development Act of 1974.'';

(B) by redesignating subparagraphs (E) through (I) (as so amended) as subparagraphs (G) through (K), respectively; and

(C) by inserting after subparagraph (D) the following new subparagraphs:

''(E) community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;

''(F) replacement of public housing units;'';

(2) in paragraph (3)—

(A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(B) by inserting after subparagraph (C) the following new subparagraph:

''(D) to the extent the applicant is requesting amounts for community service activities, a description of the community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;''; and

(3) in paragraph (4)—

(A) by striking subparagraph (D) and inserting the following new subparagraph:

''(D) the quality of the proposed revitalization program and the suitability of the project for such a program;'';

(B) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the applicant as a whole''; and

(C) by striking subparagraph (E);

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively; and

(E) by adding at the end the following new flush material:

''In making grants under this subsection, the Secretary may select a lower-rated application that meets the requirements pursuant to this section instead of a higher-rated application to increase the national geographic diversity among applications approved under this section.''.

(c) EXCEPTIONS TO GENERAL PROGRAM REQUIREMENTS.—Section 24(e) of the United States Housing Act of 1937 is amended—

(1) by striking the first sentence of paragraph (2) and inserting the following new sentence: ''For projects revitalized under this section, a public housing agency may—

''(A) in lieu of selecting tenants pursuant to the preferences specified under section 6(c)(4)(A)(i), select tenants pursuant to a local system of preferences;

''(B) in making dwelling units in such projects available for occupancy, disregard the order in which applications were made for residency in public housing dwelling units or any waiting lists established for such residency to provide for substantial variation in the incomes of families residing in the project, subject to the provisions of this Act relating to income eligibility in public housing projects (as modified under subparagraph (C));

''(C) notwithstanding section 16 of this Act, provide for low-income families to occupy not more than 50 percent of the dwelling units in a project, and

''(D) establish ceiling rents under section 3(a)(2).''; and

(2) by adding at the end the following new paragraph:

''(3) DEMOLITION AND REPLACEMENT.—

''(A) IN GENERAL.—Notwithstanding any other applicable law or regulation, a revitalization plan under this section may include demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished as a result of the revitalization effort.

''(B) TENANT-BASED ASSISTANCE.—Notwithstanding the limitation in subparagraph (C) of section 18(b)(3), a public housing agency may replace not more than one-third of the units demolished or disposed of through a revitalization project under this section with tenant-based assistance under section 8, but only if the public housing agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months.

''(C) ALTERNATIVE METHODS OF REPLACEMENT.—A revitalization plan under this section may provide for replacement of public housing units in the manners under subparagraph (D) of this paragraph (and not subject to the requirements of subparagraph (B) of section 18(b)(3)) if the agency or corporation enters into such agreements as the Secretary considers necessary to ensure that the replacement units will remain affordable to families eligible for residency in public housing for the remaining useful life of the units, as determined by the Secretary.

''(D) CERTIFICATE AND NEW UNIT MIX.—Each such dwelling unit demolished, disposed of, or otherwise eliminated pursuant to this paragraph shall be replaced with an additional dwelling unit through any combination of—

''(i) additional public housing dwelling units;

''(ii) units or housing described in clause (iv), (v), (vii), (viii), or (ix) of section 18(b)(3)(A);

''(iii) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 5 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8; but this clause shall apply to a revitalization program only if the agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months; or

''(iv) other manners approved by the Secretary.''.

(d) DEFINITIONS.—Subsection (h) of section 24 of the United States Housing Act of 1937 is amended—

(1) by striking paragraph (5) and inserting the following new paragraphs:

''(6) SEVERELY DISTRESSED PUBLIC HOUSING.—The term 'severely distressed public housing' means a public housing project or building in a project that—

''(A) requires major redesign, reconstruction, or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems, and other deficiencies in the physical plant of the project;

''(B) is—

''(i)(I) occupied predominantly by families with children which have extremely low incomes, high rates of unemployment, and extensive dependency on various forms of public assistance; and

''(II) has high rates of vandalism and criminal activity (including drug-related criminal activity) in comparison to other housing in the area; or

''(ii) has a vacancy rate, as determined by the Secretary, of 50 percent or more;

''(C) can not be revitalized through assistance under other programs, such as the programs under sections 9 and 14, or through other administrative means because of the inadequacy of available amounts; and

''(D) in the case of an individual building, the building is (in the determination of the Secretary) sufficiently separable from the remainder of the project of which the building is part to make use of the building feasible for purposes of this section.

''(7) SUPPORT SERVICES.—The term 'support services' includes all activities which will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing project involved, and shall include literacy training, job training, day care, and economic development activities. Support services may be provided to residents of the neighborhood in which the public housing project involved is located.'';

(2) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively; and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) COMMUNITY SERVICE.—The term 'community service' means services provided on a volunteer or limited stipend basis for the social, economic, or physical improvement of the community to be served, including opportunity for the upward mobility of participants providing the community service, through completion of education requirements, job training, or alternative methods of developing skills and job readiness.''.

(e) REPORTS.—Section 24(i) of the United States Housing Act of 1937 is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(f) REPEAL.—Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended by striking subsection (b).

(g) APPLICABILITY.—Section 24 of the United States Housing Act of 1937 is amended by adding at the end the following new subsection:

"(j) APPLICABILITY.—Notwithstanding any provision of this Act, with respect to a public housing project that (1) has been selected for funding under this section 24 or through the urban revitalization demonstration program under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102–389, 106 Stat. 1579; 42 U.S.C. 1437l note) or the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994 (Public Law 103–124, 107 Stat. 1285; 42 U.S.C. 1437l note), and (2) has an approved comprehensive plan under section 14 of this Act, the Secretary may apply any provision of this section and the regulations hereunder to all activities undertaken at such projects only during revitalization (including activities relating to demolition, modernization, reconstruction, site improvement, and replacement housing).".

(h) CONFORMING AMENDMENT.—The first sentence of section 25(m)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437w(m)(1)) is amended to read as follows: "The term 'eligible housing' means a public housing project, or one or more buildings within a project, that is owned or operated by a troubled public housing agency that has been troubled for not less than 3 years and that, as determined by the Secretary, has failed to make substantial progress toward effective management.".

(i) APPLICABILITY TO CERTAIN PROJECT.—The amendments made by this section shall apply with respect to assistance provided before the date of the enactment of this Act under section 24 of the United States Housing Act of 1937 for the Desire Housing Development, located in New Orleans, Louisiana, but only to the extent that the Housing Authority of New Orleans submits to the Secretary of Housing and Urban Development a description of the revitalization program for such project describing the use of such assistance under the provisions of such section 24, as amended, which is approved by the Secretary.

SEC. 128. PROGRAM MONITORING AND TECHNICAL ASSISTANCE.

(a) DEFINITION.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a), as amended by adding at the end the following new subsection:

"(e) TECHNICAL ASSISTANCE AND SERVICES.—As used in sections 5(c)(9) and 14(k)(1)(B), the term 'technical assistance and services' shall include any or all undertakings by the Secretary, directly using officials and employees of the Secretary, or indirectly under contract or otherwise, related to the inspection or oversight of project or program development or implementation, training and technical assistance, public housing agency or Indian housing authority program, project, or general management, crisis management and operations, survey research, and the preparation of reports or recommendations to the Secretary.".

(b) AVAILABILITY OF DEVELOPMENT AMOUNTS.—Section 5(c) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)) is amended by adding at the end the following new paragraph:

"(9) Of any amounts appropriated pursuant to this Act in fiscal year 1995 for public housing development (including Indian housing development), the Secretary may use not more than 0.5 percent for technical assistance and services.".

(c) AVAILABILITY OF MODERNIZATION AMOUNTS.—Section 14(k)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(k)(1)), as amended by the preceding provisions of this Act, is amended—

(1) by inserting "(A)" before the first sentence; and

(2) by adding at the end the following new subparagraph:

"(B) Of any amounts approved in appropriation Acts for grants under this section in fiscal year 1995, the Secretary may use not more than 1 percent for technical assistance and services.".

SEC. 129. APPLICABILITY OF PUBLIC HOUSING AMENDMENTS TO INDIAN HOUSING.

(a) AMENDMENT.—Section 201(b) of the United States Housing Act of 1937 (42 U.S.C. 1437aa(b)) is amended to read as follows:

"(b) APPLICABILITY OF TITLE I.—Except as otherwise provided by law, the provisions of title I shall apply to low-income housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.".

(b) APPLICABILITY OF AMENDMENT.—The amendment made by subsection (a) shall not affect provisions of the United States Housing Act of 1937 that were made applicable to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority in accordance with section 201(b)(2) of such Act, as such section existed before the effective date of this section.

(c) APPLICABILITY OF HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—The provisions of, and the amendments made by, sections 103(a)(1), 112, 114, 116, 118, 903, and 927 of the Housing and Community Development Act of 1992 and sections 301, 302, 303, and 304 of the Multifamily Housing Property Disposition Reform Act of 1994 shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

SEC. 130. EARLY CHILDHOOD DEVELOPMENT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 222(g) of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note) is amended by striking the first two sentences and inserting the following new sentence: "There are authorized to be appropriated to carry out this section $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.".

(b) ELIGIBILITY FOR ASSISTANCE.—Section 222(b)(1) of the Housing and Urban-Rural Recovery Act of 1983 is amended by inserting before the semicolon at the end the following: ", except that the Secretary may make a grant to provide additional assistance for an existing child care center assisted under this section or to expand an existing child care center regardless of whether such center was previously assisted under this section".

(c) ASSISTANCE FOR HOMELESS FAMILIES.—Section 222(a)(1) of the Housing and Urban-Rural Recovery Act of 1983 amended by inserting before the period at the end the following: "(including, for purposes of this section, homeless families with children, as defined by the Secretary)".

(d) CLERICAL AMENDMENT.—The heading for section 222 of the Housing and Urban-Rural Recovery Act of 1983 is amended to read as follows: "EARLY CHILDHOOD DEVELOPMENT PROGRAMS".

SEC. 131. INDIAN HOUSING CHILDHOOD DEVELOPMENT SERVICES.

(a) FUNDING.—Section 518(a) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note) is amended by striking the first and second sentences and inserting the following new sentence: "There are authorized to be appropriated to carry out the demonstration program under this section $6,000,000 for fiscal year 1995 and $6,000,000 for fiscal year 1996.".

SEC. 132. PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.

Section 521(g) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for carrying out the demonstration program under this section such sums as may be necessary for each of fiscal years 1995 and 1996.".

SEC. 133. SALE OF CERTAIN SCATTERED SITE PUBLIC HOUSING.

Section 131 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3712) is amended by adding at the end the following new sentence: "During the term of the annual contributions contract relating to the scattered-site public housing originally sold under this section, any proceeds from the disposition of replacement scattered-site dwellings purchased with (1) the proceeds from such original disposition, or (2) the proceeds from the disposition of any replacement scattered-site dwellings, shall be used to purchase additional replacement scattered site dwellings, which shall be considered public housing for the purposes of such Act and for which the Secretary shall provide annual contributions for operation, using amounts made available under section 9(c) of such Act.".

SEC. 134. ELIGIBILITY OF CERTAIN PUBLIC HOUSING FOR DEMOLITION.

Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100–202; 101 Stat. 1329–213), is amended by striking "George Loving Place, at 3320 Rupert Street, Edgar Ward Place, at 3901 Holystone, Elmer Scott Place, at 2600 Morris, in Dallas, Texas, or".

SEC. 135. DEMONSTRATION PROGRAM FOR INNOVATIVE PUBLIC HOUSING AGENCIES AND RESIDENT MANAGEMENT CORPORATIONS.

(a) AUTHORITY.—The Secretary may authorize public housing agencies and resident management corporations to carry out demonstrations for public housing that—

(1) test the extent to which aspects of the public housing program may be exempt from certain statutory requirements while continuing to serve eligible families, and

(2) permit agencies and resident management corporations to establish policies for the operation, maintenance, management, and development (including modernization) of one or more projects, without regard to the requirements applicable to public housing in the United States Housing Act of 1937.

In establishing such policies, public housing agencies and resident management corporations shall be subject to any applicable State or local law.

(b) WAIVER OF PROVISIONS OF 1937 ACT.—For any demonstration authorized under this section, the Secretary may waive the applicability of any requirements of the United States Housing Act of 1937 that the Secretary determines are not consistent with the purposes of a demonstration, except requirements—

(1) limiting occupancy of public housing to low-income families, as defined in section 3 of the United States Housing Act of 1937;

(2) under section 18 of such Act requiring replacement of units in the case of demolition or disposition (except that the limitation on the use of tenant-based assistance to applications proposing demolition or disposition of 200 or more units may be waived); and

(3) relating to labor standards.

(c) REPLACEMENT HOUSING.—

(1) AUTHORITY.—In authorizing a demonstration under this section, the Secretary may authorize a public housing agency to demolish or dispose of public housing units and replace such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished under the demonstration.

(2) TENANT-BASED ASSISTANCE.—Notwithstanding the limitations in subparagraphs (A)(v) and

(C) of section 18(b)(3), a public housing agency may replace not more than one-third of the units demolished or disposed of under a demonstration under this section with tenant-based assistance under section 8, but only if the public housing agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months.

(3) ALTERNATIVE METHODS OF REPLACEMENT.—In authorizing a demonstration under this section, the Secretary may authorize a public housing agency to provide for replacement of public housing units in the manners under paragraph (4) of this subsection rather than in the manners specified under the various clauses of section 18(b)(3)(A) (and not subject to the requirements of subparagraph (B) of section 18(b)(3)) if the agency enters into such agreements as the Secretary considers necessary to ensure that the replacement units will remain affordable to families eligible for residency in public housing for the remaining useful life of the units, as determined by the Secretary.

(4) CERTIFICATE AND NEW UNIT MIX.—Each such dwelling unit demolished, disposed of, or otherwise eliminated pursuant to this subsection shall be replaced with an additional dwelling unit through any combination of—

(A) additional public housing dwelling units;

(B) units acquired or otherwise provided for homeownership (including cooperative and condominium interests) by public housing residents under section 5(h), subtitle B or C of title IV of the Cranston-Gonzalez National Affordable Housing Act, or other programs for homeownership that have program requirements substantially equivalent to the requirements established under section 605 of the Housing and Community Development Act of 1987;

(C) affordable housing homeownership units assisted under title II of the Cranston-Gonzalez National Affordable Housing Act and sold to public housing residents;

(D) rental units that are (i) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (ii) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 5 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8; but this subparagraph shall apply to a public housing agency only if the agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for area established under section 8(e), of more than 3 percent for at least 6 consecutive months;

(E) housing assisted by a tax credit under section 42 of the Internal Revenue Code;

(F) housing acquired from the Resolution Trust Corporation or the Federal Deposit Insurance Corporation;

(G) housing acquired under section 203 of the Housing and Community Development Amendments of 1978; or

(H) other manners approved by the Secretary.

(d) WAIVER OF OTHER STATUTORY REQUIREMENTS.—For any demonstration authorized under this section, the Secretary may also waive the applicability of any provision of law that applies to the projects under the demonstration and that the Secretary determines is not consistent with the purposes of a demonstration, except that the Secretary may not waive any provision of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 or any other provision of law relating to equal opportunity, nondiscrimination, or the environment.

(e) SELECTION OF DEMONSTRATIONS.—

(1) SCOPE.—The Secretary may select not more than 25 public housing agencies or resident management corporations (or a combination of both) to carry out not more than 25 demonstrations under this section. Not more than 5 of the agencies selected may be agencies designated pursuant to section 6(j) of the United States Housing Act of 1937 as troubled or troubled with respect to the public housing modernization program under section 14 of such Act.

(2) CRITERIA.—The Secretary shall select agencies and corporations based on selection criteria established by the Secretary, which shall include the following factors:

(A) The need for a range of project sizes.

(B) The need for a range of types of public housing agencies and resident management corporations.

(C) The potential effects and benefits that the variations proposed by the agency or corporation could have on the public housing program if the variations were adopted for the whole program.

(f) REQUIREMENTS.—The Secretary may authorize a demonstration program under this section only if the Secretary determines that the demonstration—

(1) would not, over the term of the demonstration, result in the Federal Government incurring greater costs than the government would otherwise incur if the demonstration were not authorized;

(2) is consistent with the overall purposes of the public housing program;

(3) is evaluated by an independent party; and

(4) is consistent with the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the National Environmental Policy Act of 1969.

(g) AUTHORITY TO ESTABLISH ADDITIONAL REQUIREMENTS.—In authorizing a demonstration under this section, the Secretary may impose such requirements as the Secretary considers to be appropriate to further the purposes of the demonstration.

(h) REPORTS.—

(1) REPORT ON DEMONSTRATION.—For each demonstration site, the public housing agency or resident management corporation carrying out the demonstration shall submit an annual progress report to the Secretary. For each demonstration carried out under this section, the Secretary shall submit a report to Congress not later than 1 year after completion of the demonstration, describing the results of the demonstration and making any recommendations for legislation.

(2) REPORT ON WAIVER FOR NEW YORK CITY.—The Secretary shall conduct a study of the advisability, practicality, and effects of exempting the New York City Housing Authority from any provisions of law or regulation establishing requirements for the site on which, and neighborhood in which, public housing is developed. The Secretary shall submit a report to the Congress not later than 6 months after the date of the enactment of this Act describing the results of the study and making a recommendation with respect to such exemption.

(i) TERM OF DEMONSTRATIONS.—The authority to carry out a demonstration program under this section shall be effective only for the period specified by the Secretary in authorizing the demonstration program, which may not exceed 5 years.

(j) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The terms "public housing agency" and "agency" mean a public housing agency, as such term is defined in section 3(b) of the United States Housing Act of 1937.

(2) The terms "resident management corporation" and "corporation" mean a resident management corporation established in accordance with requirements of the Secretary under section 20 of the United States Housing Act of 1937.

(3) The term "Secretary" means the Secretary of Housing and Urban Development.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $1,000,000 for the evaluation of demonstrations under this section.

SEC. 136. DEMONSTRATION PROGRAM FOR OCCUPANCY OF OTHERWISE VACANT PUBLIC HOUSING UNITS BY MODERATE-INCOME FAMILIES.

(a) AUTHORITY.—The Secretary of Housing and Urban Development may carry out a demonstration program under which public housing agencies may lease units in public housing projects assisted under the United States Housing Act of 1937 to moderate-income families, as such term is defined by the Secretary.

(b) REQUIREMENTS FOR PARTICIPATION.—The Secretary may approve a request by a public housing agency to participate in the demonstration program only if the Secretary determines that—

(1) the units proposed for leasing to moderate-income families would otherwise remain vacant;

(2) the agency has demonstrated that it has actively marketed the units to eligible families and that eligible families are not available to fill the units covered by the application and are not expected to be available for at least 12 months; and

(3) the agency has agreed not to provide tenant-based assistance under the United States Housing Act of 1937 for unit sizes available for occupancy under the demonstration.

(c) DURATION.—The Secretary may authorize a public housing agency to participate in the demonstration for up to a 2-year term and may extend the term for additional periods of up to 2 years, if the agency submits another application that meets the requirements of this section.

SEC. 137. STUDY OF ADEQUACY OF PAYMENT IN LIEU OF TAXES.

The Comptroller General of the United States shall conduct a study of the payments made during recent years by public housing agencies to State and local governments in lieu of taxes, pursuant to section 6(d) of the United States Housing Act of 1937, to determine whether such payments adequately compensate for the amount of taxes foregone by such governments pursuant to such section. The Comptroller General shall submit a report to the Congress describing the results of the study not later than the expiration of the 1-year period beginning on the date of the enactment of this Act.

Subtitle C—Section 8 Assistance

SEC. 141. COMMUNITY INVESTMENT DEMONSTRATION PROGRAM.

Section 6(j) of the HUD Demonstration Act of 1993 (42 U.S.C. 1437f note) is amended to read as follows:

"(j) AUTHORIZATION OF APPROPRIATIONS.—Of any amounts appropriated for incremental assistance under section 8 of the United States Housing Act of 1937, the Secretary may use not more than $150,000,000 in fiscal year 1995 and $200,000,000 in fiscal year 1996 to carry out this section.".

SEC. 142. MERGER OF SECTION 8 RENTAL ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended to read as follows:

"RENTAL HOUSING ASSISTANCE FOR LOW-INCOME FAMILIES

"SEC. 8. (a) AUTHORITY AND PURPOSE.—

"(1) IN GENERAL.—For the purposes of aiding low-income families in obtaining a decent place to live and promoting economically mixed housing, the Secretary may provide assistance payments with respect to existing housing in accordance with the provisions of this section.

"(2) ELDERLY HOUSING.—Notwithstanding any other provision of this Act, assistance payments under this section may be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959 (as in effect before October 1, 1991).

"(b) ANNUAL CONTRIBUTIONS CONTRACTS FOR RENTAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may enter into annual contributions contracts under this subsection with public housing agencies to provide rental housing assistance under this section for low-income families. Such annual contributions contracts shall bind the Secretary to make such authority, and any amendments increasing such authority, available to the public housing agency for a specified period.

"(2) SECRETARY ACTING AS PHA.—In areas where no public housing agency has been organized or where the Secretary determines that a public housing agency is unable to implement the provisions of this section, the Secretary may enter into such contracts and perform the other functions assigned to a public housing agency by this section.

"(3) TREATMENT OF ASSISTANCE FOR SUPPORTIVE HOUSING FOR THE DISABLED.—The Secretary may not consider the receipt by a public housing agency of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving assistance under this section for the agency or in determining the amount of such assistance to be provided to the agency.

"(c) ASSISTANCE CONTRACTS.—

"(1) IN GENERAL.—Each public housing agency that receives amounts under an annual contributions contract may enter into assistance contracts to make rental assistance payments to owners of existing dwelling units in accordance with the provisions of this section.

"(2) PHA ACTING AS OWNER.—A public housing agency may contract to make rental assistance payments under this section to itself (or any agency or instrumentality thereof) as the owner of dwelling units, and the agency shall be subject to the same program requirements as are applied to other owners. In such cases, the Secretary may establish initial rents within applicable limits.

"(3) INAPPLICABLE PROVISIONS.—Sections 5(e) and 6 and any other provisions of this Act that are inconsistent with the provisions of this section shall not apply to assistance contracts entered into pursuant to this section.

"(d) MAXIMUM MONTHLY RENT.—

"(1) IN GENERAL.—Each assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) that the owner is entitled to receive for each dwelling unit for which rental assistance payments are to be made under the contract. Except as provided in paragraph (2), the maximum monthly rent shall not exceed by more than 10 percent the fair market rental under subsection (e) for the market area in which the dwelling unit is located. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison with other units in the market area that are exempt from local rent control.

"(2) EXCEPTION.—The maximum monthly rent may exceed the fair market rental—

"(A) by more than 10 but not more than 20 percent, but only if the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; or

"(B) by such higher amount, only if requested by the low-income family assisted and approved by the public housing agency in accordance with subsection (f)(2).

"(3) ANNUAL ADJUSTMENTS.—Each assistance contract shall provide for adjustment in the maximum monthly rents for units covered by the contract not less than annually to reflect changes in the fair market rentals established under subsection (e) for the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(4) ADJUSTMENTS DUE TO EXPENSES.—Each assistance contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units assisted under the contract to the extent the Secretary determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units that have resulted from substantial general increases in real property taxes, utility rates, or similar costs that are not adequately compensated for by the adjustment in the maximum monthly rent authorized by paragraph (3). The Secretary shall make additional adjustments in the maximum monthly rent for units under contract (subject to the availability of appropriations for contract amendments) to the extent the Secretary determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units that have resulted from the expiration of a real property tax exemption.

"(5) ADJUSTMENTS DUE TO CRIMINAL ACTIVITY.—If the Secretary determines that a project assisted under this section is located in a community where criminal activity is generally prevalent and the operating, maintenance, and capital repair expenses for the project have been substantially increased primarily as a result of the prevalence of such activity, the Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments for this purpose), on a project-by-project basis, provide adjustments to the maximum monthly rents, to a level not exceeding 120 percent of the project rents, to cover the costs of maintenance, security, capital repairs, and reserves required for the owner to carry out a strategy acceptable to the Secretary for addressing the problem of criminal activity. The Secretary may waive the applicability of any rent comparability standard required under this subsection to implement this paragraph.

"(6) ADJUSTMENTS DUE TO LEAD-BASED PAINT REDUCTION FOR HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—The Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments), on a project-by-project basis for projects receiving project-based assistance, provide adjustments to the maximum monthly rents to cover the costs of evaluating and reducing lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

"(7) LIMITATIONS ON ADJUSTMENTS.—

"(A) GENERAL COMPARABILITY RULE.—Adjustments in the maximum rents under paragraphs (3) through (6) shall not result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, as determined by the Secretary.

"(B) COMPARABILITY STUDIES.—

"(i) To carry out subparagraph (A), the Secretary shall issue regulations to provide for conducting comparability studies for projects where the Secretary has reason to believe that the application of the formula adjustments under paragraph (3) would result in such material differences. The Secretary shall conduct such studies upon the request of any owner of any project, or as the Secretary determines to be appropriate by establishing, to the extent practicable, a modified annual adjustment factor for such market area, as the Secretary shall designate, that is geographically smaller than the applicable housing area used for the establishment of the annual adjustment factor under paragraph (3). The Secretary shall establish such modified annual adjustment factor on the basis of the results of a study conducted by the Secretary of the rents charged, and any change in such rents over the previous year, for assisted units and unassisted units of similar quality, type, and age in the smaller market area. Where the Secretary determines that such modified annual adjustment factor cannot be established or that such factor when applied to a particular project would result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, the Secretary may apply an alternative methodology for conducting comparability studies in order to establish rents that are not materially different from rents charged for comparable unassisted units.

"(ii) If the Secretary or appropriate State agency does not complete and submit to the project owner a comparability study not later than 60 days before the anniversary date of the assistance contract under this section, the automatic annual adjustment factor shall be applied. The Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section (including projects assisted under this section as in effect prior to November 30, 1983), unless the project has been refinanced in a manner that reduces the periodic payments of the owner. Any maximum monthly rent that has been reduced by the Secretary after April 14, 1987, and prior to November 7, 1988, shall be restored to the maximum monthly rent in effect on April 15, 1987.

"(iii) For any project which has had its maximum monthly rents reduced after April 14, 1987, the Secretary shall make assistance payments (from amounts reserved for the original contract) to the owner of such project in an amount equal to the difference between the maximum monthly rents in effect on April 15, 1987, and the reduced maximum monthly rents, multiplied by the number of months that the reduced maximum monthly rents were in effect.

"(e) FAIR MARKET RENTALS.—

"(1) IN GENERAL.—The Secretary shall establish fair market rentals under this subsection periodically, but not less than annually, for existing rental dwelling units suitable for occupancy by low-income families assisted under this section. The Secretary shall establish the fair market rental by market area for various sizes and types of dwelling units. For a market area, the fair market rental for any size and type of dwelling unit shall be a dollar amount not less than the amount that results in the rents charged for 45 percent of the standard quality rental units of such size and type in the market area being less than such dollar amount. For purposes of determining the dollar amount under the preceding sentence, the Secretary shall consider only rental units occupied by households whose initial occupancy in their current units commenced not more than 15 months before the determination and shall not consider public housing units and units constructed less than 24 months before the determination.

"(2) EFFECTIVENESS AND ADJUSTMENT.—The Secretary shall publish proposed fair market rentals for each area in the Federal Register

with reasonable time for public comment, and such fair market rentals shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by families assisted under this section.

"(3) CERTAIN AREAS.—The Secretary shall establish separate fair market rentals under this subsection for Westchester County in the State of New York. The Secretary shall also establish separate fair market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market areas in which Monroe County is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County.

"(4) REQUIRED REVIEW.—If at any time, for any public housing agency, more than 50 percent of the families on behalf of whom assistance is provided under this section by the agency are paying as rent more than the amount specified under section 3(a) (as authorized in subsection (f)(2)), the agency shall review the fair market rentals established under this subsection for the market areas in the jurisdiction of the public housing agency.

"(f) AMOUNT OF MONTHLY ASSISTANCE PAYMENT AND DUE PROCESS RIGHTS.—

"(1) IN GENERAL.—The amount of the monthly assistance payment under this section with respect to any dwelling unit shall be the difference between the maximum monthly rent that the contract provides that the owner is to receive for the unit and the rent the family is required to pay under section 3(a).

"(2) INCREASED FAMILY PAYMENT.—A family on behalf of whom tenant-based assistance payments are made under this section may pay as rent for a dwelling unit assisted under this section more than the amount specified under section 3(a), but only if—

"(A) the family notifies the public housing agency of its interest in a unit renting for an amount that exceeds the permissible maximum monthly rent established for the market area under subsection (d);

"(B) such agency determines that the rent for the unit and the rental payments of the family are reasonable, after taking into account other family expenses (including child care, unreimbursed medical expenses, transportation, and other appropriate family expenses; and

"(C) such amount does not exceed 40 percent of the family's monthly adjusted income.

"(3) INCREASES IN ASSISTANCE PAYMENTS.—The Secretary shall take any action necessary, including making contracts for assistance payments in amounts exceeding the amounts required upon the initial renting of dwelling units, reserving annual contributions authority for the purpose of amending assistance contracts, or allocating a portion of new authorizations for the purpose of amending assistance contracts, to ensure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

"(4) REVIEWS OF FAMILY INCOMES.—

"(A) IN GENERAL.—Reviews of family incomes for purposes of this section shall be made annually and shall be subject to the provisions of section 904(e) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988. For families for whom an increased rental payment has been approved under paragraph (2), such review shall include determining whether the rent for the unit and the rental payments of the family continue to be reasonable, in accordance with subparagraphs (B) and (C) of paragraph (2).

"(B) PROCEDURES.—The Secretary shall establish procedures that are appropriate and necessary to ensure that income data provided to public housing agencies and owners by families applying for or receiving assistance under this section is complete and accurate.

"(C) CONFIDENTIALITY.—Any income information received pursuant to this paragraph shall remain confidential and shall be used only for the purpose of verifying incomes in order to determine eligibility of families for benefits (and the amount of such benefits, if any) under this section.

"(5) DUE PROCESS RIGHTS IN CASES OF ADVERSE ACTION.—In the case of any action proposed to be taken by a public housing agency, any family receiving assistance under this section adversely affected by such action shall have the right to at least the basic elements of due process with regard to such action, as follows:

"(A) Written notice of the intended adverse action and the reason for such action shall be provided to the family not less than 30 days before the action is to be taken, or, in a case where the health or safety of other families is threatened, a reasonable period of time considering the seriousness of the situation (but not to exceed 30 days).

"(B) The family shall have the right to request a hearing within 30 days after receipt of the notice.

"(C) The family shall have the right to a hearing before an impartial hearing officer.

"(D) The family shall have the right to be represented at the hearing by an attorney or other advocate.

"(E) The family shall have the right to examine the evidence supporting the action and all evidence that the public housing agency intends to use.

"(F) The family shall have the right to present testimonial and documentary evidence and to cross-examine adverse witnesses.

"(G) The hearing officer shall issue a written decision, which shall be based solely upon the evidence introduced at the hearing and which shall state the basis of the decision.

"(g) ELIGIBILITY OF UNITS FOR ASSISTANCE.—

"(1) OCCUPANCY STATUS.—Each assistance contract shall provide that assistance payments may be made only with respect to the following dwelling units:

"(A) OCCUPIED UNITS.—A dwelling unit under lease for occupancy by a family determined to be a low-income family at the time it initially occupies the dwelling unit or by a family that qualifies to receive assistance under this section pursuant to section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(B) UNOCCUPIED UNITS.—An unoccupied dwelling unit, but only if—

"(i)(I) a family vacates the dwelling unit before the expiration date of the lease for occupancy, or (II) a good faith effort is being made to fill the unoccupied unit; and

"(ii) the costs of such vacancy are not charged to or paid by the family vacating the dwelling unit.

Payments for units referred to in this subparagraph may be made only for a period not exceeding 60 days, except that such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after the expiration of such 60-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after the expiration of such 60-day period if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.

"(2) OWNER'S STATUS.—A public housing agency shall not approve the rental of a dwelling unit if—

"(A) the owner—

"(i) is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations; or

"(ii) has been convicted of drug trafficking;

"(B) the owner owns any other dwelling unit in the same project, which is assisted under this section and at such time, such unit is not in compliance in any material respect with standards for housing quality for units so assisted, but the public housing agency shall provide an owner of any such dwelling unit a reasonable opportunity to correct the noncompliance before denying approval; or

"(C) the owner owns or has owned dwelling units in the same project, which are assisted under this section (or any other program of the Federal Government for housing assistance) and such units have repeatedly or regularly failed to comply with the housing quality standards applicable to such units.

"(h) OTHER PROVISIONS OF ASSISTANCE CONTRACTS.—Contracts to make assistance payments entered into by any public housing agency (or by the Secretary) with an owner of existing housing units shall meet the following requirements:

"(1) CONTRACT TERM.—Each assistance contract shall have a term of not less than one month nor more than 180 months. The Secretary shall permit public housing agencies to enter into assistance contracts having terms of less than 12 months to the extent necessary to avoid disruption in assistance to eligible families if the annual contributions contract for the agency under subsection (b) will expire within 1 year.

"(2) PREFERENCES.—Each assistance contract shall provide that, in making assistance available pursuant to the contract—

"(A) for not less than 70 percent of the families who initially receive project-based assistance, and

"(B) for not less than 90 percent of the families who initially receive tenant-based assistance in any 1-year period,

preference shall be given to families that (i) occupy substandard housing (including families that are homeless or living in a shelter for homeless families), (ii) are paying more than 50 percent of family income for rent, or (iii) are involuntarily displaced (including displacement because of disposition of a multifamily housing project under section 203 of the Housing and Community Development Amendments of 1978) at the time they are seeking assistance under this section.

"(3) SECONDARY PREFERENCES.—Each assistance contract shall provide that, for any assistance remaining in any 1-year period after assistance is made available pursuant to paragraph (2), preference for such assistance shall be given to families who qualify under a system of local preferences established by the public housing agency in writing and after public hearing to respond to local housing needs and priorities, which may include—

"(A) assisting very low-income families who either reside in transitional housing assisted under title IV of the Stewart B. McKinney Homeless Assistance Act or participate in a program designed to provide public assistance recipients with greater access to employment and educational opportunities;

"(B) assisting families in accordance with subsection (q)(1)(B);

"(C) assisting families identified by local public agencies involved in providing for the welfare of children as having a lack of adequate housing that is a primary factor in the imminent placement of a child in foster care, or in preventing the discharge of a child from foster care and reunification with his or her family;

"(D) assisting youth, upon discharge from foster care, in cases in which return to the family or extended family or adoption is not available;

"(E) assisting veterans who are eligible and have applied for assistance, will use the assistance for a dwelling unit designed for the handicapped, and, upon discharge or eligibility for discharge from a hospital or nursing home, have physical disability which, because of the configuration of their homes, prevents them from access to or use of their homes; and

"(F) achieving other objectives of national housing policy as established by law.

A public housing agency may not establish a preference for assistance that provides preference based on residency in the jurisdiction of the public housing agency.

"(4) TENANT SELECTION.—Each assistance contract shall provide that the selection of tenants for such dwelling units shall be the function of the owner, subject to any provisions of the annual contributions contract between the Secretary and the agency. The owner shall use tenant selection criteria, which shall provide as follows:

"(A) PROHIBITION OF PERSONS ENGAGED IN DRUG ACTIVITY.—The criteria shall prohibit any individual or family evicted from housing assisted under this Act by reason of drug-related criminal activity from having a preference under any provision of this paragraph for 3 years unless the evicted tenant successfully completes a rehabilitation program approved by the agency or owner. The agency or the owner may waive the application of the preceding sentence under standards established by the Secretary, which shall provide for such waiver for any member of a family of an individual prohibited from tenancy under this subparagraph who the agency or owner determines clearly did not participate in and had no knowledge of such criminal activity or when circumstances leading to eviction no longer exist.

"(B) OTHER REQUIREMENTS FOR PROJECT-BASED ASSISTANCE.—With respect only to project-based assistance, the criteria shall—

"(i) be consistent with the purpose of improving housing opportunities for very low-income families;

"(ii) be reasonably related to program eligibility and an applicant's ability to perform the obligations of the assisted lease;

"(iii) be established in writing; and

"(iv) provide for the owner to promptly provide to any rejected applicant (I) written notice of the grounds for the rejection, and (II) an opportunity to meet with the decision maker to evaluate the validity of the reasons for rejection and rectify any erroneous decisions.

"(5) LEASE PROVISIONS.—Each assistance contract shall provide that the lease between the tenant of any unit and the owner—

"(A) shall be for at least one year or the term of such assistance contract, whichever is shorter;

"(B) shall contain other terms and conditions specified by the Secretary, including provisions meeting the requirements of paragraphs (6), (7), and (8); and

"(C) shall be in a standard form which is used in the local housing market area by the owner and which applies generally to tenants in the property who are not assisted under this section, together with any addendum necessary to include in the lease the provisions required under subparagraph (B).

"(6) GENERAL GROUNDS FOR TERMINATION OF TENANCY.—Each assistance contract shall provide that the owner shall not terminate the tenancy of the tenant of any unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. The withholding of assistance payments for a dwelling unit pursuant to paragraph (10) shall not constitute good cause for termination of the tenancy of the tenant of the unit.

"(7) TERMINATION FOR ACTIVITY.—Each assistance contract shall provide that any activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants, any activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises, or any drug-related criminal activity on or near such premises, engaged in by a tenant of any unit, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy.

"(8) NOTICE OF TERMINATION OF TENANCY.—Each assistance contract shall provide that before terminating the tenancy of any tenant, the owner shall provide written notice to the tenant specifying the legal and factual grounds for such action, which shall be provided in accordance with any requirements under State or local law.

"(9) MAINTENANCE AND REPLACEMENT.—Each assistance contract shall provide that maintenance and replacement (including redecoration) shall be performed in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency (or the Secretary). With the approval of the Secretary, the public housing agency administering a contract under this section with respect to existing housing units may exercise all management and maintenance responsibilities with respect to the units pursuant to a contract between such agency and the owner of such units.

"(10) ENFORCEMENT OF HOUSING QUALITY STANDARDS.—

"(A) IN GENERAL.—Each assistance contract shall provide for action under this paragraph if a unit assisted under this section fails to comply with the standards for housing quality for units so assisted.

"(B) NOTIFICATION.—If the agency (or the Secretary) determines that a unit assisted under this section fails to comply in any material respect with the standards for housing quality for units so assisted, the agency (or the Secretary) shall notify the tenant and owner of the unit of the noncompliance and the possible actions under this paragraph.

"(C) CORRECTION OF NONCOMPLIANCE.—The agency may approve the dwelling unit for assistance under this section, on the condition that the noncompliance is corrected, if (i) the agency determines that the noncompliance is minor and can be corrected within 15 days, (ii) the agency provides notice of the conditional approval to the owner, (ii) the owner provides a written commitment to the agency to correct the noncompliance within the time period required by the agency, not to exceed 15 days, and (iii) the conditional approval will expedite the occupancy of an eligible tenant with assistance under this section. The agency shall reinspect any unit for which conditional approval is made under this subparagraph within the period referred to in clause (ii) of the preceding sentence, and if the agency determines that the noncompliance is not corrected, the agency may take action under subparagraph (D).

"(D) FAILURE TO CORRECT SERIOUS NONCOMPLIANCE.—If any serious noncompliance with such standards is not corrected within a reasonable period of time after such notification, the agency (or the Secretary) shall withhold some or all of the assistance amounts under this section with respect to the unit and promptly—

"(i) use such amounts to make necessary repairs or contract to have such repairs made;

"(ii) release any withheld amounts to the owner after repairs are made by the owner, in an amount not exceeding the cost of the repairs;

"(iii) release any withheld amounts to the applicable State or local housing agency after repairs are made by such agency, in an amount not exceeding the cost of the repairs; or

"(iv) upon the request of the tenant, release any withheld amounts to—

"(I) the tenant to reimburse the tenant for the reasonable cost of any necessary repairs performed or paid for by the tenant; or

"(II) such person secured by the tenant and approved by the agency (or the Secretary) to make such necessary repairs.

If an agency (or the Secretary) withholds any assistance amounts pursuant to this subparagraph, the agency (or the Secretary) shall promptly notify the tenant of the unit for which assistance is withheld of the withholding and may not terminate the assistance contract unless and until the tenant has relocated to decent, safe, and sanitary housing.

"(11) STANDARDS AND OBLIGATIONS OF RESIDENCY IN HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—Each assistance contract for project-based assistance under subsection (i) shall provide that the owner shall ensure and maintain compliance with subtitle C of title VI of the Housing and Community Development Act of 1992 and any regulations issued under such subtitle.

"(12) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assistance contract for tenant-based assistance under this paragraph, the Secretary may increase the amount annually provided with respect to such project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

"(13) OTHER.—Each assistance contract shall provide that the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by the agency and owner.

"(i) PROJECT-BASED ASSISTANCE.—

"(1) AUTHORITY.—Pursuant to an annual contributions contract entered into under subsection (b), a public housing agency may enter into a assistance contract providing for assistance payments under this section that are attached to a structure.

"(2) REQUIREMENTS.—Any public housing agency may approve project-based assistance under this subsection with respect to any or all of the assistance provided by the public housing agency if—

"(A) the owner agrees to rehabilitate the structure other than with assistance under this Act and the owner otherwise complies with the requirements of this section; and

"(B) in the case of any newly constructed structure, the owner or prospective owner agrees to construct the structure other than with assistance under this Act and otherwise complies with the requirements of this section.

"(3) LONG-TERM AFFORDABILITY.—

"(A) IN GENERAL.—In the case of an assistance contract for project-based assistance under this subsection, a public housing agency shall enter into a contract with an owner, contingent upon the future availability of appropriations for the purpose of renewing expiring contracts

for assistance payments as provided in appropriations Acts, to extend the term of the underlying assistance contract for such period or periods as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have the extensions of the assistance contract accepted by the owner and the owner's successors in interest.

"(B) TERM OF ASSISTANCE FOR LOW-INCOME HOUSING PRESERVATION.—The contract for assistance may, at the option of the public housing agency, have an initial term not exceeding 15 years for any assistance that is attached—

"(i) to projects assisted under a State program that permits the owner of the projects to prepay a State assisted or subsidized mortgage on the structure; and

"(ii) for the purpose of providing incentives to owners to preserve such projects for occupancy by low- and moderate-income families (for the period that assistance under this subparagraph is available) and assisting low-income tenants to afford any increases in rent that may be required to induce the owner to maintain occupancy in the project by low- and moderate-income tenants.

Any assistance provided to low-income tenants in the manner described in this subparagraph shall not be considered for purposes of the limitation under subsection (h)(2) regarding the percentage of families that may receive assistance under this section who do not qualify for preferences under such subsection.

"(4) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assistance contract for project-based assistance under this subsection or a contract for assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of this Act (as such section existed before October 1, 1983), the Secretary may increase the amount annually provided with respect to such project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

"(j) TERMINATION OF ASSISTANCE CONTRACTS.—

"(1) TERMINATION OF TENANT-BASED ASSISTANCE.—

"(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under this section for tenant-based assistance shall provide written notice to the public housing agency and the tenants involved of the proposed termination not less than 90 days before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable the agency to evaluate whether the termination is lawful.

"(B) REVIEW OF NOTICE BY PHA.—The public housing agency shall review the notice and issue a written finding of the legality of the termination and the reasons for the termination. Within 30 days after issuance of the findings, the owner shall provide written notice to each tenant of the decision, together with the written findings of the agency regarding the termination.

"(2) TERMINATION OF PROJECT-BASED ASSISTANCE CONTRACTS.—

"(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under subsection (i) for project-based assistance shall provide written notice to the Secretary and the tenants involved of the proposed termination not less than one year before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable the Secretary to evaluate whether the termination is lawful and whether additional actions can be taken by the Secretary to avoid the termination. The notice shall include a statement that the owner and the Secretary may agree to a renewal of the contract, thus avoiding the termination.

"(B) REVIEW OF NOTICE BY SECRETARY.—The Secretary shall review the notice, shall consider whether additional actions can be taken by the Secretary to avoid the termination, and shall ensure a proper adjustment of the contract rents for the project in compliance with the requirements of subsection (d) and subparagraph (C) of this subsection. The Secretary shall issue a written finding of the legality of the termination and the reasons for the termination, including the actions considered or taken to avoid the termination. Within 30 days after issuance of the findings, the owner shall provide written notice to each tenant of the decision, together with the written findings of the Secretary regarding the termination. The Secretary and the owner shall complete the actions under this paragraph not later than the expiration of the 9-month period beginning upon the date that the owner provides written notice of termination under subparagraph (A).

"(3) ADJUSTMENT OF CONTRACT RENT.—If an owner provides notice of proposed termination under paragraph (1)(A) or (2)(A) and the contract rent is less than the maximum monthly rent for units assisted under this section, the Secretary shall adjust the contract rent based on the maximum monthly rent for units assisted under this section and the value of the low-income housing.

"(4) NOTICE OF RENT INCREASES.—Each assistance contract for assistance under this section shall require the owner to notify tenants at least 90 days before the expiration of the contract of any rent increase which may occur as a result of the expiration of such contract.

"(5) DEFINITION OF TERMINATION.—For purposes of this subsection, the term 'termination' means the expiration of the assistance contract or the refusal of the owner to renew an assistance contract, which shall include the termination of tenancy by an owner for business reasons.

"(k) RENTAL ASSISTANCE FOR MANUFACTURED HOUSING.—

"(1) IN GENERAL.—The Secretary may enter into contracts to make assistance payments under this subsection to assist low-income families by making rental assistance payments on behalf of any such family that utilizes a manufactured home as its principal place of residence. In carrying out this subsection, the Secretary may—

"(A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into assistance contracts to make such assistance payments to the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems; or

"(B) enter into such contracts directly with the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems.

"(2) USE OF ASSISTANCE.—Rental assistance payments under this subsection may be made with respect to the rental of the real property on which is located a manufactured home that is owned by a low-income family or with respect to the rental by such a family of a manufactured home and the real property on which it is located.

"(3) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME SITE.—

"(A) MAXIMUM MONTHLY RENT.—A contract entered into pursuant to this paragraph shall establish the maximum monthly rent (including maintenance and management charges) that the owner is entitled to receive for the space on which a manufactured home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

"(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents real property that is assisted under this paragraph, and on which is located a manufactured home that is owned by such family shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly payment made by such family to amortize the cost of purchasing the manufactured home;

"(ii) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(iii) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its manufactured home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(4) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME AND SITE.—

"(A) MAXIMUM MONTHLY RENT.—Contracts entered into pursuant to this paragraph shall establish the maximum monthly rent permitted with respect to the manufactured home and the real property on which it is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

"(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents a manufactured home and the real property on which it is located and that is assisted under this paragraph shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(ii) the maximum monthly rent permitted with respect to the manufactured home and real property on which it is located.

"(5) ADJUSTMENT OF MAXIMUM MONTHLY RENTS.—The provisions of paragraphs (3) through (7) of subsection (d) shall apply to the adjustments of maximum monthly rents under this subsection.

"(6) CONTRACT TERM.—Each contract entered into under the subsection shall be for a term of not less than one month and not more than 180 months; except that in any case in which the manufactured home park is substantially rehabilitated or newly constructed, such term may not be less than 240 months, nor more than the maximum term for a manufactured home loan permitted under section 2(b) of the National Housing Act.

"(7) APPLICABILITY.—The Secretary may carry out this subsection without regard to whether the manufactured home park is existing, substantially rehabilitated, or newly constructed.

"(8) LIMITATION ON SUBSTANTIALLY REHABILITATED AND NEWLY CONSTRUCTED MANUFACTURED HOME PARKS.—In the case of any substantially rehabilitated or newly constructed manufactured home park containing spaces with respect to which assistance is made under this subsection, the principal amount of the mortgage

attributable to the rental spaces within the park may not exceed an amount established by the Secretary which is equal to or less than the limitation for manufactured home parks described in section 207(c)(3) of the National Housing Act, and the Secretary may increase such limitation in high cost areas in the manner described in such section.

"(9) OTHER REQUIREMENTS.—The Secretary may prescribe other terms and conditions necessary for the purpose of carrying out this subsection and that are consistent with the purposes of this subsection.

"(l) SINGLE ROOM OCCUPANCY FACILITIES.—

"(1) AUTHORITY.—In making assistance available under this section and assistance under section 441 and part V of subtitle F of title IV of the Stewart B. McKinney Homeless Assistance Act, the Secretary may provide assistance with respect to residential properties in which some or all of the dwelling units do not contain bathroom or kitchen facilities, if the unit of general local government in which the property is located and the local public housing agency certify to the Secretary that the property complies with local health and safety standards.

"(2) WAIVER OF LIMITATIONS ON ASSISTANCE FOR SINGLE PERSONS.—The Secretary may waive, in appropriate cases, the limitation and preference in section 3(b)(3)(A) with respect to the assistance made available under this subsection.

"(m) HOUSING FOR ELDERLY AND DISABLED FAMILIES.—

"(1) SHARED HOUSING.—To assist elderly families and disabled families (as defined in section 3(b)) who elect to live in a shared housing arrangement in which they benefit as a result of sharing the facilities of a dwelling with others in a manner that effectively and efficiently meets their housing needs and thereby reduces their costs of housing, the Secretary shall permit assistance provided under this section to be used by such families in such arrangements. In carrying out this subsection, the Secretary shall issue minimum habitability standards for the purpose of ensuring decent, safe, and sanitary housing for such families while taking into account the special circumstances of shared housing.

"(2) PRIORITY FOR NONELDERLY DISABLED FAMILIES.—In allocating assistance under this section, a public housing agency that serves more than one unit of general local government may, at the discretion of the agency, give priority to disabled families that are not elderly families.

"(3) AUTHORITY TO PROVIDE PREFERENCES FOR THE ELDERLY AND RESERVE UNITS FOR THE DISABLED.—Notwithstanding subsection (h)(2) or (3), an owner of a covered section 8 housing project (as such term is defined in section 659 of the Housing and Community Development Act of 1992) may give preference for occupancy of dwelling units in the project, and reserve units for occupancy, in accordance with subtitle D of title VI of the Housing and Community Development Act of 1992.

"(n) ADMINISTRATIVE FEES.—

"(1) BASIC FEE FOR TENANT-BASED RENTAL PROGRAM.—The Secretary shall establish a fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section, which shall be, together with other fees authorized under this subsection, included in any amounts provided to the public housing agency under the annual contributions contract for the agency. The amount of the fee for each month for which a dwelling unit is covered by an assistance contract shall be 8.2 percent of the fair market rental established under subsection (e) for a 2-bedroom existing rental dwelling unit in the market area of the public housing agency. The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

"(2) OTHER FEES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

"(A) the costs of preliminary expenses that a public housing agency documents it has incurred in connection with new allocations of assistance under the program for rental assistance under this section, which shall not exceed $275 per unit assisted;

"(B) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

"(C) extraordinary costs approved by the Secretary.

"(3) BUDGET COMPLIANCE.—The Secretary may establish or increase a fee in accordance with this subsection only to such extent or in such amounts as are provided in appropriation Acts.

"(4) FEES FOR 1995 AND 1996.—Notwithstanding any other provision of this subsection, the basic fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section during fiscal years 1995 and 1996 shall be equal to the fee determined for fiscal year 1994 under section 11(a) of the HUD Demonstration Act of 1993.

"(o) PORTABILITY OF ASSISTANCE.—

"(1) AUTHORITY.—Except as provided in paragraphs (3) and (4), any family on behalf of whom is provided tenant-based rental assistance under this section and who moves to an eligible dwelling unit located within the same State, or the same or a contiguous metropolitan statistical area, as the metropolitan statistical area within which is located the area of jurisdiction of the public housing agency approving the assistance for the family, may use such assistance to rent such eligible dwelling unit.

"(2) ADMINISTRATION.—The public housing agency having authority with respect to the dwelling unit to which a family moves under this subsection shall have the responsibility of carrying out the provisions of this section with respect to the family. If no public housing agency has authority with respect to the dwelling unit to which a family moves under this subsection, the public housing agency approving the assistance shall have such responsibility.

"(3) LOCAL OPTION TO ENSURE MINIMUM AREA RESIDENCY.—At the discretion of a public housing agency, the agency may provide that a family may use tenant-based rental assistance under this section to rent an eligible dwelling unit that is not located within the area of jurisdiction of the agency approving the assistance only if, before such use, the family has rented and occupied an eligible dwelling unit within such original jurisdiction for not less than 12 consecutive months using assistance provided by such agency.

"(4) PROHIBITION OF PORTABILITY IN CASES OF LEASE VIOLATION.—A family may not use tenant-based rental assistance as provided in paragraph (1) if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

"(5) ALLOCATIONS DUE TO PORTABILITY.—In determining the amount of rental assistance provided under an annual contributions contract for any fiscal year, the Secretary shall consider any reduction in the number of resident families incurred by a public housing agency in the preceding fiscal year as a result of the provisions of this subsection.

"(6) PROVISION OF RENTAL ASSISTANCE FOR PORTABILITY PURPOSES.—

"(A) AMOUNT.—To the extent amounts for assistance under this section that are reserved under section 213(d)(4) of the Housing and Community Development Act of 1974 are available in a fiscal year, the Secretary shall provide rental assistance under this section in accordance with this paragraph.

"(B) USE.—Amounts provided for use under this paragraph shall be used only to provide a public housing agency with additional amounts (as determined under subparagraph (C)) to provide assistance for families on behalf of whom assistance is provided under this section by another public housing agency and who move into an eligible dwelling unit located within the area of jurisdiction of the agency to receive assistance under this paragraph.

"(C) REQUIREMENT.—Amounts provided for use under this paragraph may be made available to a public housing agency in a fiscal year only if, during such fiscal year, the agency has provided assistance pursuant to the first sentence of paragraph (2) on behalf of families who have moved into eligible dwelling units located within the area of jurisdiction of the agency in an amount not less than the lesser of (i) 5 percent of total amount received by the agency for assistance under this section for the fiscal year, or (ii) the amount necessary to assist 25 percent of average annual number of families previously assisted by the agency who relinquish such assistance in a year (based on the preceding 3 calendar years).

"(p) PROHIBITION OF DISCRIMINATION.—In selecting families for the provision of assistance under this section, a public housing agency may not exclude or penalize a family solely because the family resides in a public housing project.

"(q) SPECIAL USES OF RENTAL ASSISTANCE.—

"(1) ASSISTANCE FOR RESIDENTS OF REHABILITATED PROJECTS.—In the case of low-income families living in rental projects rehabilitated under section 17 of this Act or section 533 of the Housing Act of 1949 before rehabilitation—

"(A) tenant-based rental assistance under this section shall be provided for families who are required to move out of their dwelling units because of the physical rehabilitation activities or because of overcrowding;

"(B) at the discretion of each public housing agency, tenant-based rental assistance under this section may be provided for families who would have to pay more than 30 percent of their adjusted income for rent after rehabilitation whether they choose to remain in, or to move from, the project; and

"(C) the Secretary shall allocate tenant-based rental assistance provided under this section to ensure that sufficient resources are available to address the physical or economic displacement, or potential economic displacement, of existing tenants pursuant to subparagraphs (A) and (B).

"(2) LOAN MANAGEMENT ASSISTANCE.—

"(A) IN GENERAL.—The Secretary may provide assistance under this section through a loan management program to assist financially troubled multifamily residential housing projects (i) subject to mortgages that are insured under the National Housing Act or mortgages that have been assigned to the Secretary, (ii) that were held by the Secretary and have been sold, and (iii) that were assisted under section 202 of the Housing Act of 1959.

"(B) ELIGIBILITY.—The eligibility of a multifamily residential project for loan management assistance under this paragraph shall be determined without regard to whether the project is subsidized or unsubsidized.

"(C) EXTENSION OF CONTRACT.—The Secretary shall extend any expiring contract entered into under this section for loan management assistance or execute a new contract for project-based loan management assistance, if the owner agrees to continue providing housing for low-income families during the term of the contract.

"(3) ASSISTANCE FOR FAMILY UNIFICATION.—

"(A) IN GENERAL.—The Secretary may provide assistance under this section to be used only in

connection with tenant-based assistance under this section on behalf of any family (i) who is otherwise eligible for such assistance, and (ii) who the public child welfare agency for the jurisdiction has certified is a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care or the delayed discharge of a child or children to the family from out-of-home care.

"(B) ALLOCATION.—Any amounts made available under this paragraph shall be allocated by the Secretary through a national competition among applicants based on demonstrated need for assistance under this paragraph. To be considered for assistance, an applicant shall submit to the Secretary a written proposal containing a report from the public child welfare agency serving the jurisdiction of the applicant that describes how a lack of adequate housing in the jurisdiction is resulting in the initial or prolonged separation of children from their families, and how the applicant will coordinate with the public child welfare agency to identify eligible families and provide the families with assistance under this paragraph.

"(C) DEFINITIONS.—For purposes of this paragraph:

"(i) APPLICANT.—The term 'applicant' means a public housing agency.

"(ii) PUBLIC CHILD WELFARE AGENCY.—The term 'public child welfare agency' means the public agency responsible under applicable State law for determining that a child is at imminent risk of placement in out-of-home care or that a child in out-of-home care under the supervision of the public agency may be returned to his or her family.

"(4) NEIGHBORHOOD CRIME FIGHTERS ASSISTANCE.—

"(A) ASSISTANCE.—To the extent amounts for assistance under this section are reserved under section 213(d)(4)(A) of the Housing and Community Development Act of 1974 for use under this paragraph, the Secretary may provide such amounts to any public housing agency approved under subparagraph (C) to make assistance payments under this paragraph on behalf of any family described under subparagraph (B) for the rental of a dwelling unit for the family that, in the determination of the public housing agency (after consultation with law enforcement agency concerned) provides for the protection of the family.

"(B) ELIGIBLE FAMILIES.—A family referred to in subparagraph (A) shall be any family that—

"(i) contains a member that has provided information to any Federal, State, or local law enforcement agency that such law enforcement agency determines substantially contributes to the arrest, criminal prosecution, or conviction of any person for any criminal activity in or near the area or neighborhood in which the person providing the information resides;

"(ii) is likely, in the determination of such law enforcement agency, to be subject to a crime of violence directed at the family on account of providing the information referred to in clause (i);

"(iii) is legally residing, at the time such information is provided to the law enforcement agency, in a dwelling unit in a public housing project administered by a public housing agency meeting the requirements of subparagraph (C) or in a dwelling unit assisted under this section by such a public housing agency; and

"(iv) is not protected or assisted, or to be protected or assisted, under chapter 224 of title 18, United States Code.

"(C) ELIGIBLE PHA'S.—The Secretary may provide amounts reserved for use under this paragraph only to public housing agencies approved by the Secretary under this subparagraph. The Secretary may approve only agencies that the Secretary determines have—

"(i) established sufficient cooperation with local law enforcement agencies to make determinations to provide assistance under this paragraph; and

"(ii) coordinated with local law enforcement agencies to promptly inform the public housing agency and the Secretary of any determination that assistance under this paragraph is appropriate for a family, except that such coordination shall be subject to the procedures established under subparagraph (F)(iii) to ensure confidentiality.

"(D) GUIDELINES.—

"(i) DETERMINATION OF NEED AND COORDINATION.—The Secretary shall establish guidelines jointly with the Attorney General that—

"(I) describe the types of situations under clauses (i) and (ii) of subparagraph (B) in which assistance may be provided under this paragraph, which shall include situations in which the information referred to in subparagraph (B)(i) is information regarding any crime that is detrimental to the health, safety, peace, or security of the area or neighborhood in which the family providing the information resides; and

"(II) describe elements of sufficient cooperation between public housing agencies and law enforcement agencies for purposes of subparagraph (C)(i).

"(ii) PROCEDURES.—The Secretary shall establish procedures for public housing agencies approved under subparagraph (C)—

"(I) to apply for, obtain, and administer amounts reserved for providing assistance under this paragraph on behalf of families eligible under subparagraph (B); and

"(II) to provide for the termination of the tenancy of any family assisted under this paragraph from the dwelling unit in which the family is residing so that such assistance may be utilized.

"(E) PHA ACTIONS.—Each public housing agency approved by the Secretary under subparagraph (C) shall—

"(i) periodically notify Federal, State, and local law enforcement agencies in the area of jurisdiction of the public housing agency of the availability of assistance under this paragraph;

"(ii) take such actions as may be appropriate to inform residents of public housing projects administered by the agency and dwelling units assisted under this section by the agency of the availability of such assistance; and

"(iii) coordinate with such law enforcement agencies to promptly inform the public housing agency and the Secretary of any determination that assistance under this paragraph is appropriate for a family, except that such coordination shall be subject to the procedures established under subparagraph (F)(iii) to ensure confidentiality.

"(F) NOTICE AND CONFIDENTIALITY.—The Secretary shall—

"(i) periodically notify public housing agencies of the availability of assistance under this paragraph;

"(ii) encourage public housing agencies to cooperate and coordinate with law enforcement agencies to encourage residents of public housing projects and dwelling units assisted under this section to provide information to law enforcement agencies regarding criminal activity; and

"(iii) develop and implement procedures to ensure the confidentiality of the identity and new location of any family assisted under this paragraph.

"(G) OTHER ASSISTANCE.—A public housing agency that provides assistance under subparagraph (A) for a family and the law enforcement agency involved shall ensure that the family is provided access to other assistance and services appropriate to ensure that the relocation of the family to the dwelling unit assisted under subparagraph (A) and the neighborhood of such dwelling unit occurs with the minimum possible amount of disruption to the life of the family.

"(H) LIABILITY.—The United States, and its officers and employees, shall not be subject to any civil liability on account of any decision to provide or not to provide protection under this paragraph.

"(r) RENEWAL OF EXPIRING CONTRACTS.—

"(1) 5-YEAR PLAN.—Not later than 30 days after the beginning of each fiscal year, the Secretary shall publish in the Federal Register a plan for reducing, to the extent feasible, year-to-year fluctuations in the levels of budget authority that will be required over the succeeding 5-year period to renew expiring assistance contracts entered into under this section after the enactment of the Housing and Community Development Act of 1974. To the extent necessary to carry out such plan and to the extent approved in appropriations Acts, the Secretary is authorized to enter into annual contributions contracts with terms of less than 60 months.

"(2) NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION PROJECTS.—Subject only to the availability of budget authority to carry out this paragraph and to the absence of owners agreeing to enter into new contracts, the Secretary shall enter into new contracts under subtitle D of title I of the Housing and Community Development Act of 1994 to provide project-based assistance for qualified housing (as such term is defined in section 163 of such subtitle) to owners of such housing.

"(s) GENERAL PROVISIONS.—

"(1) PLEDGING ASSISTANCE CONTRACTS AS SECURITY.—An owner may pledge, or offer as security for any loan or obligation, an assistance contract entered into pursuant to this section, but only if such security is in connection with a project constructed or rehabilitated pursuant to authority under this section and the terms of the financing or any refinancing have been approved by the Secretary.

"(2) HOUSING COUNSELING FOR RENTAL CHOICE.—Each public housing agency that provides rental housing assistance under this section on behalf of low-income families shall notify such assisted families of the availability of any entity in the jurisdiction of the agency providing rental housing counseling under section 106(a)(4) of the Housing and Urban Development Act of 1968.

"(t) HOMEOWNERSHIP OPTION.—A public housing agency providing assistance under this section may, at the option of the agency, provide assistance for homeownership under this subsection as follows:

"(1) USE OF ASSISTANCE FOR HOMEOWNERSHIP.—A family receiving tenant-based assistance under this section may receive assistance for occupancy of a dwelling owned by one or more members of the family if the family—

"(A) is a first-time homeowner;

"(B)(i) participates in the family self-sufficiency program under section 23 of the public housing agency providing the assistance; or

"(ii) demonstrates that the family has income from employment or other sources (other than public assistance), as determined in accordance with requirements of the Secretary, that is not less than twice the fair market rental for the area established under subsection (e)(1) (or such other amount as may be established by the Secretary);

"(C) except as provided by the Secretary, demonstrates at the time the family initially receives tenant-based assistance under this subsection that one or more adult members of the family have achieved employment for the period as the Secretary shall require;

"(D) participates in a homeownership and housing counseling program provided by the agency; and

"(E) meets any other initial or continuing requirements established by the public housing agency in accordance with requirements established by the Secretary.

"(2) MONTHLY ASSISTANCE PAYMENT.—

"(A) IN GENERAL.—Notwithstanding any other provisions of this section governing determination of the amount of assistance payments under this section on behalf of a family, the monthly assistance payment for any family assisted under this subsection shall be the amount by which the fair market rental for the area established under subsection (e)(1) exceeds 30 percent of the family's monthly adjusted income; except that the monthly assistance payment shall not exceed the amount by which the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceeds 10 percent of the family's monthly income.

"(B) EXCLUSION OF EQUITY FROM INCOME.—For purposes of determining the monthly assistance payment for a family, the Secretary shall not include in family income an amount imputed from the equity of the family in a dwelling occupied by the family with assistance under this subsection.

"(3) RECAPTURE OF CERTAIN AMOUNTS.—Upon sale of the dwelling by the family, the Secretary shall recapture from any net proceeds the amount of additional assistance (as determined in accordance with requirements established by the Secretary) paid to or on behalf of the eligible family as a result of paragraph (2)(B).

"(4) DOWNPAYMENT REQUIREMENT.—Each public housing agency providing assistance under this subsection shall ensure that each family assisted shall provide from its own resources not less than 80 percent of any downpayment in connection with a loan made for the purchase of a dwelling. Such resources may include amounts from any escrow account for the family established under section 23(d). Not more than 20 percent of the downpayment may be provided from other sources, such as from nonprofit entities and programs of States and units of general local government.

"(5) INELIGIBILITY UNDER OTHER PROGRAMS.—A family may not receive assistance under this subsection during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, which shall include assistance under the HOME Investment Partnerships Act, the Homeownership and Opportunity Through HOPE Act, title II of the Housing and Community Development Act of 1987, and section 502 of the Housing Act of 1949.

"(6) INAPPLICABILITY OF CERTAIN PROVISIONS.—Assistance under this subsection shall not be subject to the requirements of the following provisions:

"(A) Subsection (h)(5) of this section.

"(B) Any other provisions of this section governing maximum amounts payable to owners and amounts payable by assisted families.

"(C) Any other provisions of this section concerning contracts between public housing agencies and owners.

"(D) Any other provisions of this Act that are inconsistent with the provisions of this subsection.

"(7) REVERSION TO RENTAL STATUS.—

"(A) FHA-INSURED MORTGAGES.—If a family receiving assistance under this subsection for occupancy of a dwelling defaults under a mortgage for the dwelling insured by the Secretary under the National Housing Act, the family may not continue to receive rental assistance under this section unless the family (i) transfers to the Secretary marketable title to the dwelling, (ii) moves from the dwelling within the period established or approved by the Secretary, and (iii) agrees that any amounts the family is required to pay to reimburse the escrow account under section 23(d)(3) may be deducted by the public housing agency from the assistance payment otherwise payable on behalf of the family.

"(B) OTHER MORTGAGES.—If a family receiving assistance under this subsection defaults under a mortgage not insured under the National Housing Act, the family may not continue to receive rental assistance under this section unless it complies with requirements established by the Secretary.

"(C) ALL MORTGAGES.—A family receiving assistance under this subsection that defaults under a mortgage may not receive assistance under this subsection for occupancy of another dwelling owned by one or more members of the family.

"(8) DEFINITION OF FIRST-TIME HOMEOWNER.—For purposes of this subsection, the term 'first-time homeowner' means—

"(A) a family, no member of which has had a present ownership interest in a principal residence during the 3 years preceding the date on which the family initially receives assistance for homeownership under this subsection; and

"(B) any other family, as the Secretary may prescribe.

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

"(1) ANNUAL CONTRIBUTIONS CONTRACT.—The term 'annual contributions contract' means a contract under subsection (b) between the Secretary and a public housing agency to provide amounts for rental assistance payments under this section to the public housing agency.

"(2) ASSISTANCE CONTRACT.—The term 'assistance contract' means a contract under subsection (c) between a public housing agency (or the Secretary) and an owner to make rental assistance payments under this section to the owner.

"(3) DEBT SERVICE.—The term 'debt service' means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.

"(4) DRUG-RELATED CRIMINAL ACTIVITY.—The term 'drug-related criminal activity' means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as such term is defined in section 102 of the Controlled Substances Act).

"(5) OWNER.—The term 'owner' means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having the legal right to lease or sublease dwelling units, and such term shall include any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project (as such term is defined in subsection (p)(3)), as well as the entity itself.

"(6) PARTICIPATING JURISDICTION.—The term 'participating jurisdiction' means a State or unit of general local government designated by the Secretary to be a participating jurisdiction under title II of the Cranston-Gonzalez National Affordable Housing Act.

"(7) PROJECT-BASED ASSISTANCE.—The term 'project-based assistance' means rental assistance under this section that is attached to a structure pursuant to subsection (i).

"(8) RENT.—The terms 'rent' and 'rental' include, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

"(9) RENTAL ASSISTANCE.—The term 'rental assistance' means assistance provided under this section on behalf of low-income families for the rental of a dwelling unit.

"(10) TENANT-BASED ASSISTANCE.—The term 'tenant-based assistance' means rental assistance under this section that is not project-based assistance.".

(b) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 is amended—

(A) in section 3(a)(1) (42 U.S.C. 1437a(a)(1)), by striking "(other than a family assisted under section 8(o) or (y) or paying rent under section 8(c)(3)(B))" and inserting "(other than a family assisted under section 8(t) or paying rent under section 8(f)(2))";

(B) in section 5 (42 U.S.C. 1437c)—

(i) in subsection (c)(7)(C), by striking "section 8(b)(1)" each place it appears and inserting "section 8";

(ii) in subsection (j)(1)(B)(i), by striking "section 8(o)(6)" and inserting "section 8"; and

(iii) in subsection (j)(1)(D), by striking "subsection (b) or (o) of";

(C) in section 6(p)(1)(B) (42 U.S.C. 1437d(p)(1)(B)), by striking "holding certificates and vouchers" and inserting "eligible and approved for assistance";

(D) in section 21(b)(3)—

(i) by striking "a certificate under section 8(b)(1) or a housing voucher under section 8(o)" and inserting "tenant-based assistance under section 8"; and

(ii) by striking "such certificate" and inserting "such assistance";

(E) in section 23—

(i) in subsection (a), by striking "assistance under the certificate and voucher programs" and inserting "tenant-based assistance";

(ii) in subsection (b)—

(I) in paragraph (1), by striking "assistance under subsection (b) or (o) of" and inserting "tenant-based assistance under"; and

(II) in paragraph (4), by striking "Assistance under the certificate or voucher programs" and inserting "Tenant-based assistance";

(iii) in subsection (c)(1), by striking "assistance under the certificate and voucher programs of" and inserting "tenant-based assistance from";

(iv) in subsection (d)(3) (as added by section 185(b) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3747)), by striking "section 8(y)" and inserting "section 8(t)"; and

(v) in subsection (h)(1)—

(I) by striking "section 8(q) for the costs incurred in administering the provision of certificate and voucher" and inserting "section 8(n) for the costs incurred in administering the provision of tenant-based"; and

(II) by striking "section 8(q)(2)(A)(i)" and inserting "section 8(n)(2)(A)"; and

(G) in section 304(g)(3) (42 U.S.C. 1437aaa–3(g)(3)), by striking "section 8(b)(2) and section 8(o)(9)" and inserting "section 8".

(2) ALLOCATION OF ASSISTED HOUSING FUNDS.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439) is amended—

(A) in subsection (d)—

(i) in paragraph (1)(A)(ii), by striking "section 8(b)(1)" each place it appears and inserting "section 8"; and

(ii) in paragraph (2), by striking "section 8(d)" and inserting "section 8(i)";

(B) in subsection (e), by striking "section 8(b)(1)" and inserting "section 8".

(3) SUPPORTIVE HOUSING FOR ELDERLY FAMILIES.—Section 801(d)(1)(B) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is amended by striking "section 8(c)(1)" and inserting "section 8(e)".

(4) ELDERLY INDEPENDENCE.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended—

(A) in subsection (a), by striking "housing certificates and vouchers" and inserting "assistance under section 8 of the United States Housing Act of 1937"; and

(B) in subsection (b)—

(i) in the 1st sentence, by striking "not more than 1,500 incremental vouchers and certificates under sections 8(b) and 8(o) of the United States Housing Act of 1937" and inserting "incremental assistance under section 8 of the United States Housing Act of 1937 on behalf of not more than 1,500 frail elderly persons";

(ii) in the 3rd sentence, by striking "the housing certificate or voucher program of the agency" and inserting "the agency's program for assistance under such section 8"; and

(iii) in the last sentence, by striking "sections 8(b) and 8(o)" and inserting "section 8".

(5) REVISED CONGREGATE HOUSING SERVICES.—Section 802(k)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(k)(6)(B)) is amended by striking "subsection (d)(2)" and inserting "subsection (i)".

(6) HOUSING FOR PERSONS WITH AIDS.—Subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act is amended—

(A) in section 859(a)(2) (42 U.S.C. 12908(a)(2)) by striking "section 8(p)" each place it appears and inserting "section 8(m)(1)"; and

(B) in section 860(a) (42 U.S.C. 12909(a)), by striking "section 8(n)" and inserting "section 8(l)".

(7) MC KINNEY ACT.—Section 441(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(b)) is amended—

(A) by striking "section 8(n)" and inserting "section 8(l)"; and

(B) by adding at the end the following new sentence: "Moderate rehabilitation under this section shall be carried out in the manner provided under the provisions of section 8(e) of the United States Housing Act of 1937, as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994.".

(8) FLEXIBLE SUBSIDY PROGRAM.—Section 201 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a) is amended—

(A) in subsection (m)(2)(A), by striking "section 8(b)(1)" and inserting "section 8"; and

(B) in subsection (o), by striking "section 8(v)" and inserting "section 8(q)(2)".

(9) HUD-OWNED PROJECTS.—Section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11) is amended—

(A) in subsection (e)(1)(D)—

(i) in clause (i)(IV), by inserting before the semicolon the following: ", as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994"; and

(ii) in clause (ii), by striking "section 8(b)" and inserting "section 8";

(B) in subsection (g)(2), by striking ", 8(d)(1)(A)(i), and 8(o)(3)(B)" and inserting " and 8(h)(2)(iii)"; and

(C) in subsection (h)(2), by striking "section 8(c)" and inserting "section 8(e)".

(10) HOUSING ACCESS.—Section 204 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–12) is amended by striking "to a holder of a certificate of eligibility under that section solely because of such prospective tenant's status as a certificate holder" and inserting "to a family that is approved for assistance under such section solely because of such the family's status as assisted under such section".

(11) ELIHPA OF 1987.—The references in sections 225(b)(3)(D), 226(a)(3), and 228(a)(4) of the Emergency Low Income Housing Preservation Act of 1987 (as in effect immediately before the enactment of the Cranston-Gonzalez National Affordable Housing Act) to section 8(b) of the United States Housing Act of 1937 shall be considered to refer to section 8(e) of the United States Housing Act of 1937 (as amended by the Housing and Community Development Act of 1994).

(12) LIHPRHA OF 1990.—Title II of the Housing and Community Development Act of 1987 (42 U.S.C. 4101 et seq.) is amended—

(A) in section 215(a)—

(i) in paragraph (1), by striking "section 8(c)" and inserting "section 8(e)"; and

(ii) in paragraph (2), by striking "section 8(c)(1)" and inserting "section 8(e)(1)";

(B) in section 220(d)(3)(B), by striking "section 8(c)" and inserting "section 8(e)";

(C) in section 222—

(i) in subsection (a)(2)(D), by striking "section 8(c)" and inserting "section 8(e)"; and

(ii) in subsection (d)(2)(C)(i), by striking "sections 8(b) and 8(o) of the United States Housing Act of 1937 (other than project-based assistance attached to the housing)" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937";

(D) in section 223(a), by striking "the certificate and voucher programs under sections 8(b) and 8(o)" and inserting "section 8"; and

(E) in section 226(b)(6)(B), by striking "sections 8(d)(1)(A) and 8(o)(3)" and inserting "section 8(h)(2)".

(13) DISASTER RELIEF.—

(A) TENANT-BASED ASSISTANCE.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended—

(i) in the section heading, by striking "***certificates and vouchers***" and inserting "***tenant-based assistance***"; and

(ii) by striking "assistance under the certificate and voucher programs under sections 8 (b) and (o)" and inserting "tenant-based assistance under section 8".

(B) MODERATE REHABILITATION ASSISTANCE.—Section 932 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by inserting after "such Act" the following: ", as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994,".

(14) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522(f)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) by striking "assistance under section 8(b)" and inserting "tenant-based assistance under section 8"; and

(B) by striking "section 8(d)(1)(A)(i)" and inserting "section 8(h)(2)".

(15) PUBLIC HOUSING NEW CONSTRUCTION INCOME ELIGIBILITY.—Section 545(c)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended by striking "section 8(d)(1)(A)(ii)" and inserting "section 8(h)(3)".

(16) SECTION 8 EXCESSIVE RENT BURDEN DATA.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) in paragraph (1), by striking "under the certificate and voucher programs established" and inserting "with tenant-based assistance";

(B) in the first sentence of paragraph (2), by striking ", for each" and all that follows through "participating in the program" and inserting "the percentage of families receiving tenant-based assistance"; and

(C) in paragraph (3), by striking "assistance under the certicate or voucher program" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(17) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m) is amended by striking "assistance payments as provided by section 8(o)" and inserting "tenant-based assistance payments under section 8 (including assistance in accordance with section 8(f)(2)".

(18) FEDERALLY ASSISTED HOUSING OCCUPANCY STANDARDS.—Section 643(b)(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13603(b)(2)) is amended by striking "section 8(d)(1)" and inserting "section 8(h)".

(19) RESERVATION OF SECTION 8 UNITS FOR DISABLED FAMILIES.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "section 8(d)(1)(A)(i) of the United States Housing Act of 1937 and the first sentence of section 8(o)(3)(B) of such Act" and inserting "section 8(h)(2) of the United States Housing Act of 1937".

(20) GAO REPORT ON LEAD EXPOSURE.—Section 1056(a) of the Housing and Community Development Act of 1992 (42 U.S.C. 4855) is amended by striking "subsections (b) and (o) of".

(21) NATIONAL HOUSING ACT.—The National Housing Act is amended—

(A) in section 203(v) (12 U.S.C. 1709(v)), as added by section 185(c)(1)(B) of the Housing and Community Development Act of 1992, by striking "section 8(y)" and inserting "section 8(t)"; and

(B) in section 236(f)(5)(A)(i) (12 U.S.C. 1715z–1(f)(5)(A)(i)), by striking "section 8(c)" and inserting "section 8(e)".

(c) APPLICABILITY.—The amendments under this section are made on the date of the enactment of this Act, but shall apply on and after October 1, 1995, only to assistance under section 8 of the United States Housing Act of 1937 provided pursuant to an assistance contract entered into or renewed on or after such date. Any such assistance provided pursuant to an assistance contract entered into before such date shall be subject to the provisions of such section 8 as in effect immediately before the enactment of this Act or otherwise applicable to such assistance.

(d) TRANSITION.—

(1) CONVERSION.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs, as such programs existed before the date of the enactment of this Act, to the certificate program established under the amendments under this section.

(2) CONTINUATION OF ASSISTANCE.—The Secretary of Housing and Urban Development shall take any action necessary to ensure that the provision of assistance under section 8 of the United States Housing Act of 1937 to families receiving assistance under such section on the date of the enactment of this Act is not interrupted because of the amendments under this section.

(e) REGULATIONS.—The Secretary shall implement the amendments under this section by regulation issued after notice and opportunity for public comment.

SEC. 143. INCENTIVES TO REFINANCE HIGH INTEREST MORTGAGES FOR SECTION 8 PROJECTS.

Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

"(v) REFINANCING INCENTIVE.—For a project that (1) was constructed, substantially rehabilitated, or moderately rehabilitated under this section, (2) is subject to an assistance contract under this section, and (3) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner, the Secretary may pay the owner the amount of the up front costs to the owner of refinancing. The Secretary may make such payments only from savings in the amount of assistance payments, as determined

by the Secretary on a project-by-project basis and after application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, that result from the refinancing during the first year after the refinancing.".

SEC. 144. DEMONSTRATION PROGRAM FOR USE OF EXCESS RESIDUAL RECEIPTS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall carry out a demonstration program, in conjunction with State housing agencies, under which the Secretary, at the request of owners of qualified projects, makes amounts in the account for residual receipts or excess amounts for the qualified projects available for use under model programs to expand the supply of affordable housing.

(b) LIMITATION.—The Secretary may not make any amounts available for use under the demonstration program under this section from the account of a qualified project for residual receipts or excess amounts unless the amount remaining in the account, together with replacement reserves for the project, is sufficient (in the determination of the Secretary) to maintain, manage, and preserve the project as affordable housing.

(c) QUALIFIED PROJECTS.—For purposes of this section, the term "qualified project" means a housing project—

(1) assisted with project-based assistance under section 8 of the United States Housing Act of 1937; or

(2) constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as such section existed before November 30, 1983.

SEC. 145. TREATMENT OF CERTAIN PROJECTS.

(a) CONVERSION OF SECTION 23 PROJECT.—From amounts available for the conversion of the Tamaqua Highrise project in the Borough of Tamaqua, Pennsylvania, from a leased housing contract under section 23 of the United States Housing Act of 1937 to tenant-based assistance under section 8 of such Act, the Secretary of Housing and Urban Development shall, to the extent such amounts are made available in appropriation Acts, enter into an obligation for the conversion of the project to a project-based rental assistance contract under section 8 of such Act, notwithstanding the requirement for rehabilitation or the percentage limitations under section 8(d)(2) of such Act (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

(b) COMPLIANCE WITH REHABILITATION REQUIREMENT.—Rehabilitation activities undertaken by E.T.C. Enterprises in connection with 16 scattered-site dwelling units that were rehabilitated to provide housing for low-income families and are located in Perth Amboy, New Jersey, are hereby deemed to have been conducted pursuant to an agreement with the Secretary of Housing and Urban Development under clause (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

SEC. 146. STUDY OF EXTENT OF NONPARTICIPATION OF OWNERS AND LANDLORDS IN SECTION 8 RENTAL ASSISTANCE PROGRAM.

The Secretary of Housing and Urban Development shall conduct a study—

(1) to determine the extent to which the requirements of section 8(p)(2) of the United States Housing Act of 1937 (as amended by this Act) and section 8(t) of such Act (as in effect before the enactment of this Act) cause owners of multifamily rental housing to abstain from entering into contracts for housing assistance payments under such section; and

(2) to identify other factors causing owners of such housing to abstain from entering into such contracts.

In conducting the study, the Secretary shall consult a significant number of owners in a wide range of areas. The Secretary shall submit a report to the Congress describing the results of the study not later than February 1, 1996.

SEC. 147. STUDY OF SECTION 8 HOUSING QUALITY STANDARDS.

The Secretary of Housing and Urban Development shall conduct a study of the existing standards for housing quality for dwelling units assisted under the program for rental assistance under section 8 of the United States Housing Act of 1937. The study shall determine—

(1) whether the standards are effective in ensuring decent, safe, and sanitary housing;

(2) how, and the extent to which, the standards are enforced; and

(3) how the standards or the enforcement of the standards may be improved.

The Secretary shall submit a report to the Congress not later than 2 years after the date of the enactment of this Act describing the results of the study and containing any recommendations of the Secretary to carry out paragraph (3).

Subtitle D—Renewal of Expiring Contracts for Section 8 New Construction and Substantial Rehabilitation Projects

SEC. 151. FINDINGS AND PURPOSE.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) housing built or substantially rehabilitated pursuant to section 8 of the United States Housing Act of 1937 is an important national resource that has provided decent, safe, and affordable housing to hundreds of thousands of low-income families who otherwise would not have obtained affordable housing;

(2) the Federal Government is the steward of this assisted housing stock and has an affirmative obligation to preserve it as housing for low-income families, consistent with considerations of fairness to all interested parties, including owners, residents, property managers, the community in which the housing is located, and taxpayers;

(3) because section 8(e)(1) of the United States Housing Act of 1937 (as in effect prior to November 30, 1983) provided, for the most part, that contracts to make assistance payments to owners of newly constructed or substantially rehabilitated housing financed with assistance of a loan made by, or insured, guaranteed or intended for purchase by the Federal Government, other than pursuant to section 244 of the National Housing Act, could not exceed 20 years and because such housing was constructed or substantially rehabilitated during the period from 1975 to 1985, a substantial number of contracts that provide for such assistance will soon expire (with other housing constructed or substantially rehabilitated pursuant to such section of law supported through housing assistance contracts of longer duration, which will expire at a later time);

(4) failure to enter into new housing assistance contracts under equitable and financially sound terms and conditions will reduce the supply of decent, safe, and affordable housing for low-income Americans, while the demonstrated need for such housing remains great;

(5) in order for the urban and rural population centers of the United States to regain their viability, the housing stock in such population centers must be preserved, which includes preserving housing built or substantially rehabilitated under section 8 of the United States Housing Act of 1937;

(6) assisted housing projects located in areas of relative affluence can promote racial, social, and economic integration, and such projects should be maintained as part of the affordable housing inventory to the maximum extent practicable;

(7) the number of units of housing currently receiving project-based section 8 assistance should not be reduced as a result of the expiration of any current contracts; and

(8) the number of households currently assisted by reason of residence in housing projects receiving project-based section 8 assistance should not be reduced as a result of the expiration of any current contracts to provide project-based assistance, though some of the specific families currently living in such housing may either receive such assistance in another location or become recipients of tenant-based assistance under appropriate circumstances (with the preference, as a matter of public policy, to the continued assistance of such households through project-based assistance).

(b) PURPOSE.—It is the purpose of this subtitle to provide for the preservation of affordable housing constructed or substantially rehabilitated pursuant to section 8 of the United States Housing Act of 1937, and to provide affordable housing opportunities for at least the same number of families as are provided such housing by reason of their residence in housing projects receiving project-based assistance under such section, in a manner that is administratively efficient, cost-effective, and fair to all interested parties, including owners, residents, property managers and the communities in which the housing is located.

SEC. 152. NOTICES OF CONTRACT EXPIRATION AND INTENTION TO RENEW.

(a) NOTICE TO OWNER.—Not later than 27 months before the date of expiration of an expiring contract (or, in the case of a qualified project subject to an expiring contract for which the date of expiration occurs less than 27 months after the date of the enactment of this Act, not later than 6 months after the date of enactment of this Act), the Secretary shall notify the owner of the qualified project, in writing, that the owner has an affirmative obligation pursuant to subsection (b).

(b) NOTICE BY OWNER TO SECRETARY.—Not later than 24 months before the date of expiration of an expiring contract (or, in the case of a qualified project subject to an expiring contract for which the date of expiration occurs less than 27 months after the date of the enactment of this Act, not later than 9 months after the date of enactment of this Act), the owner of the qualified project shall simultaneously—

(1) submit to the Secretary written notice stating whether or not the owner intends to enter into a new contract pursuant to this subtitle for project-based assistance for the qualified project; and

(2) submit a copy of the notice to the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

(c) SUBMISSION OF PROPOSAL TO ENTER INTO NEW CONTRACT.—If in the notice required by subsection (b) the owner indicates an intention to enter into a new contract for assistance for the qualified project, not later than 3 months after submitting such notice to the Secretary, the owner shall simultaneously—

(1) submit to the Secretary a proposal specifying terms and conditions for the new contract, which shall comply with the requirements for new contracts under this subtitle; and

(2) submit a copy of the notice to the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of

the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

(d) CAPITAL NEEDS ASSESSMENT.—

(1) REQUIREMENT.—Within a reasonable period of time after receiving a proposal under subsection (c) to enter into a new contract for a qualified project, the Secretary shall conduct a comprehensive assessment of the needs of the project to determine the rehabilitation needs and replacement reserves necessary to preserve the project during the ensuing 10-year period.

(2) CONTENT.—The assessment shall obtain the same information regarding the qualified project that is required to be contained in a comprehensive needs assessment under section 403 of the Housing and Community Development Act of 1992 for a covered multifamily housing property subject to title IV of such Act, shall assess the management performance for the project, and shall obtain any other information as the Secretary considers appropriate for purposes of this subtitle regarding the project, tenants, and market area in which the project is located.

(e) TENANT AND COMMUNITY PARTICIPATION.—

(1) ESTABLISHMENT OF PROCEDURES.—The Secretary shall establish procedures that provide an opportunity for tenants of a qualified project (including any resident council) and other affected parties to participate effectively in the process established under this section and section 153 to determine whether and under what terms and conditions a new contract will be provided for the project or other assistance will be made available.

(2) CONTENT OF PROCEDURES.— The procedures established under this subsection shall include providing timely and adequate written notice of the proposed decisions of the owner and the Secretary regarding the qualified project, timely access to all relevant information (not including information determined to be proprietary under standards established by the Secretary), an adequate period to analyze such information and submit comments to the Secretary (which the Secretary shall take into consideration in carrying out this subtitle), and, if requested, arranging meetings with representatives of the Secretary and the owner.

(3) APPLICABILITY.—The procedures established under this subsection shall provide for the participation of tenants of a qualified project and other affected parties in at least the following actions:

(A) Physical inspection of the qualified property under section 155(b) and determination of capital needs of a property pursuant to subsection (d).

(B) Any determination under section 154 regarding the owner of the project.

(C) Review of notice and any proposal submitted by the owner under subsections (b) and (c) of this section.

(D) Determination of the response of the Secretary under section 153.

(E) Determination of the terms of any new contract for the project.

(F) Establishing and carrying out any plan for sale of the project under section 157(c)(1).

(G) Establishing and carrying out of any plan to provide assistance under subsection (d) or (f) of section 157.

(4) MINIMUM PERIOD FOR TENANT NOTIFICATION.—The Secretary shall notify tenants of a qualified project of any agreement to enter into a new contract for the project or of the failure to enter into a new contract for the project, as the case may be, not less than 12 months before the expiration of expiring contract. If, in the case of a failure to enter into a new contract for a qualified project, the Secretary fails to comply with the requirement under the preceding sentence, the Secretary shall (subject only to the availability of budget authority) provide such additional assistance as may be necessary to extend the contract for such 12-month period.

SEC. 153. SECRETARY'S RESPONSE TO OWNER'S PROPOSAL.

(a) REQUIREMENT.—Except in the case of an owner who submits a notice under section 152(b) stating an intention not to enter into a new contract and in the case of rejection of an owner's proposal under subsection (c), not later than 90 days after an owner submits a proposal under section 152(c) for a qualified project (or not later than 30 days after the expiration of the period under section 152(b), in the case of an owner failing to provide notice under such subsection), the Secretary shall take action under subsection (b) to enter into a new contract.

(b) RESPONSE TO OWNER'S PROPOSAL.—Subject only to the availability of budget authority, the Secretary shall take the following actions:

(1) STATUS QUO CONTRACTS.—In the case of a qualified project for which the maximum monthly rents for units in the project that are assisted under the expiring contract do not (24 months before the date of the expiration of the contract) exceed 110 percent of the fair market rentals for dwelling units of the applicable sizes and types of dwelling units in the market area in which the qualified housing is located and a qualified project for which the owner agrees to reduce the maximum monthly rents so that the rents do not exceed 110 percent of such fair market rentals—

(A) if the owner's proposal under section 152(c) provides for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) and otherwise complies with the requirements of this subtitle, the Secretary shall agree to the owner's proposal and shall enter into a new contract for the project; and

(B) if the owner's proposal under section 152(c) does not provide for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) or otherwise fails to comply with the requirements of this title, or the owner has failed to submit a proposal, the Secretary shall make an offer to enter into a new contract for the project (by modifying the owner's proposal under section 152(c), if the owner has submitted a proposal) and, if the owner accepts, the Secretary shall enter into such a new contract for the project.

The Secretary may not offer or agree to enter into a new contract for a qualified project, or enter into such a contract, that establishes maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) unless the maximum monthly rents under the expiring contract for the project meet the requirements of the matter in this paragraph preceding subparagraph (A).

(2) BUDGET-BASED CONTRACTS.—In the case of a qualified project for which the maximum monthly rents for units in the project that are assisted under the expiring contract (24 months before the date of the expiration of the contract) exceed 110 percent of the fair market rentals for dwelling units of the applicable sizes and types of dwelling units in the market area in which the qualified housing is located—

(A) if the owner's proposal under section 152(c) provides for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(b) and otherwise complies with the requirements of this subtitle, the Secretary shall agree to the owner's proposal under section 152(c) and shall enter into a new contract for the project; and

(B) if the owner's proposal under section 152(c) does not provide for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(b) or otherwise fails to comply with the requirements of this title, or the owner has failed to submit a proposal, the Secretary shall make an offer to enter into a new contract for the project (by modifying the owner's proposal under section 152(c), if the owner has submitted a proposal) and, if the owner accepts, the Secretary shall enter into such a new contract for the project.

(3) AVOIDING OVERCONCENTRATION OF LOW-INCOME HOUSING.—Notwithstanding paragraphs (1) and (2), with respect to a qualified project for which the Secretary is to provide a new contract under either such paragraph, the Secretary may reduce the number of dwelling units otherwise required to be assisted under the new contract (pursuant to section 155(a)(3)) if—

(A) the Secretary determines that the project is located in a market area in which there is a high concentration of dwelling units occupied by or affordable to very low-income families;

(B) the Secretary consults with the owner of the project, the tenants of the project (including any resident council), and representatives of the community in which the project is located regarding such reduction and action under subparagraph (D);

(C) the owner and affected tenants consent to the reduction and action under subparagraph (D);

(D) the Secretary provides project-based assistance for a number of dwelling units that is not less than the difference between the number of units otherwise required to be assisted under the new contract and the number actually assisted under the new contract; and

(E) the dwelling units assisted under subparagraph (D) are located in market areas other than the area in which the qualified project is located and such areas do not have a high concentration of dwelling units occupied by or affordable to very low-income families.

The Secretary shall determine the maximum monthly rents for dwelling units assisted under subparagraph (D) using the procedures under paragraph (2) of this subsection and section 156. In determining the maximum monthly rents under the new contract for any dwelling units in the qualified project, the allowance under section 156(b)(1)(G) may be increased to reflect higher costs per unit assisted attributable to assisting less units.

(c) REJECTION OF OWNER'S PROPOSAL.—The Secretary may reject a proposal submitted pursuant to section 152(c) only for a reason contained in the regulations issued under section 154.

(d) NOTICE OF SECRETARY'S ACTION.—The Secretary shall simultaneously—

(1) submit written notice of any action under subsection (b) or (c) to the owner of the qualified project for which such action is taken; and

(2) submit a copy of the notice to the chief executive officer of the appropriate State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

Notice under this subsection shall be submitted not later than the expiration of the period for the qualified project referred to in subsection (a). If the Secretary does not provide notice to the owner as required under this subsection, the proposal of the owner shall be considered to have been accepted without modification. Any notice rejecting a proposal by the owner shall clearly state the reason for rejecting the proposal.

(e) MODIFICATIONS TO OWNER'S PROPOSAL.—The Secretary may propose modifications to an owner's proposal submitted pursuant to section

152(c) only to the extent necessary to make the proposal comply with the requirements under this subtitle for acceptance by the Secretary.

(f) LIMITATION ON SECRETARY'S AUTHORITY TO REJECT OR MODIFY.—The Secretary may not reject or propose modifications to a proposal submitted pursuant to section 152(c) because an enforcement action is pending against the owner. Notwithstanding any other provision of this subtitle, in such event, the Secretary shall, subject only to the availability of budget authority, extend the applicable expiring contract for the period until the enforcement action is concluded.

SEC. 154. LIMITATION ON NEW CONTRACTS.

(a) IN GENERAL.—The Secretary may refuse to enter into a new contract with the owner of a qualified project if the Secretary determines that the owner of the project submitting the proposal has committed—

(1) violations of laws, regulations, regulatory agreements, or other agreements for which the Secretary may impose suspension, debarment, civil money penalties, and such other major forms of enforcement action available to the Secretary under law; or

(2) other substantial and repeated violations of laws, regulations, regulatory agreements or other agreements that have not been cured within a reasonable period of time after notice was provided to the owner.

(b) REGULATIONS.—Not later than 45 days after the date of enactment of this Act, the Secretary shall publish for comment proposed regulations identifying the violations that, under subsection (a), prohibit the Secretary from entering into a new contract.

SEC. 155. REQUIRED TERMS OF NEW CONTRACTS.

(a) IN GENERAL.—The Secretary may accept the proposal of an owner (made under section 152(c) or negotiations pursuant to such a proposal), and may propose modifications to such a proposal and make an offer to enter into a new contract for qualified housing, only if the agreement provides for a new contract for the qualified housing that complies with the following requirements:

(1) RENEWAL FOR REMAINING USEFUL LIFE OF PROPERTY.—A new contract shall contain binding commitments necessary to ensure that—

(A) the contract shall be renewed as provided in paragraph (5) upon expiration for the entire remaining useful life of the qualified project subject to the contract, subject only to the availability of budget authority, the provisions of this subtitle, and the provisions of the contract or law regarding termination of the contract for cause; and

(B) renewal of the contract under paragraph (5) shall not alter or affect the terms of the contract.

(2) PROJECT-BASED ASSISTANCE.—A new contract shall provide that the Secretary shall provide project-based assistance under this subtitle for dwelling units in the qualified project subject to the contract based upon maximum monthly rents (including utilities and all maintenance and management charges) that the owner may receive for the dwelling units.

(3) LOW-INCOME OCCUPANCY.—A new contract shall provide that, during the term of the contract, the owner shall make available for occupancy only by families that (at the time of their initial occupancy) are low-income families or very low-income families (as the contract shall provide) the number of dwelling units in the qualified project subject to the contract for which assistance is provided under the expiring contract.

(4) MAINTENANCE OF HOUSING.—The new contract shall require the owner of the qualified project to maintain the housing in compliance with housing quality standards established by the Secretary for housing assisted under section 8 of the United States Housing Act of 1937.

(5) CONTRACT TERM.—A new contract shall have a term of 60 months and shall be renewable for additional 60-month terms without limitation.

(6) SECTION 8 REQUIREMENTS.—A new contract shall provide that the qualified project subject to the contract shall be subject to the requirements applicable to housing assisted under section 8(i) of the United States Housing Act of 1937.

(7) CAPITAL NEEDS.—A new contract shall contain such terms as the Secretary and the owner agree to regarding conducting rehabilitation and replacement activities for the project and may provide amounts to the owner for meeting immediate rehabilitation and replacement needs of the qualified project if the Secretary determines that providing such amounts would be more cost effective to the Secretary than financing such activities through increased project debt.

(8) MAXIMUM MONTHLY RENTS.—A new contract shall provide that the maximum monthly rents for the project under the contract shall be the amount determined under section 156 upon entering into the contract, and shall be adjusted annually as provided under such section, except that—

(A) the maximum monthly rents shall be redetermined in the manner provided under sections 153(b) and 156 upon each renewal of the contract; and

(B) the owner of the project may, at any time, submit a written request to the Secretary for a redetermination of the maximum monthly rents for the project using the procedure under section 156(b) and, after such request, the rents shall be determined using such method for the remainder of the term of the contract.

(9) CONSIDERATION OF TENANT CONCERNS.—A new contract shall provide that the owner of the qualified housing shall—

(A) establish and, in good faith, carry out a procedure, acceptable to the tenants (including any resident council) of the project, for tenants to submit to the owner comments, questions, and requests regarding any issues concerning the project (including the condition, management, and ownership of the project); and

(B) make a good faith effort to respond to such comments, questions, and requests within a reasonable period of time.

(b) PROPERTY INSPECTIONS AND MANAGEMENT REVIEWS REQUIRED BY SECRETARY.—The Secretary shall conduct an inspection of the physical condition of each qualified project for which a new contract is entered into under this subtitle and shall conduct a review of the management of each such qualified project, not less than once every 3 years. The Secretary may conduct such an inspection or review more often, as the Secretary considers appropriate, taking into consideration requests and comments from tenants of the qualified project (including any resident council) and from representatives of the unit of general local government for the jurisdiction in which the project is located.

SEC. 156. MAXIMUM MONTHLY RENT UNDER NEW CONTRACTS.

(a) STATUS QUO RENT DETERMINATION.—

(1) PROCEDURE.—If the maximum monthly rents under a new contract for a qualified project are to be established under this subsection, the rents shall be established at the amount equal to the maximum monthly rents under the expiring contract existing at the time 24 months before the date of the expiration of the contract (or an amount mutually agreed to by the Secretary and the owner that is less than such amount).

(2) RENT ADJUSTMENTS.—Annual increases in the maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be based on the application of the annual adjustment factor, pursuant to section 8(d)(3) of the United States Housing Act of 1937.

(3) SERVICE COORDINATORS.—Notwithstanding paragraph (1), the maximum monthly rents established (and adjusted) under this subsection for a qualified project shall be increased to the extent necessary to provide for the total costs of a service coordinator under section 161 for the project.

(b) BUDGET-BASED RENT DETERMINATION.—

(1) PROCEDURE.—If the maximum monthly rents under a new contract for a qualified project are to be established under this subsection, the rents shall be established at such a level or levels that would provide income sufficient to support the following actual and projected costs of operating the project:

(A) DEBT SERVICE.—The debt service on any federally-insured or assisted loans for the qualified project or any other loans for the project approved by the Secretary at the time the loans were entered into or subsequently, except that the Secretary may provide that such debt service shall not include—

(i) any debt service attributable to any equity loan insured under section 241(f) of the National Housing Act or any similar loan made for the purposes of liquidating the equity of the owner in the qualified project; and

(ii) if the Secretary requires refinancing of debt under section 159 and the owner does not refinance as provided in such section, any debt service relating to such debt in excess of the amount that the Secretary determines is appropriate under prevailing market conditions at the time such refinancing was required to occur.

(B) OPERATING EXPENSES.—Operating expenses for the qualified project, including costs of measures to reduce or control crime, and the total costs of a service coordinator under section 161 for the project.

(C) RESERVES.—Adequate reserves for the qualified project, as determined pursuant to a comprehensive needs assessment for the project prepared and approved in accordance with title IV of the Housing and Community Development Act of 1992 or in such other manner as the Secretary may require.

(D) ALLOWANCE FOR LOSSES.—An allowance for potential operating losses of the qualified project caused by vacancies and failure to collect rents, which shall be an amount equal to 5 percent of any rental income from the project (including any amounts paid in rent for utilities).

(E) DISTRIBUTION TO OWNER.—An allowance for a distribution to the owner of the qualified project, which shall be an amount per dwelling unit in the project per year that is determined by the Secretary taking into consideration the size, location, and amount of rents of the project. The allowance shall be adjusted upon any renewal of the new contract, in the manner determined by the Secretary, to provide for inflation.

(F) TENANT ORGANIZATION.—An amount for technical assistance to the resident council (if any) of the qualified project or for technical assistance in organizing or operating a resident council, which shall be an amount equal to $20 per dwelling unit in the project per year. The Secretary shall provide that such amounts shall not be made available to the owner but shall be accessible only by resident councils or by tenants for establishment or operation of resident councils.

(G) ALLOWANCE FOR UNIQUE COSTS.—An allowance for unique costs specific to and characteristic of qualified housing or other housing for low-income families receiving project-based assistance from the Secretary, in the amount agreed to by the Secretary and the owner.

(H) ALLOWANCE FOR HIGH-RENT AREAS.—If the Secretary determines that the prevailing rents in

the market area in which a qualified project is located exceed the fair market rentals for dwelling units of the applicable sizes and types of dwelling units in the market area in which the qualified housing is located—

(i) an allowance may be provided (at the discretion of the Secretary) in an amount necessary to provide maximum monthly rents under this subsection in an amount equal to the prevailing market rents in the area; and

(ii) an allowance in the amount referred to in clause (i) shall be provided if the Secretary determines that there is a lack of sufficient housing in the market area in which the project is located that is affordable to low-income families.

(2) RENT ADJUSTMENTS.—

(A) IN GENERAL.—Annual increases in the maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be based on the application of the operating cost adjustment factor, pursuant to section 8(d)(3) of the United States Housing Act of 1937.

(B) EXCESSIVE ADJUSTMENTS.—The Secretary may require the owner of a qualified project for which a new contract has been provided to submit a proposal in the manner provided under paragraph (3) for redetermination of maximum monthly rents for the project if—

(i) not less than 2 rent adjustments have been made pursuant to subparagraph (A) for the project;

(ii) an intervening redetermination of maximum monthly rents for the project pursuant to paragraph (1) has not occurred; and

(iii) the Secretary determines that the rents resulting from the rent adjustments are materially in excess of the rents necessary to support the costs for the project described in paragraph (1).

If pursuant to such a redetermination the Secretary determines that the rents for the project are greater than the amount described in clause (iii), the Secretary may reduce the maximum monthly rents for the project to the amount described in clause (iii), effective on the first day of the month following written notification by the Secretary to the owner of such new rents.

(3) TIMING.—If the Secretary requests an owner of a qualified project or a project for which a new contract is to be provided to submit a proposal for maximum monthly rents based on costs described in paragraph (1) and the owner fails to submit such a proposal during the 90-day period beginning upon receipt of such request, the Secretary may establish the maximum monthly rents for the project based on such information as is available to the Secretary from the owner's most recent audited financial statements, without the agreement of the owner.

(4) ADDITIONAL INFORMATION FROM OWNER.—The owner of a qualified project (including a project for which a new contract has been provided) may, at any time, submit to the Secretary information regarding prevailing rent levels for comparable dwelling units in the market area in which the project is located and the Secretary shall consider such information in making any determinations or agreements under this subsection regarding the project.

SEC. 157. ACTIONS IN CASES OF FAILURE TO ENTER INTO NEW CONTRACT.

(a) NOTICE.—If—

(1) the owner of a qualified project indicates, in the notice required under section 152(b), an intention not to enter into a new contract,

(2) the Secretary and the owner fail to agree to enter into a new contract after a reasonable period of negotiation, or

(3) the Secretary refuses to enter into a new contract with the owner pursuant to section 154,

the Secretary shall provide notice containing the information under subsection (b) to the owner, the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary considers appropriate.

(b) CONTENTS OF NOTICE.—Notice under subsection (a) shall identify the qualified project, state the intention of the Secretary to enter into a new contract for the project with an owner of the project acceptable to the Secretary, state that the Secretary may take either of the actions authorized under subsection (c) with respect to the project, and propose maximum monthly rents for the project subject to the requirements of sections 153(b) and 156.

(c) ATTEMPTED SALE OF PROJECT.—After providing notice under subsection (b) for a qualified project—

(1) the Secretary shall negotiate with the owner and other interested parties to develop a plan for sale of the project in a timely manner to a new owner who agrees to enter into a new contract with the Secretary and who may be a nonprofit or for-profit entity, a State or local governmental entity, a tenant (or group of tenants) or a resident council; a new contract under this paragraph may be provided pursuant to the loan management program under section 8(q)(2) of the United States Housing Act of 1937 or a contract through a public housing agency for project-based assistance under section 8(i) of such Act; and

(2) notwithstanding paragraph (1), the Secretary may acquire the qualified project by condemnation, under judicial process, pursuant to the first section of the Act of August 1, 1888 (Chapter 728, 25 Stat. 357; 40 U.S.C. 257).

(d) FAILURE TO SELL PROJECT.—

(1) TRANSFER OF PROJECT-BASED ASSISTANCE TO OTHER HOUSING.—If, after providing notice under subsection (b) for a qualified project and making reasonable efforts under subsection (c)(1) the Secretary fails to enter into a new contract for the project (and determines that action under subsection (c)(2) is not appropriate), the Secretary shall, subject only to the availability of budget authority and the absence of qualified requests for such assistance, provide project-based rental assistance for at least the same number of dwelling units in housing located within the same market area as the qualified project as were assisted under the expiring contract for the project. Tenants of the qualified project shall be offered initial occupancy in dwelling units assisted pursuant to this paragraph.

(2) CONSULTATION.—In providing project-based assistance under this subsection, the Secretary shall consult with nonprofit and for-profit entities, State and local governmental entities, and tenants and any resident council of the project, regarding acquisition and operation of housing to be assisted under this subsection.

(e) TECHNICAL ASSISTANCE.—Using a portion of any amounts in an account for residual receipts established for a qualified project and any amounts made available for new contracts under this subtitle, the Secretary shall (subject to the availability of such amounts) provide for technical assistance for tenants of the project (including any resident councils), nonprofit organizations, nonprofit developers of affordable housing, and State and local governmental agencies to the extent necessary to—

(1) develop the capacity and ability of such entities to carry out activities pursuant to subsections (c)(1) and (d); and

(2) assist such entities in preparing submissions, proposals, and such other documents and entering into contracts, agreements, and other arrangements involved in such activities.

(f) ASSISTANCE FOR PROJECT TENANTS.—

(1) RIGHT TO RECEIVE ASSISTANCE.—If, in the notice required by section 152(b), the owner indicates a preference not to enter into a new contract or the Secretary fails to enter into a new contract for the project, the Secretary shall provide assistance under paragraphs (2) and (3), subject only to the availability of budget authority, for each family who on the date of the expiration of the expiring contract resides in a dwelling unit in the project that is assisted under the expiring contract.

(2) TYPE OF ASSISTANCE.—Assistance required under this paragraph shall be provided, as determined by the Secretary, in one of the following forms:

(A) TENANT-BASED ASSISTANCE.—Assistance may be provided as tenant-based rental assistance under the provisions of section 8(b) of the United States Housing Act of 1937, as in effect on June 1, 1994, except that in providing such assistance the Secretary may increase the maximum monthly rental amount to the extent necessary to permit families remain in the dwelling unit they occupy in the qualified project or to obtain a comparable dwelling unit in the same market area.

(B) OCCUPANCY IN A UNIT RECEIVING PROJECT-BASED ASSISTANCE.—The family may be offered occupancy of an available dwelling unit that is assisted under a contract pursuant to subsection (c)(1) or (d).

(3) RELOCATION ASSISTANCE.—Assistance required under this section is assistance to the tenant of a qualified project in the amount of the total cost of relocating to a unit assisted under paragraph (2).

SEC. 158. CONTRACT EXTENSION.

Subject to the availability of budget authority, the Secretary may extend any expiring contract in force on the date of enactment of this Act, under identical terms and conditions, for not more than 24 months if the Secretary determines that such extension is necessary to protect tenants of the qualified project subject to the contract or the General Insurance Fund established under section 519 of the National Housing Act, except that—

(1) the authority under this section may be exercised only once for any contract or qualified project; and

(2) such authority may not be exercised for a qualified project for which the owner has provided timely notification under section 152(b) indicating an intention not to enter into a new contract for the project, unless the owner expressly agrees to the extension or the Secretary is taking action pursuant to section 152(e)(5) or 153(f).

SEC. 159. FINANCING AND RESTRUCTURING UNDERLYING DEBT AND TREATMENT OF RESIDUAL RECEIPTS.

(a) IN GENERAL.—Before entering into a new contract with a present or future owner of a qualified project, the Secretary shall encourage and, subject to the exceptions in subsection (d), may require—

(1) the restructuring of debt if the costs to the Federal Government of such restructuring are less than the costs incurred by the Federal Government under a contract for assistance under section 8 of the United States Housing Act of 1937 at the project's current debt level; and

(2) the refinancing of all debt that is financed at a rate 250 basis points in excess of prevailing market rates for debt with a similar maturity.

Any project refinancing or debt restructuring shall be accompanied by a corresponding reduction in the maximum monthly rents for the project.

(b) FHA-INSURED PROJECTS.—Subject to the exceptions set forth in subsection (d), the Secretary shall require an owner of a project subject to a mortgage insured by the Secretary which is to be assisted under a new contract to certify that any debt that meets the conditions of paragraph (1) or (2) of subsection (a) will be restructured or refinanced, as applicable.

(c) STATE-FINANCED PROJECTS.—The Secretary shall establish procedures to inform State agencies that insure or finance mortgages of the provisions of this subtitle, and shall encourage such agencies to refinance or otherwise restructure debt which meets the conditions of paragraph (1) or (2) of subsection (a).

(d) EXCEPTIONS.—The Secretary shall not require the refinancing or debt restructuring of any project, if—

(1) the project was financed through obligations issued by a State or local housing agency or the Government National Mortgage Association and such refinancing or debt restructuring is inconsistent with applicable law or agreements governing such financing; and

(2) in the Secretary's determination, the refinancing will not result in significant savings to the Department of Housing and Urban Development or to the mortgagor.

(e) DISCRETIONARY ASSISTANCE.—To facilitate renewal consistent with this section and section 156(b), the Secretary may, from amounts appropriated under this subtitle—

(1) pay the owner's nonmortgageable transaction costs;

(2) provide the State insuring agency or the mortgagee with an equitable share of the savings recaptured from the refinancing;

(3) apply a share of the savings recaptured from the refinancing to the project's reserves or capital expenses;

(4) bifurcate the note to leave a first note serviceable within rents reflective of the local market; and

(5) assist in financing a project's rehabilitation needs through the provision of up-front grants from—

(A) residual receipts distributed to the Secretary;

(B) the budget authority provided for increases in new contracts to pay for rehabilitation, if the Secretary determines that the provision of such grants in addition to rental assistance under section 8 of the United States Housing Act of 1937 would be cost-effective; and

(C) savings resulting from refinancing or otherwise restructuring the debt.

(f) RESIDUAL RECEIPTS.—

(1) IN GENERAL.—Residual receipts distributed to the Secretary shall be retained by the Secretary for use under this subtitle.

(2) EXPEDITED ACQUISITION.—The Secretary may expedite the acquisition of residual receipts by entering into agreements with owners of housing covered by an expiring contract to provide such owner with a share of the receipts, not to exceed 15 percent, only if the share will be applied to the project or to its reserves.

SEC. 160. RETENTION OF PROGRAM SAVINGS BY SECRETARY.

Any savings achieved through implementation of the provisions of this Act, except for such savings made available to State or local housing agencies pursuant to section 159, shall be retained by the Secretary to increase affordable housing opportunities, in such manner as may be determined by statute, or as may be determined by the Secretary.

SEC. 161. SUPPORTIVE SERVICES.

(a) PROVISION OF SERVICE COORDINATOR.—Each owner of qualified project or a project for which a new contract has been provided shall provide, to the extent amounts are available pursuant to subsection (b) or another provision of this subtitle, that the project is served (on a full- or part-time basis in a manner approved by the Secretary) by a service coordinator under section 671 of the Housing and Community Development Act of 1992. The preceding sentence shall apply only after the expiration of the 270-day period beginning on the date of the enactment of this Act.

(b) PAYMENT OF COSTS.—Notwithstanding any other provision of law, the salary and other costs associated with employing a service coordinator shall be considered an eligible project expense for a qualified project which may be fully funded under the expiring contract, as provided by the Secretary.

SEC. 162. DELEGATION OF AUTHORITY.

The Secretary may delegate the authority of the Secretary under this subtitle, as the Secretary considers appropriate, to officials of States and units of general local government, who may also act as contract administrators under applicable law.

SEC. 163. DEFINITIONS.

For purposes of this subtitle—

(1) the term "expiring contract" means any contract for assistance under section 8 of the United States Housing Act of 1937 pursuant to the authority referred to in paragraph (4)(A) of this subsection;

(2) the term "fair market rental" means the fair market rental established pursuant to the authority under—

(A) section 8(c)(1) of the United States Housing Act of 1937, as such section existed before the date of the enactment of this Act; or

(B) section 8(e) of the United States Housing Act of 1937, as in effect after the date of the enactment of this Act;

(3) the terms "low-income family" and "very low-income family" have the meanings given the terms in section 3 of the United States Housing Act of 1937;

(4) the term "maximum monthly rents" means, with respect to a new contract for a qualified project, the maximum monthly rent that the owner is entitled to receive for dwelling units in the project assisted under the new contract;

(5) the term "new contract" means—

(A) a contract pursuant to this subtitle to provide project-based assistance for a qualified project; and

(B) a contract pursuant to the provisions of subsection (d) or (f)(2)(B) of section 157 or section 153(b)(3);

(6) the term "owner" includes the current or subsequent owner or owners of a qualified project;

(7) the terms "qualified project" and "project" mean a multifamily housing project that—

(A) was constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as such section existed before November 30, 1983; and

(B) is assisted under an expiring contract;

(8) the term "resident council" means any democratically operated organization of tenants of a qualified project; and

(9) the term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 164. REGULATIONS.

The Secretary shall issue any final regulations necessary to carry out this subtitle, which shall take effect not later than 6 months after the date of the enactment of this Act. The regulations shall be issued after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

SEC. 165. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle for which amounts are not provided under section 5(c) of the United States Housing Act of 1937.

Subtitle E—Homeownership Programs

SEC. 171. HOPE HOMEOWNERSHIP PROGRAMS.

(a) AUTHORIZATION OF APPROPRIATIONS AND TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870) is amended by striking subsections (a) and (b) and inserting the following new subsection:

"(a) HOMEOWNERSHIP PROGRAMS.—There are authorized to be appropriated for grants under this title $100,000,000 for fiscal year 1995 and $100,000,000 for fiscal year 1996, which shall be available for activities authorized under subtitles B and C. Any amounts appropriated pursuant to this subsection shall remain available until expended.".

(b) HOPE II MATCHING REQUIREMENTS.—Section 423(c)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12873(c)) is amended by striking "33 percent" and inserting "25 percent".

(c) ELIGIBILITY UNDER HOPE III OF HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS.—Section 446(4) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12896(4)) is amended—

(1) by inserting "(A)" before "owned"; and

(2) by inserting before the period at the end the following: ", or (B) located on leased land owned by a community land trust (as such term is defined in section 233 of the HOME Investment Partnerships Act)".

SEC. 172. NATIONAL HOMEOWNERSHIP FUND.

Subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note) is amended to read as follows:

"Subtitle A—National Homeownership Fund

"SEC. 301. SHORT TITLE.

"This subtitle may be cited as the 'National Homeownership Fund Act'.

"SEC. 302. AUTHORITY.

"The Secretary of Housing and Urban Development may make grants under this subtitle to States (including State housing finance agencies), local housing finance agencies, and nonprofit housing intermediaries to provide assistance, in accordance with the provisions of this subtitle, for the acquisition of principal residences for first-time homebuyers (including homebuyers buying shares in limited equity cooperatives).

"SEC. 303. ELIGIBLE ASSISTANCE.

"A grantee may use amounts received under this subtitle only to provide assistance to first-time homebuyers in the following manners:

"(1) DOWNPAYMENT ASSISTANCE.—Assistance payments to provide amounts for the downpayment (including closing costs and other costs payable at the time of closing) on a mortgage for the homebuyer.

"(2) SECOND MORTGAGE ASSISTANCE.—Assistance payments to provide loans that have such terms for payment of interest and principal as may be determined by the grantee.

"(3) CAPITALIZATION OF REVOLVING LOAN FUNDS.—To establish revolving loan funds (or to make grants to public organizations or agencies to establish such funds) to provide homeownership assistance to eligible first-time homebuyers in accordance with the provisions of this subtitle. Any grantee under this subtitle (and any subgrantee of such a grantee) shall provide an equal amount of local investment for such revolving loan fund and any proceeds or repayments from loans made under this paragraph shall be returned to the revolving loan fund established under this paragraph to be used for purposes related to this section.

"(4) INTEREST RATE BUYDOWNS.—Assistance payments so that the rate of interest payable on a mortgage by the homebuyer does not exceed 6 percent.

"SEC. 304. ELIGIBILITY REQUIREMENTS.

"(a) HOMEBUYER.—Assistance may be provided only to homebuyers meeting the following requirements:

"(1) FIRST-TIME HOMEBUYER.—The homebuyer is an individual who—

"(A)(i) (and whose spouse) has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property with respect to which assistance payments are made under this subtitle;

"(ii) is a displaced homemaker who, except for owning a home with his or her spouse or residing in a home owned by the spouse, meets the requirements of clause (i); or

"(iii) is a single parent who, except for owning a home with his or her spouse or residing in a home owned by the spouse while married, meets the requirements of clause (i); and

"(B) meets the requirements of subparagraph (A)(i), (ii), or (iii), except for owning, as a principal residence, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

"(2) MAXIMUM INCOME OF HOMEBUYER.—The aggregate annual income of the homebuyer and the members of the family of the homebuyer residing with the homebuyer, for the 12-month period preceding the date of the application of the homebuyer for assistance under this subtitle, does not exceed 115 percent of the median income for a family of 4 persons (adjusted by family size) in the applicable metropolitan statistical area (or such other area that the Secretary determines for areas outside of metropolitan statistical areas). The Secretary shall provide for certification of such income for purposes of initial eligibility for assistance payments under this subtitle.

"(b) MORTGAGE.—Assistance may be provided only for mortgages meeting the following requirements:

"(1) PRINCIPAL RESIDENCE.—The property subject to the mortgage is a single-family residence or unit in a cooperative (including any manufactured home park owned by residents or owned by nonprofit organizations for future ownership by residents) or condominium, or a single family residence located on leased land owned by a community land trust, and is the principal residence of the homebuyer.

"(2) MAXIMUM MORTGAGE AMOUNT.—The principal obligation of the first mortgage and any second mortgage assistance provided under this subtitle does not exceed the principal amount that could be insured under section 203(b) of the National Housing Act with respect to a property having the same number of dwelling units.

"(c) MINIMUM DOWNPAYMENT.—For first-time homebuyers to receive downpayment assistance under section 303(a)(1), the homebuyer shall have paid not less than 1 percent of the cost of acquisition of the property (excluding any mortgage insurance premiums paid at the time the mortgage is insured), as such cost is estimated by the Secretary.

"SEC. 305. COUNSELING REQUIREMENTS.

"Each grantee under this subtitle shall ensure that each homebuyer receiving assistance under this subtitle from the grantee (or any subgrantee of such grantee) shall be provided prepurchase and postpurchase homeownership counseling from individuals certified by the Secretary under section 106(e) of the Housing and Urban Development Act of 1968.

"SEC. 306. ALLOCATION OF GRANT AMOUNTS.

"(a) IN GENERAL.—The Secretary may make a grant under this subtitle only to a State (including a State housing finance agency), local housing finance agency, or nonprofit housing intermediary that submits to the Secretary an application under this section that is approved by the Secretary. Applications shall be made in such form and in accordance with such procedures as the Secretary shall establish.

"(b) MINIMUM REQUIREMENTS.—An application under this section shall contain a plan that describes how the applicant will achieve the objectives of this subtitle. The application shall include—

"(1) a description of the geographic area, including the revitalization area included, to be covered by the program to provide assistance under this subtitle;

"(2) the characteristics of the households to be served by the program;

"(3) a description and evidence of the commitment of other public and private resources to be made available in the revitalization area and other areas in which homebuyers receive assistance under this subtitle;

"(4) a description of any secondary market and private mortgage insurance involvement and commitment in connection with assistance under this subtitle;

"(5) a description of how prepurchase and postpurchase counseling will be provided to homebuyers assisted under this subtitle;

"(6) a description of any restrictions on resale and profits;

"(7) a description of existing affordable housing programs and resources available to undertake rehabilitation of properties when needed;

"(8) a description of the process for award and disbursement of assistance to homebuyers; and

"(9) a description of the history of the applicant in undertaking similar projects.

"(c) SELECTION.—The Secretary shall allocate amounts available in any fiscal year for assistance under this subtitle to States (including State housing finance agencies), local housing finance agencies, or nonprofit housing intermediaries for homebuyers through a national competition in accordance with criteria established by the Secretary. The criteria shall include the extent to which the applicant has experience in providing homeownership opportunities for low- and moderate-income households.

"(d) TARGETING FOR REVITALIZATION AREAS.—Each grantee under this subtitle shall use not more than 50 percent of any amounts received under this subtitle for assistance under section 303(a) for homebuyers purchasing residences in revitalization areas using mortgages insured under section 203(b) of the National Housing Act.

"SEC. 307. REPORT.

"Not later than 18 months after the date of the issuance of final regulations pursuant to section 310, the Secretary shall submit to the Congress a report stating the amount of loans made in revitalization areas and in other areas, the amount of loans insured under the National Housing Act made in connection with assistance under this section and the amount of privately insured loans made in connection with such assistance, and an analysis of the effectiveness of such assistance in assisting first-time homebuyers.

"SEC. 308. DEFINITIONS.

"For purposes of this subtitle:

"(1) ASSISTANCE.—The term 'assistance' means—

"(A) any downpayment assistance provided under section 303(1);

"(B) any second mortgage loan provided under section 303(2);

"(C) any loan provided from a revolving fund established under section 303(3); and

"(D) any payment for buydown of an interest rate provided under section 303(4).

"(2) COMMUNITY LAND TRUST.—The term 'community land trust' has the meaning given the term in section 233 of the Cranston-Gonzalez National Affordable Housing Act.

"(3) DISPLACED HOMEMAKER.—The term 'displaced homemaker' means an individual who—

"(A) is an adult;

"(B) has not worked full-time, full-year in the labor force for a number of years, but has during such years, worked primarily without remuneration to care for the home and family; and

"(C) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"(4) REVITALIZATION AREA.—The term 'revitalization area' means—

"(A) an empowerment zone or enterprise community approved under Subchapter U of Chapter 1 of the Internal Revenue Code of 1986, or an equivalent State-approved enterprise zone; and

"(B) a neighborhood that, in the determination of the Secretary, is targeted by a unit of general local government for revitalization using coordinated affordable housing programs and enhanced supportive services.

"(5) NONPROFIT HOUSING INTERMEDIARY.—The term 'nonprofit housing intermediary' means a nonprofit organization that the Secretary determines has among its principal purposes activities described in clauses (1) and (2) of section 802(a) of the Housing and Community Development Act of 1974.

"(6) SINGLE PARENT.—The term 'single parent' means an individual who—

"(A) is unmarried or legally separated from a spouse; and

"(B)(i) has 1 or more minor children for whom the individual has custody or joint custody; or

"(ii) is pregnant.

"(7) SECRETARY.—The term 'Secretary' means the Secretary of Housing and Urban Development.

"(8) STATE.—The term 'State' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

"(9) STATE HOUSING FINANCE AGENCY.—The term 'State housing finance agency' has the meaning given the term in section 802(b) of the Housing and Community Development Act of 1974.

"(10) LOCAL HOUSING FINANCE AGENCY.—The term 'local housing finance agency' means a housing finance agency of any city, county, town, township, parish, village, or other general purpose subdivision of a State, or of any combination of such political subdivisions recognized by the Secretary, or any other agency or instrumentality of such an entity that carries out activities described in section 303.

"SEC. 309. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated for assistance under this subtitle $115,000,000 for fiscal year 1995 and $215,000,000 for fiscal year 1996. Any amount appropriated under this section shall remain available until expended.

"SEC. 310. REGULATIONS.

"Not later than 10 days after the date of the enactment of the Housing and Community Development Act of 1994, the Secretary shall issue an interim rule to implement this subtitle. The Secretary shall issue final regulations necessary to implement this subtitle not later than 90 days after issuance of such interim rule.".

SEC. 173. SECTION 235 MORTGAGE REFINANCING.

Section 235(r) of the National Housing Act (12 U.S.C. 1715z(r)) is amended—

(1) in paragraph (2)(C), by inserting after "refinanced" the following: ", plus the costs incurred in connection with the refinancing as described in paragraph (4)(B) to the extent that the amount for those costs is not otherwise included in the interest rate as permitted by subparagraph (E) or paid by the Secretary as authorized by paragraph (4)(B)";

(2) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by inserting after "otherwise)" the following: "and the mortgagee (with respect to the amount described in subparagraph (A))"; and

(B) in subparagraph (A), by inserting after "mortgagor" the following: "and the mortgagee"; and

(3) by amending paragraph (5) to read as follows:

"(5) The Secretary shall use amounts of budget authority recaptured from assistance payments contracts relating to mortgages that are being refinanced for assistance payments contracts with respect to mortgages insured under this subsection. The Secretary may also make such recaptured amounts available for incentives under paragraph (4)(A) and the costs incurred in connection with the refinancing under paragraph (4)(B). For purposes of subsection (c)(3)(A), the amount of recaptured budget authority that the Secretary commits for assistance payments contracts relating to mortgages insured under this subsection and for amounts paid under paragraph (4) shall not be construed as unused.".

SEC. 174. HOUSING COUNSELING FOR HOMEOWNERSHIP AND RENTAL HOUSING CHOICE.

(a) EXTENSIONS OF PROGRAMS.—

(1) EMERGENCY HOMEOWNERSHIP COUNSELING.—Section 106(c)(9) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9)) is amended by striking "September 30, 1994" and inserting "September 30, 1996".

(2) PREPURCHASE AND FORECLOSURE-PREVENTION COUNSELING DEMONSTRATION.—Section 106(d)(13) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(d)(13)) is amended by striking "fiscal year 1994" and inserting "fiscal year 1996".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x) is amended—

(1) in subsection (a), by striking paragraph (3)

(2) in subsection (c)—

(A) by striking paragraph (8); and

(B) by redesignating paragraph (9) (as amended by subsection (a)) as paragraph (8);

(3) in subsection (d)—

(A) by striking paragraph (12); and

(B) by redesignating paragraph (13) (as amended by subsection (a)) as paragraph (12);

(4) in subsection (f), by striking paragraph (7); and

(5) by adding at the end the following new subsection:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $62,000,000 for fiscal year 1995 and $65,000,000 for fiscal year 1996, of which amounts $30,000,000 shall be available in each such fiscal year to carry out subsection (c). Any amounts appropriated pursuant to this subsection shall remain available until expended.".

(c) OUTREACH.—Section 106(a) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(a)) is amended—

(1) in paragraph (1)—

(A) by striking "The" and inserting "ACTIVITIES.—The";

(B) in the matter preceding clause (i), by inserting "or consortia of organizations" after "organizations";

(C) in clause (iii), by striking "and" at the end;

(D) in clause (iv), by striking the period at the end and inserting a semicolon; and

(E) by inserting at the end the following new clauses:

"(v) the provision of outreach activities designed to improve the access of low- and moderate-income households to homeownership and sources of mortgage credit;

"(vi) the provision of counseling to applicants for and recipients of tenant-based assistance to enable such families to move to areas of mixed incomes; and

"(vii) counseling and advice to tenants and homeowners regarding understanding financial practices, matters, and transactions commonly engaged in by, or involving, tenants and homeowners, including activities and services provided by banks and other financial institutions, extension of credit, standard lending practices, checking accounts and check cashing, and savings accounts, which shall be made available in such manners and languages appropriate for low-income and disadvantaged families residing in the area in which the entity providing the counseling and advice is located.";

(2) in paragraph (2)—

(A) by striking "The" and inserting "ELIGIBLE HOMEOWNERS.—The"; and

(B) in the second sentence, by inserting "or consortia of organizations" after "organizations"; and

(3) by inserting after paragraph (2) the following new paragraphs:

"(3) HOMEOWNERSHIP COUNSELING.—The Secretary of Housing and Urban Development may contract with national, State, or community-based entities, and consortia of such entities, and local public or private organizations (including public housing agencies), to carry out activities under paragraph (1)(v). Contractors shall be selected on a competitive basis, in accordance with selection criteria determined by the Secretary. The contractors shall carry out activities prescribed by the Secretary, including activities such as—

"(A) assisting homebuyers by working with mortgage lending entities to make mortgage credit available to low- and moderate-income homebuyers;

"(B) leveraging Federal funds with other sources of funding to support activities under its counseling program, including leveraging private, community-based resources for the purpose of assisting prospective mortgagors achieve homeownership;

"(C) conducting outreach and marketing to prospective homebuyers, particularly homebuyers in targeted neighborhoods with a high proportion of low- and moderate-income and minority renter households;

"(D) coordinating a prepurchase homeownership strategy that includes linking other counseling providers and community-based organizations approved by the Secretary, assisting prospective homebuyers to repair credit, educating potential homebuyers on the requirements of homeownership, providing technical assistance, assisting in the packaging of mortgage loan applications, and matching a family's resources with appropriate government and private sector homeownership assistance programs; and

"(E) creating post-purchase counseling programs that include default-prevention counseling to assist homebuyers to retain their homes.

"(4) RENTAL COUNSELING.—The Secretary of Housing and Urban Development may contract with national, State, or community-based entities, and consortia of such entities, and local public or private organizations (including public housing agencies), to carry out activities under paragraph (1)(vi). Contractors shall be selected on a competitive basis, in accordance with selection criteria determined by the Secretary. The contractors shall carry out activities prescribed by the Secretary, including activities such as—

"(A) advising families on strategies for obtaining appropriate housing;

"(B) providing transportation assistance and other services to give families access to areas without high concentrations of persons living in poverty;

"(C) continuing advice and counseling to assist families after moving to areas without high concentrations of persons living in poverty; and

"(D) undertaking aggressive outreach to potential owners to expand the availability of housing in areas without high concentrations of persons living in poverty.

Each entity receiving assistance pursuant to this paragraph shall make counseling and assistance under this paragraph available to low-income families who are referred to the entity pursuant to section 8(s)(2) of the United States Housing Act of 1937, including counseling and assistance regarding housing opportunities in the area of jurisdiction of the public housing agency involved and assistance in obtaining new rental residences in areas within such jurisdiction not having high concentrations of persons living in poverty.".

(d) NOTIFICATION.—Section 106(c)(5)(C) of the Housing and Urban Development Act of 1968 is amended by adding at the end the following new flush sentence:

"Except as provided in clauses (i) and (ii), this subparagraph may not be construed to apply to any other loan for which the borrower is a veteran.".

Subtitle F—Other Programs

SEC. 181. COMMUNITY PARTNERSHIPS AGAINST CRIME.

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

"SEC. 5121. SHORT TITLE.

"This chapter may be cited as the 'Community Partnerships Against Crime Act of 1994'.

"SEC. 5122. PURPOSES.

"The purposes of this chapter are to—

"(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

"(2) substantially expand and enhance the Federal Government's commitment to eliminating crime in and around public housing and other federally assisted low-income housing;

"(3) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related;

"(4) encourage the involvement of a broad range of community-based groups and residents of neighboring housing that is owned or assisted by the Secretary in the development and implementation of anti-crime plans;

"(5) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving;

"(6) provide training, information services, and other technical assistance to program participants; and

"(7) establish a standardized assessment system to evaluate need among public housing agencies and to measure progress in reaching crime reduction goals.

"SEC. 5123. AUTHORITY TO MAKE GRANTS.

"The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) public housing agencies, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing. In designing the program for grants under this chapter, the Secretary shall consult with the Attorney General.".

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—

(A) in the matter preceding paragraph (1), by inserting "and around" after "used in";

(B) in paragraph (3), by inserting before the semicolon the following: ", including fencing, lighting, locking, and surveillance systems";

(C) in paragraph (4), by striking subparagraph (A) and inserting the following new subparagraph:

"(A) to investigate crime; and";

(D) in paragraph (6)—

(i) by striking "in and around public or other federally assisted low-income housing projects"; and

(ii) by striking "and" after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

"(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

"(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

"(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

"(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services.".

(2) OTHER PHA-OWNED HOUSING.—Section 5124(b) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(b)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking "drug-related crime in" and inserting "crime in and around"; and

(ii) by striking "paragraphs (1) through (7)" and inserting "paragraphs (1) through (10)"; and

(B) in paragraph (2), by striking "drug-related" and inserting "criminal".

(c) GRANT PROCEDURES.—Section 5125 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to read as follows:

"SEC. 5125. GRANT PROCEDURES.

"(a) PHA'S WITH 250 OR MORE UNITS.—

"(1) GRANTS.—In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following public housing agencies:

"(A) NEW APPLICANTS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and has—

"(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

"(ii) had such application and plan approved by the Secretary.

"(B) RENEWALS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and for which—

"(i) a grant was made under this chapter for the preceding Federal fiscal year;

"(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

"(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the requirements under subparagraphs (A) and (B) of paragraph (4).

"(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall describe, for the public housing agency submitting the plan—

"(A) the nature of the crime problem in public housing owned or operated by the public housing agency;

"(B) the building or buildings of the public housing agency affected by the crime problem;

"(C) the impact of the crime problem on residents of such building or buildings; and

"(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

"(3) AMOUNT.—In any fiscal year, the amount of the grant for a public housing agency receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such agency bears to the total number of dwelling units owned or operated by all public housing agencies that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

"(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency—

"(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

"(B) has a continuing capacity to carry out such plan in a timely manner.

"(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection as the Secretary determines appropriate for timely and orderly allocation and disbursement of amounts made available for grants under this subsection.

"(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this subsection, the Secretary shall notify the public housing agency submitting the application and plan of such approval or disapproval.

"(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an agency that the application and plan of the agency is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the agency, in writing, of the reasons for the disapproval, the actions that the agency could take to comply with the criteria for approval, and the deadlines for such actions.

"(8) FAILURE TO APPROVE OR DISAPPROVE.—If the Secretary fails to notify an agency of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an agency whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

"(b) PHA'S WITH FEWER THAN 250 UNITS AND OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—

"(1) APPLICATIONS AND PLANS.—To be eligible to receive a grant under this chapter, a public housing agency that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

"(2) GRANTS FOR PHA'S WITH FEWER THAN 250 UNITS.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to public housing agencies that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraph (4).

"(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

"(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

"(A) the extent of the crime problem in and around the housing for which the application is made;

"(B) the quality of the plan to address the crime problem in the housing for which the application is made;

"(C) the capability of the applicant to carry out the plan; and

"(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing and Community Development Act of 1994.

"(5) ADDITIONAL CRITERIA FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect—

"(A) relevant differences between the financial resources and other characteristics of public housing authorities and owners of federally assisted low-income housing; or

"(B) relevant differences between the problem of crime in public housing administered by such public housing agencies and the problem of crime in federally assisted low-income housing.".

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4), by striking "section" before "221(d)(4)";

(3) by redesignating paragraphs (3) and (4) (as so amended) as paragraphs (1) and (2), respectively; and

(4) by adding at the end the following new paragraph:

"(3) PUBLIC HOUSING AGENCY.—The term 'public housing agency' has the meaning given the term in section 3(b) of the United States Housing Act of 1937.".

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking "Cranston-Gonzalez National Affordable Housing Act" and inserting "Housing and Community Development Act of 1994".

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking "The Secretary" and inserting the following:

"(a) REPORTS BY GRANTEES.—The Secretary";

(2) by striking "drug-related crime in" and inserting "crime in and around";

(3) by striking "described in section 5125(a)" and inserting "for the grantee submitted under subsection (a) or (b) of section 5125, as applicable"; and

(4) by adding at the end the following new subsection:

"(b) REPORTS BY SECRETARY.—For each fiscal year in which the Secretary makes grants under this chapter, the Secretary shall submit a report to the Congress describing the progress achieved in crime deterrence and reduction in the public housing and federally assisted low-income housing for which such grant assistance has been provided. The report shall include any recommendations of the Secretary for changes in the program of assistance under this chapter.".

(g) TECHNICAL ASSISTANCE AND FUNDING.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new sections:

"SEC. 5130. TECHNICAL ASSISTANCE.

"(a) IN GENERAL.—To the extent amounts are made available under section 5131(c), the Secretary may provide training, information services, and other technical assistance to public housing agencies and other entities with respect to their participation in the program under this chapter, which shall include activities under subsection (b) of this section. Such technical assistance may be provided directly by the Secretary or indirectly pursuant to grants, contracts, or cooperative agreements.

"(b) USE.—The Secretary may use amounts available for use under this section—

"(1) to establish and operate the clearinghouse on drug abuse in public housing and the regional training program on drug abuse in public housing under sections 5143 and 5144 of this Act;

"(2) to obtain assistance in establishing and managing assessment and evaluation criteria and specifications and to obtain the opinions of experts in relevant fields; and

"(3) upon the request of a public housing agency, to assist the agency in evaluating the extent of the crime problem in any public housing administered by the agency and preparing a 5-year crime deterrence and reduction plan under section 5125(a) or an application and plan under section 5125(b)(1), which assistance may include providing personnel and funding to identify and secure local resources to assist in deterring and reducing crime.

"(c) PRIORITY.—In selecting entities to receive technical assistance under this section, the Secretary shall give priority to public housing agencies that have submitted applications and plans under section 5125 that the Secretary has determined do not meet the requirements for approval for assistance under this chapter.

"SEC. 5131. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this chapter $300,000,000 for fiscal year 1995 and $325,000,000 for fiscal year 1996. Any amount appropriated under this subsection shall remain available until expended.

"(b) ALLOCATION.—Of any amounts appropriated to carry out this chapter in any fiscal year that remain after reserving amounts for use under subsection (c)—

"(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to public housing agencies that own or operate 250 or more public housing dwelling units;

"(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to public housing agencies that own or operate fewer than 250 public housing dwelling units; and

"(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

"(c) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of any amount made available in fiscal years 1994 and 1995 to carry out this chapter, the Secretary shall use not more than $10,000,000 in each such fiscal year to provide technical assistance under section 5130.".

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME";

(2) by striking the item relating to section 5122 and inserting the following new item:

"Sec. 5122. Purposes.";

(3) by striking the item relating to section 5125 and inserting the following new item:

"Sec. 5125. Grant procedures.";

and

(4) by striking the item relating to section 5130 and inserting the following new items:

"Sec. 5130. Technical Assistance.

"Sec. 5131. Funding.".

SEC. 182. LOW-INCOME HOUSING PRESERVATION.

(a) ASSISTANCE AND INCENTIVES.—Section 234 of the Housing and Community Development Act of 1987 (12 U.S.C. 4124) is amended to read as follows:

"SEC. 234. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated for assistance and incentives authorized under this subtitle $400,000,000 for fiscal year 1995 and $450,000,000 for fiscal year 1996.

"(b) GRANTS.—Subject to approval in appropriation Acts, not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1995, and not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1996, shall be available for grants under section 221(d)(2).".

(b) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—The first sentence of section 257 of the Housing and Community Development Act of 1987 (12 U.S.C. 4147) is amended to read as follows: "The Secretary shall use not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1995, and not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1996, to carry out this subtitle.".

(c) REPEAL OF RENT LIMITATIONS.—The National Housing Act is amended—

(1) in section 221 (12 U.S.C. 1715l), by striking subsection (l).

(2) in section 236(f) (12 U.S.C. 1715z–1(f)), by striking paragraph (6).

(d) EQUITY LOANS.—Section 241(f)(2)(B)(ii) of the National Housing Act (12 U.S.C. 1715z–6(f)(2)(B)(ii)) is amended by inserting "(excluding the amount of rehabilitation costs required by the plan of action and related charges)" after "loan amount".

(e) TREATMENT AS ELIGIBLE HOUSING.—Notwithstanding section 229(1)(B) of the Housing and Community Development Act of 1987, the Northwest Towers project, located at 1170 West Erie, in Chicago, Illinois, shall be considered eligible low-income housing for purposes of title II of such Act, except that—

(1) the Secretary of Housing and Urban Development may approve a plan of action under such title for the project only if the plan of action (A) provides for transfer of the ownership of the project (i) in accordance with section 226 of such title to a resident council of the project, or (ii) in accordance with section 220 of such title to a community-based nonprofit organization approved by the residents of the project, and (B) otherwise complies with the requirements of such title; and

(2) the Secretary of Housing and Urban Development shall reduce the aggregate amount of any incentives otherwise to be provided under such title for the project by the amount of any outstanding indebtedness on the loan for the project under section 201 of the Housing and Community Development Amendments of 1978.

SEC. 183. FLEXIBLE SUBSIDY PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 201(j)(5) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(j)(5)) is amended to read as follows:

"(5) There are authorized to be appropriated for assistance under the flexible subsidy fund not to exceed $50,000,000 for fiscal year 1995 and $55,000,000 for fiscal year 1996.".

(b) ALLOCATION.—Section 201(n)(2)(B)(ii) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(n)(2)(B)(ii)) is amended by inserting "and federally assisted" before "mortgages".

(c) USE OF SECTION 236 RENTAL ASSISTANCE FUND AMOUNTS.—Section 236(f)(3) of the National Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by striking "September 30, 1994" and inserting "September 30, 1996".

SEC. 184. YOUTHBUILD PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870), as amended by the preceding provisions of this title, is amended by inserting after subsection (a) the following new subsection:

"(b) YOUTHBUILD PROGRAM.—There are authorized to be appropriated for activities under subtitle D $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996. Any amounts appropriated pursuant to this subsection shall remain available until expended.".

(b) ELIGIBLE ACTIVITIES.—Section 454(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c(b)) is amended—

(1) in paragraph (2), by striking "Acquisition" and all that follows through "facilities" and inserting "Acquisition, rehabilitation, or acquisition and rehabilitation of housing and related facilities, or construction of new housing and related facilities (including community facilities designed to serve the needs of low- and very low-income families),";

(2) by striking paragraph (6); and

(3) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(c) PRIORITY FOR APPLICANTS SUPPLEMENTING GRANT AMOUNTS.—Section 454(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c(e)) is amended to read as follows:

"(e) PRIORITY FOR APPLICANTS WHO OBTAIN PROGRAM FUNDS FROM OTHER SOURCES.—The Secretary shall give priority in the award of grants under this section to applicants to the extent that they have obtained amounts or in-kind contributions, or commitments to provide such

amounts or contributions, from Federal, State, local, or private sources other than assistance under this subtitle in an amount constituting not less than 10 percent of the total budget of the applicant for the Youthbuild program, that will be used for carrying out any aspect of the Youthbuild program of the applicant.".

(d) RESIDENTIAL RENTAL HOUSING REQUIREMENTS.—Section 455(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899d(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting after "subtitle" the following: "for costs such as construction, rehabilitation, and acquisition"; and

(2) in paragraph (1), by striking subparagraph (A) and inserting the following new subparagraph:

"(A) at least 80 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes that do not exceed 50 percent of the area median income, adjusted for family size; and".

(e) RESERVATION OF FUNDS.—Section 458(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899g(d)) is amended by inserting before the period at the end the following: "and not more than 1 percent of such available amounts to implement, pursuant to subsection (a) of this section, a management information system to gather and analyze information necessary to assess the quality and effects of the program under this subtitle and to monitor Youthbuild programs funded under this subtitle".

(f) PROGRAM NAME.—The heading for subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899 et seq.) is amended to read as follows:

"Subtitle D—Youthbuild".

SEC. 185. DISPOSITION OF HUD-OWNED MULTIFAMILY HOUSING PROPERTIES.

Section 203(g) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(g)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and";

(3) by redesignating paragraphs (2) and (3) (as so amended) as paragraphs (3) and (4), respectively; and

(4) by inserting after paragraph (1) the following new paragraph:

"(2) upon the conclusion of the first year of such 2-year period, the Secretary shall examine the income and rent of the family and of other very low-income families who are preexisting tenants of the project and the rents charged for units in the project and for similar units in the market area in which the project is located, to determine whether upon the expiration of such 2-year period the rent charged for the unit occupied by the family and for similar units in the same market area will be significantly more than the amount charged for the unit occupied by the family during such 2-year period;"; and

(5) by adding at the end the following new paragraph:

"(5) if the Secretary determines pursuant to paragraph (2) that, upon the expiration of the 2-year period, the family will not be able to rent a unit in the project or a similar unit in the market area in which the project is located without paying in rent significantly more than the amount charged for the unit occupied by the family during such 2-year period, the Secretary shall, to the extent budget authority is available, provide tenant-based assistance on behalf of the family under a contract under section 8 of the United States Housing Act of 1937 having a 5-year term.".

SEC. 186. GUIDELINES FOR SCREENING, ADMISSION, AND EVICTIONS IN PUBLIC AND ASSISTED HOUSING.

Not later than December 31, 1994, the Secretary of Housing and Urban Development shall issue guidelines for owners and managers of public and assisted housing with respect to screening applicants for occupancy in such housing, admissions to such housing, and evictions of residents of such housing who are users or former users of illegal drugs or who violate lease provisions because of alcohol use. The Secretary shall issue such guidelines based on the report to the Congress issued by the Public and Assisted Housing Occupancy Task Force on April 7, 1994, pursuant to section 643(a)(7) of the Housing and Community Development Act of 1992.

SEC. 187. METROPOLITAN AREA-WIDE STRATEGY DEMONSTRATION.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (in this section referred to as the "Secretary") shall carry out, through consortia of units of general local government, a demonstration program to make assisted housing available in 3 metropolitan areas on a metropolitan, area-wide basis.

(b) PURPOSE.—The demonstration program under this section shall be designed to determine the most effective manner to—

(1) affirmatively further fair housing and address the problem of racial segregation in metropolitan areas;

(2) achieve the goal of overcoming spatial separation and segregation of families by race, which shall include testing the effect of filling vacancies in assisted housing by use of a consolidated waiting list;

(3) enlist cooperation of units of general local government, public housing agencies, and private owners of assisted housing in achieving such goals;

(4) make public housing facilitate social and economic mobility;

(5) eliminate housing discrimination; and

(6) accomplish related objectives determined by the Secretary.

(c) ELIGIBILITY OF CONSORTIA.—The Secretary shall select the consortia of units of general local government to participate in the demonstration program on a competitive basis and make a grant to each consortia selected. The Secretary may select only consortia that demonstrate to the Secretary, as the Secretary shall require, that a sufficient number of units of general local government, public housing agencies, and private owners of assisted housing are committed to participate in the demonstration to make the demonstration feasible, which shall include commitment to comply with alternative program requirements specified by the Secretary.

(d) DURATION.—The demonstration program shall be carried out for a period of 3 years with respect to each site selected.

(e) WAIVERS.—The Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers if the Secretary finds that the waiver or alternative requirement (1) is necessary to facilitate the demonstration program, and (2) would not be inconsistent with the overall purpose of the statute or regulation affected. In no event may the Secretary waive, or specify alternative requirements for, statutory requirements related to nondiscrimination, fair housing, labor standards, or the environment, except that the Secretary may waive affirmative marketing requirements for participants in the demonstration program.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the costs related to regional planning, housing counseling, development of a model consolidated waiting list, and administration under the demonstration established by this section, such sums as may be necessary for each of fiscal years 1995 and 1996.

TITLE II—HOME INVESTMENT PARTNERSHIPS

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 205 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12724) is amended to read as follows:

"SEC. 205. AUTHORIZATION.

"There are authorized to be appropriated to carry out this title $1,775,000,000 for fiscal year 1995, and $2,000,000,000 for fiscal year 1996, of which—

"(1) not more than $25,000,000 for fiscal year 1995, and $25,000,000 for fiscal year 1996, shall be for community housing partnership activities authorized under section 233; and

"(2) not more than $22,000,000 for fiscal year 1995, and $22,000,000 for fiscal year 1996, shall be for activities in support of State and local housing strategies authorized under subtitle C.".

(b) NOTICE OF FUNDING AVAILABILITY.—For each of fiscal years 1995 and 1996, the Secretary shall cause to be published in the Federal Register notice of the availability of any amounts made available under section 205(1) of the Cranston-Gonzalez National Affordable Housing Act (as amended by subsection (a)) that are available for community housing partnership activities authorized under section 233. Each such notice shall be published not later than the expiration of the 90-day period beginning on the date that amounts are appropriated for each of such fiscal years to carry out the program under title II of the Cranston-Gonzalez National Affordable Housing Act.

SEC. 202. ELIGIBLE USES OF INVESTMENT.

Section 212(a)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)(1)) is amended by striking "financing costs" and inserting "costs of financing (including credit enhancements, loan guarantees, and debt service reserves)".

SEC. 203. QUALIFICATION AS AFFORDABLE RENTAL HOUSING.

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended—

(1) in paragraph (1)(A), by striking "bears rents not greater than" and inserting "is occupied by tenants who pay as rent";

(2) in paragraph (3), by inserting after the period at the end of the first sentence the following new sentence: "A tenant occupying a rental unit assisted with amounts provided under this title shall be considered to be a very low-income family until the household's income increases to more than 140 percent of the applicable income limitation under paragraph (1)(B)."; and

(3) by adding at the end the following new paragraph:

"(6) RENTAL SUBSIDIES.—Notwithstanding paragraph (1), housing shall not be considered to fail to qualify as affordable housing under this title because it includes units for which—

"(A) payments are made under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program; and

"(B) because of increases in the income of tenants of the housing, the rent paid by the tenants under the assistance program with respect to such unit exceeds 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area.".

SEC. 204. REPAYMENT OF INVESTMENT.

Section 219 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12749) is amended by adding at the end the following new subsection:

"(d) REPAYMENT OF MATCHING AMOUNTS.—Amounts provided by a participating jurisdiction pursuant to section 220 for housing not assisted under this title shall be recognized for

purposes of section 220(a), notwithstanding that such amounts are not repaid to the jurisdiction's HOME Investment Trust Fund, if such amounts are drawn from an affordable housing program operated by the jurisdiction, repaid to the program, and available for use only for the program or for providing housing that qualifies as affordable housing.''.

SEC. 205. MATCHING REQUIREMENTS.

Section 220 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12750) is amended—

(1) in the first sentence of subsection (a), by inserting ''the participating jurisdiction certifies'' before ''qualifies''; and

(2) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''or'';

(B) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following new subparagraph:

''(C) is made with respect to housing that is substantially equivalent to housing that qualifies as affordable housing under section 215.''.

SEC. 206. SUPPORT FOR STATE AND LOCAL HOUSING STRATEGIES.

Subtitle C of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12781 et seq.) is amended by adding at the end the following new section:

''SEC. 246. STRATEGIC PLANNING AND URBAN DESIGN.

''The Secretary may use amounts available under this subtitle to provide grants to States, units of general local government, and metropolitan, non-metropolitan, and regional planning agencies, for the following activities:

''(1) Urban design and the development of public amenities in low-income neighborhoods that serve as a catalyst for the renewal of the neighborhood.

''(2) Development and implementation of comprehensive plans that focus on local and metropolitan strategies which create sustainable community development at the neighborhood, city, and metropolitan level.

''(3) Expanding economic opportunities for low- and moderate-income families through areawide planning approaches that provide educational and employment opportunities for such persons.

''(4) Coordinated efforts that stimulate fair housing, further the deconcentration of the poor and minorities, reduce the isolation of income groups within communities, remove barriers to affordable housing development, and expand housing opportunities for low- and moderate-income families.

''(5) The conservation of important historic, visual, and cultural features.

''(6) The development and implementation of comprehensive approaches that integrate poorer, inner-city neighborhoods into the greater metropolitan region.

''(7) Any other activities the Secretary determines will further the purposes of this section.''.

SEC. 207. LABOR REQUIREMENTS.

Section 286(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12836(b)) is amended by adding at the end the following new sentence: ''Subsection (a) shall not apply in the case of housing for which a site is acquired, but which is not constructed, using funds made available under this subtitle.''.

TITLE III—SUPPORTIVE HOUSING PROGRAMS

SEC. 301. FUNDING FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND FOR PERSONS WITH DISABILITIES.

Section 601 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3802) is amended by striking subsection (a) and inserting the following new subsection:

''(a) AGGREGATE FUNDING.—There are authorized to be appropriated for the purpose of providing assistance in accordance with section 202 of the Housing Act of 1959 and section 811 of the Cranston-Gonzalez National Affordable Housing Act, $1,948,000,000 for fiscal year 1995 and $1,954,000,000 for fiscal year 1996.''.

SEC. 302. SUPPORTIVE HOUSING FOR THE ELDERLY.

(a) ELDER COTTAGE HOUSING UNITS.—Section 202(b) of the Housing Act of 1959 (12 U.S.C. 1701q(b)) is amended by inserting after the second sentence the following new sentence: ''Such assistance may also be used to finance the acquisition and installation of elder cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the elderly in accordance with this section.''.

(b) DEFINITION OF ''FRAIL ELDERLY''.—Section 202(k)(3) of the Housing Act of 1959 (12 U.S.C. 1701q(k)(3)) is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

(c) REPEAL OF DEMONSTRATION.—Section 806 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is hereby repealed.

SEC. 303. SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.

(a) PHA'S AS ELIGIBLE SPONSORS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in the first sentence of subsection (f), by inserting ''and public housing agencies'' after ''private nonprofit organizations''; and

(2) in subsection (k)—

(A) in paragraph (5), by striking ''private nonprofit organization'' and inserting ''eligible sponsor''; and

(B) by adding at the end the following new paragraph:

''(10) The term 'eligible sponsor' means—

''(A) in the case of capital advances under subsection (b)(2) and project rental assistance under subsections (b)(2) and (3)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only in the case of a jurisdiction for which the Secretary determines that, during the 3-year period ending upon the date of the application of the agency for assistance under subsection (b)(2) or (3)—

''(I) no private nonprofit organization has submitted an application under subsection (f) for assistance for a project located in such area; and

''(II) no private nonprofit organization has had such an application approved for a project located in such area; and

''(B) in the case of tenant-based rental assistance under subsection (b)(1)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only to the extent that such assistance is used for providing assistance in accordance with an allocation plan for the agency under section 7(f) of the United States Housing Act of 1937.''.

(b) RENTAL ASSISTANCE FOR EXISTING BUILDINGS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subsection (d)(2), by adding at the end the following new sentence: ''The Secretary may enter into contracts with private, nonprofit organizations to provide project rental assistance for supportive housing for persons with disabilities, regardless of whether the housing is developed with capital advances under this section.'';

(2) in subsection (e)(1), by inserting ''with capital advances'' after ''assisted'';

(3) by striking the first 2 sentences of subsection (e)(2) and inserting the following new sentences: ''The initial term of a contract entered into under subsection (d)(2) shall be 240 months for housing developed with a capital advance, and shall be not more than 60 months for housing not developed with a capital advance. The Secretary shall, to the extent approved in appropriation Acts, extend any expiring contracts for a term of not less than 60 months.'';

(4) in subsection (g)(1), by inserting ''(if applicable)'' after ''develop'';

(5) in subsections (g)(3) and (g)(5), by inserting ''design or'' before ''proposed'' each place it appears;

(6) in subsection (j), by striking paragraph (3) and inserting the following new paragraph:

''(3) SITE CONTROL.—

''(A) CAPITAL ADVANCES.—In the case of housing to be assisted with capital advances under this section, an applicant may obtain ownership or control of a suitable site different from the site specified in the initial application. If an applicant fails to obtain ownership or control of the site within 1 year after notification of an award for assistance, the assistance shall be recaptured and reallocated.

''(B) PROJECT RENTAL ASSISTANCE.—In the case of housing to be assisted only with project rental assistance, the applicant shall have ownership or control of a suitable site at the time of application. The Secretary may approve a change in site at any time from the date the application is submitted to the expiration date of the rental assistance contract.'';

(7) in subsection (j)(4), by striking ''The'' and inserting the following: ''In the case of housing assisted with capital advances under this section, the'';

(8) in the second sentence of subsection (k)(1), by striking ''the development of'';

(9) in subsection (k)(5), by inserting before the period at the end the following: '', or that receives rental assistance under this section to operate a project for supportive housing for persons with disabilities''; and

(10) in subsection (m)(3), by striking ''(1)'' and inserting ''(2)''.

(c) AUTHORITY TO PROVIDE ASSISTANCE.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) by striking subsection (b) and inserting the following new subsection:

''(b) GENERAL AUTHORITY.—The Secretary may provide assistance to eligible sponsors to expand the supply of supportive housing for persons with disabilities. Such assistance shall be provided as—

''(1) tenant-based rental assistance on behalf of eligible persons with disabilities, in accordance with subsection (d)(4);

''(2) capital advances in accordance with subsection (d)(1), together with contracts for project rental assistance in accordance with subsection (d)(2); or

''(3) contracts for project rental assistance in accordance with subsection (d)(2).'';

(2) in subsection (d)(1), by adding at the end the following new sentences: ''Capital advances may be used to finance the acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or moderate or substantial rehabilitation of housing, including the acquisition from the Resolution Trust Corporation, to be used as supportive housing for persons with disabilities and may include real property acquisition, site improvement, conversion, demolition, relocation, and other expenses that the Secretary determines are necessary to expand the

supply of supportive housing for persons with disabilities. Such assistance may also be used to finance the acquisition and installation of cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the persons with disabilities in accordance with this section.";

(3) in subsections (d)(3), (e)(1), and (f), by inserting "or (3)" after "subsection (b)(2)" each place it appears; and

(4) by striking paragraph (4) of subsection (d) and inserting the following new paragraph:

"(4) TENANT-BASED RENTAL ASSISTANCE.—

"(A) ADMINISTRATION.—Tenant-based rental assistance that is provided under subsection (b)(1) shall be administered under the same rules governing rental assistance made available under section 8 of the United States Housing Act of 1937.

"(B) PUBLIC HOUSING AGENCIES.—A public housing agency may provide tenant-based rental assistance under subsection (b)(1) only if the public housing agency has submitted, and had approved, an allocation plan under section 7(f) of the United States Housing Act of 1937 and any such assistance made available to a public housing agency shall be provided by the agency in accordance with such allocation plan. In determining the amount of assistance provided under subsection (b)(1) for a public housing agency, the Secretary shall consider the needs of the agency as described in the allocation plan.".

(d) TECHNICAL CHANGES.—Section 811(k)(6) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking subparagraph (A) and inserting the following new subparagraph:

"(A) that has received tax-exempt status under section 501(c)(3) or (4) of the Internal Revenue Code of 1986;".

SEC. 304. REVISED CONGREGATE SERVICES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 802(n)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(n)(1)) is amended by striking the matter preceding subparagraph (A) and inserting the following:

"(1) AUTHORIZATION AND USE.—There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1995, and $26,000,000 for fiscal year 1996, of which not more than—".

(b) MEAL FEES AND MATCHING AMOUNTS.—Section 802 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011) is amended—

(1) in subparagraph (A) of subsection (d)(7), by striking "The fees for meals shall be in the following amounts:" and all that follows through the end of the subparagraph; and

(2) in subsection (i)(1)—

(A) in subparagraph (A)(i), by striking "50 percent" and inserting "25 percent";

(B) in subparagraph (A)(ii), by striking "40 percent" and inserting "65 percent"; and

(C) in subparagraph (C), by striking "10 percent" and inserting "25 percent".

(c) DEFINITION OF "FRAIL ELDERLY".—Section 802(k)(8) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: "The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.".

SEC. 305. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.

(a) SECTION 8 ASSISTANCE.—The first sentence of section 803(j) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(j)) is amended to read as follows: "The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8 of such Act is authorized to be increased by $25,000,000 on or after October 1, 1994, and by $25,000,000 on or after October 1, 1995.".

(b) SUPPORTIVE SERVICES AUTHORIZATION.—The first sentence of section 803(k) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(k)) is amended to read as follows: "There are authorized to be appropriated for the Secretary to carry out the responsibilities for supportive services under the demonstrations under this section $7,000,000 to become available in fiscal year 1995, and $7,000,000 to become available in fiscal year 1996.".

(c) SUPPORTIVE SERVICES CONTRIBUTIONS.—Section 803(c)(1) of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subparagraph (A), by striking "40 percent" and inserting "65 percent"; and

(2) in subparagraph (B), by striking "50 percent" and inserting "25 percent".

(d) DEFINITION OF "FRAIL ELDERLY".—Section 803(g)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: "The term 'frail elderly person' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.".

(e) AMENDMENT TO HEADING.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended by striking the section designation and heading and inserting the following:

"SEC. 803. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.".

SEC. 306. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 863 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12912) is amended to read as follows:

"SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subtitle $212,000,000 for fiscal year 1995 and $225,000,000 for fiscal year 1996.".

(b) TECHNICAL ASSISTANCE.—Section 854(c)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12903(c)(3)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking "and" at the end;

(B) in clause (ii), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following new clause:

"(iii) nonprofit organizations that provide technical assistance on a national, regional, or State-wide basis to nonprofit organizations carrying out eligible activities under section 855 for eligible persons, to provide such technical assistance, except that not more than 2 percent of the amounts available in any fiscal year for allocation under this paragraph shall be used as provided in this clause."; and

(2) in subparagraph (B), by striking "this paragraph" and inserting "clauses (i) and (ii) of subparagraph (A)".

(c) COOPERATION.—

(1) IN GENERAL.—Section 856(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12905(c)) is amended by striking "The recipient" and all that follows and inserting the following: "The recipient shall establish and implement a process for ensuring coordination and community input in planning for and providing services assisted with amounts provided under this subtitle. The planning process shall include consultation and coordination with the agencies of the relevant State and local governments responsible for services for eligible persons in the area served by the applicant and with other public and private organizations and agencies providing services for such eligible persons (including individuals with human immunodeficiency virus disease), including community-based and AIDS service organizations, providers of social services, providers of mental health care, providers of substance abuse treatment services, nonprofit providers of housing for eligible persons, and affected communities.".

(2) APPLICATION.—Section 854(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12903(d)) is amended—

(A) in paragraph (5), by striking "and" at the end;

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following new paragraph:

"(6) a description of the activities to be undertaken in fulfilling the requirements under section 856(c); and".

(d) ADMINISTRATIVE EXPENSES.—Section 856(g)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12905(g)(2)) is amended—

(1) by striking "title" and inserting "subtitle"; and

(2) by striking ", including the costs of staff necessary to carry out eligible activities".

SEC. 307. SERVICE COORDINATORS.

(a) PUBLIC HOUSING.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended in subsection (a)(1)(B)(ii)—

(1) in the 1st sentence, by striking "Annual" and all that follows through "such project," and inserting "To the extent amounts are made available pursuant to section 5(c) for carrying out this clause, the Secretary may increase the annual contributions provided under this section to any public housing agency for any project to provide"; and

(2) by striking the last 2 sentences.

(b) OTHER FEDERALLY ASSISTED MULTIFAMILY HOUSING.—Section 676(c) of the Housing and Community Development Act of 1992 (42 U.S.C. 13632(c)) is amended to read as follows:

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 1995 and 1996.".

TITLE IV—MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

Subtitle A—Mortgage Insurance and Loan Guarantee Programs

SEC. 401. LIMITATION ON INSURANCE AUTHORITY.

Section 531(b) of the National Housing Act (12 U.S.C. 1735f–9(b)) is amended to read as follows:

"(b) Notwithstanding any other provision of law and subject only to the absence of qualified requests for insurance, to the authority provided in this Act, and to the limitation in subsection (a), the Secretary shall enter into commitments to insure mortgages under this Act with an aggregate principal amount of $105,000,000,000 during fiscal year 1995 and $91,000,000,000 during fiscal year 1996.".

SEC. 402. FEDERAL HOUSING ADMINISTRATION ADVISORY BOARD.

Section 202(b)(11) of the National Housing Act (12 U.S.C. 1708(b)(11)) is amended by striking

"January 1, 1995." and inserting "January 1, 1997.".

SEC. 403. MAXIMUM MORTGAGE AMOUNT CEILING FOR SINGLE FAMILY MORTGAGES.

Subparagraph (A) of the first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)) is amended by striking clause (ii) and inserting the following new clause:

"(ii) 85 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as adjusted annually under such section) for a residence of the applicable size;".

SEC. 404. MAXIMUM MORTGAGE AMOUNT FLOOR FOR SINGLE FAMILY MORTGAGE INSURANCE.

Subparagraph (A) of the first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)) is amended by striking "the dollar amount limitation in effect under this section for the area on May 12, 1992" and inserting the following: "50 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as adjusted annually under such section) for a residence of the applicable size".

SEC. 405. ELIMINATION OF RESTRICTIONS REGARDING NEW CONSTRUCTION.

(a) IN GENERAL.—Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended, in the matter following subparagraph (B)—

(1) in the 1st undesignated paragraph, by striking "Notwithstanding any other provision of this section," and all that follows through "beginning of construction."; and

(2) by striking the 2d undesignated paragraph (relating to mortgage insurance amounts for residences having solar energy systems).

(b) REPEAL OF AUTHORITY TO EXPEND AMOUNTS FROM INSURANCE FUND TO CORRECT SUBSTANTIAL DEFECTS.—Section 518 of the National Housing Act (12 U.S.C. 1735b) is hereby repealed.

SEC. 406. AUTHORITY TO USE AMOUNTS BORROWED FROM FAMILY MEMBERS FOR DOWNPAYMENTS.

(a) IN GENERAL.—Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by inserting before the period at the end the following: ": Provided further, That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage".

(b) DEFINITION OF FAMILY MEMBER.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsections:

"(e) The term 'family member' means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor's spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

"(f) The term 'child' means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.".

SEC. 407. INDEMNIFICATION FOR MULTIFAMILY HOUSING PROJECT MANAGERS.

Section 207(l) of the National Housing Act (12 U.S.C. 1713(l)) is amended by inserting before the period at the end the following: ": Provided further, That, for properties acquired by the Secretary under this section and for properties secured by any mortgage assigned and transferred to or held by the Secretary, the Secretary may indemnify management contractors against claims by third persons for death, bodily injury, or loss of or damage to property on such terms as the Secretary determines appropriate".

SEC. 408. EXTENSION OF MULTIFAMILY HOUSING MORTGAGE AUCTION PROVISIONS.

The first sentence of section 221(g)(4)(C)(viii) of the National Housing Act (12 U.S.C. 1715l(g)(4)(C)(viii)) is amended by striking "September 30, 1995" and inserting "December 31, 2005".

SEC. 409. STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES.

(a) IN GENERAL.—Section 223(a) of the National Housing Act (12 U.S.C. 1715n) is amended—

(1) in paragraph (7), by striking the colon preceding "Provided further," and all that follows through "and the mortgagee";

(2) by redesignating paragraph (8) as paragraph (9);

(3) by inserting after paragraph (7) the following new paragraph:

"(8) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the Secretary may prescribe, covering property on which there is located a 1- to 4-family residence, or a 1-family unit in a condominium project, which mortgage was formerly insured under this Act and subsequently assigned to the Secretary: Provided, That the mortgagor has not previously refinanced a mortgage pursuant to this paragraph: Provided further, That the mortgagor has made all payments due under the note secured by the existing mortgage and all payments due under the note for at least the previous 6 months, or the mortgagor is under a forbearance agreement and has made all payments due under the note secured by the existing mortgage for at least the previous 6 months: Provided further, That the principal amount of the refinancing mortgage may not exceed the outstanding principal balance of the existing mortgage by more than additional amounts owed by the mortgagor due to the delinquency and to the receipt of assignment assistance under section 230: Provided further, That the monthly payment due under the refinancing mortgage may not exceed the monthly payment due under the existing mortgage: Provided further, That the refinancing mortgage may have a term not more than 12 years in excess of the unexpired term of the assigned mortgage: Provided further, That the refinancing mortgage may be insured under section 203(b) or 221(d)(2) of this Act, at the option of the mortgagee, or under section 234(c) of this Act in the case of a condominium: Provided further, That a refinancing mortgage insured under section 221(d)(2) shall involve a principal obligation in an amount not to exceed 50 percent of the applicable dollar limitation for a 1- to 4-family residence under section 203(b)(2): Provided further, That the authority under this paragraph to refinance a mortgage shall terminate 30 months after the date of enactment of this Act: Provided further, That the total number of mortgages refinanced under this paragraph may not exceed 20,000; or"; and

(4) by adding at the end the following new flush material:

"A mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity and a principal obligation not in excess of the maximums prescribed under the applicable section or title of this Act, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 percent of the appraised value of the mortgage property, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee.".

(b) IMPLEMENTATION.—The Secretary of Housing and Urban Development may implement the authority to refinance a mortgage held by the Secretary under section 223(a)(8) of the National Housing Act, as added by the amendment made by subsection (a)(3) of this section, by notice published in the Federal Register setting forth such requirements as may be necessary.

SEC. 410. HOME EQUITY CONVERSION MORTGAGES FOR ELDERLY HOMEOWNERS.

(a) EXTENSION OF PROGRAM.—The first sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)) is amended by striking "September 30, 1995" and inserting "September 30, 2000".

(b) ELIGIBLE RESIDENCES.—Section 255(d)(3) of the National Housing Act (12 U.S.C. 1715z-20(d)(3)) is amended to read as follows:

"(3) be secured by a dwelling that is designed principally for a 1- to 4-family residence in which the mortgagor occupies 1 of the units;".

(c) EXPANSION OF PROGRAM.—The second sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)) is amended by striking "25,000" and inserting "50,000".

(d) REPORTS.—Section 255(k) of the National Housing Act is amended by adding at the end the following new sentences: "Each biennial report shall also include the results of a survey conducted during the period since the most recent report under this subsection to determine (A) the financial and other needs of elderly homeowners that cause such homeowners to consider obtaining home equity conversion mortgages, and (B) the extent of consumer satisfaction regarding the program under this section and counseling provided pursuant to the requirements of this section. In conducting the survey, the Secretary shall consult a representative sample of mortgagors of mortgages insured under this section and of elderly homeowners who have expressed interest in obtaining, but did not obtain, such mortgages.".

(e) AVOIDANCE OF PREEMPTION OF STATE LAW.—Section 255(b)(3) of the National Housing Act is amended—

(1) in clause (B), by striking ", notwithstanding any State constitution, law, or regulation"; and

(2) by adding at the end the following new sentence: "Notwithstanding any other provision of this section, the Secretary may not provide insurance for a home equity conversion mortgage in the State of Texas if under the State constitution, or a law or regulation of such State, such mortgages are prohibited or foreclosure or forced sale of the property subject to such a mortgage is prohibited.".

SEC. 411. SINGLE FAMILY RISK-SHARING MORTGAGE INSURANCE PROGRAM.

(a) IN GENERAL.—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

"SINGLE FAMILY RISK-SHARING WITH STATE AND LOCAL AGENCIES

"SEC. 256. (a) PURPOSES.—The purposes of the program under this section are (1) to increase the availability of single family mortgage financing in areas where there is need for mortgage insurance under this Act that cannot be met due to particularly high average median house prices in the area, and (2) to foster arrangements with State and local agencies to share the risk of mortgage insurance.

"(b) AUTHORITY.—Notwithstanding any other provision of this Act inconsistent with this section, the Secretary may insure and make commitments to insure under this section mortgages on single family properties under risk-sharing mortgage insurance programs established with 1 or more States or agencies. Under such programs, the Secretary shall insure a portion of the mortgage, and the State or local agency shall insure the remainder or (at the discretion of the agency) a portion of the remainder and provide for private mortgage insurance companies to insure any portion of the remainder not insured by the agency. The portion of the mortgage insured under this section by the Secretary and the State or local agency, in the aggregate, may not exceed 35 percent of the outstanding principal obligation of the mortgage (and such fees, interest, and other expenses determined by the Secretary to be appropriate).

"(c) ELIGIBLE MORTGAGES.—The Secretary may insure under this section, and make commitments to insure under this section, only mortgages that—

"(1) are executed—

"(A) in connection with the acquisition of a single family property; or

"(B) for the refinancing of a mortgage that was previously insured under this section; and

"(2) involve a property located in an area—

"(A) for which the amount under clause (ii) of section 203(b)(2)(A) is less than the amount determined under clause (i) of such section for a residence of the applicable size; and

"(B) that has a State agency that—

"(i) is fully authorized under State and local laws and is adequately capitalized, in the determination of the Secretary, to carry out this section; and

"(ii)(I) carries the designation of 'top tier' or its equivalent, as evaluated by Standard and Poors or any other nationally recognized rating agency; or

"(II) receives a rating of 'A' for its general obligation bonds from a nationally recognized rating agency.

"(d) APPLICATIONS.—

"(1) APPROVAL.—The Secretary may approve an application submitted by a State or local agency to establish a risk-sharing program under this section, only if the Secretary determines that the State or local agency has demonstrated that—

"(A) it has the legal authority under State law and, where applicable, local law, to participate in the program under this section;

"(B) it has carried out, or has the potential to carry out, a financially sound, efficient, and effective mortgage insurance program; and

"(C) it has the ongoing administrative and financial capacity necessary to carry out a program under this section.

"(2) CANCELLATION OF APPROVAL.—The Secretary may cancel approval of a State or local agency under this section for a violation of requirements and procedures under the risk-sharing agreement between the State or local agency and the Secretary or for other good cause, by giving notice to the State or local agency. The cancellation shall be effective upon receipt of the notice by the agency or at a later date specified by the Secretary. A decision by the Secretary to cancel approval shall be final and conclusive and shall not be subject to judicial review.

"(e) DELEGATION OF AUTHORITY TO INSURE TO STATE AND LOCAL AGENCIES.—Pursuant to a risk-sharing agreement with a State or local agency, the Secretary shall delegate the authority to insure and make commitments to insure the portion of mortgages to be insured by the Secretary under this section to the State or local agency. The risk-sharing agreement shall contain such other matters as the Secretary and the State or local agency agree.

"(f) UNDERWRITING STANDARDS AND LOAN TERMS AND CONDITIONS.—The State or local agency shall adopt underwriting standards and loan terms and conditions for purposes of underwriting loans to be insured under this section. Such standards shall be at least as stringent as the standards pursuant to this Act for mortgages insured under section 203 and shall be subject to review and approval by the Secretary.

"(g) MORTGAGE INSURANCE PREMIUMS.—

"(1) REQUIREMENT.—The State or local agency shall require the payment of mortgage insurance premiums by mortgagors.

"(2) SHARES.—The Secretary shall establish policies and procedures for the sharing of premiums between the Secretary and the State or local agency, based on the relative risk to, and administrative costs of, the Secretary and the State or local agency. The share paid to the Secretary shall not be less than an amount necessary to cover the risk to, and administrative costs of, the Secretary.

"(h) LIMITATIONS ON PRINCIPAL MORTGAGE AMOUNT.—

"(1) INSURED PORTION.—The portion of the mortgage insured under this section by the Secretary may not exceed an amount equal to the lesser of (A) 80 percent of the appraised value of the property, or (B) the maximum amount the Secretary may insure under section 203(b) of this Act for the area (but not including any amount for a mortgage insurance premium).

"(2) TOTAL PRINCIPAL AMOUNT.—The total principal amount of a mortgage insured under this section by the Secretary and the State or local agency (A) shall exceed the maximum amount the Secretary may insure under subparagraph (A) of the first sentence of section 203(b)(2) for the area, and (B) may not exceed the conforming loan limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size, as adjusted annually.

"(3) LOAN-TO-VALUE RATIO.—The principal obligation of a mortgage may not exceed an amount determined in accordance with subparagraph (B) of the first sentence of section 203(b)(2) plus the mortgage insurance premium.

"(4) REFINANCING MORTGAGES.—Notwithstanding paragraph (2)(A) or (3), in the case of refinancing of an existing mortgage that was previously insured under this section, the principal obligation of a refinancing mortgage may not exceed the outstanding principal balance of the existing mortgage plus any mortgage insurance premium.

"(i) INSURANCE CLAIMS.—

"(1) PROCEDURE.—In the case of a default and foreclosure of a mortgage insured under this section, the mortgagee may file a claim with the State or local agency for insurance benefits in accordance with requirements established by the State or local agency and approved by the Secretary. The agency shall pay the full amount of the claim owed to the mortgagee. If the loss on the insured mortgage exceeds the amount of insurance by the agency, the Secretary shall reimburse the agency for the difference.

"(2) MUTUAL MORTGAGE INSURANCE FUND.—The insurance of a mortgage under this section by the Secretary shall be an obligation of the Mutual Mortgage Insurance Fund created pursuant to section 205.

"(j) INAPPLICABILITY OF THE ASSIGNMENT PROGRAM.—Section 230 shall not apply to mortgages insured under the program authorized by this section.

"(k) RESTRICTION ON GNMA SECURITIZATION.—The Government National Mortgage Association shall not securitize any loans insured under this section.

"(l) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

"(1) The term 'local agency' means an agency of a unit of general local government, as defined by the Secretary, that has the authority to insure mortgages and to participate with the Secretary in the single family risk-sharing program under this section, or an agency or instrumentality of a local agency if the agency or instrumentality has such authority.

"(2) The term 'State agency' means an agency of a State that has the authority to insure mortgages and to participate with the Secretary in the single family risk-sharing program under this section, or an agency or instrumentality of a State agency if the agency or instrumentality has such authority.

"(3) The term 'single family property' means a property upon which there is located a dwelling designed principally for occupancy by 1 family, and includes a condominium and a cooperative.

"(4) The term 'State' means the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Virgin Islands.".

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue any regulations necessary to implement the amendment made by subsection (a).

SEC. 412. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

"DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

"SEC. 257. (a) AUTHORITY.—The Secretary may delegate, to one or more mortgagees approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

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

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

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

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

"(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a

later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

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

SEC. 413. ELIGIBILITY OF MORTGAGES ON HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

"ELIGIBILITY OF MORTGAGES ON HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS

"SEC. 258. (a) ELIGIBILITY FOR INSURANCE.—In providing mortgage insurance under any provision of this title for a mortgage covering a 1- to 4-family residence, the Secretary may insure a mortgage covering such a residence which is located on property owned by a community land trust without regard to the extent to which the resale price of the residence is restricted or the manner in which such price is established.

"(b) LIMITATION ON RESTRICTIONS.—The Secretary may not, as a condition of such insurance, establish any requirements regarding the resale price of residences on land owned by a community land trust, except that the Secretary may require that a ground lease or other document establishing legally enforceable restrictions or limitations on the resale price provide that the restrictions or limitations be cancelable in the event of foreclosure or delivery of a deed in lieu of foreclosure (or assignment).

"(c) DEFINITION OF 'COMMUNITY LAND TRUST'.—For purposes of this section, the term 'community land trust' has the meaning given the term in section 233 of the Cranston-Gonzalez National Affordable Housing Act.".

SEC. 414. INSURANCE OF 2-STEP SINGLE FAMILY MORTGAGES.

Title II of the National Housing Act (12 U.S.C. 1701 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

"2-STEP SINGLE FAMILY MORTGAGES

"SEC. 259. (a) AUTHORITY.—After making the finding required under subsection (d), the Secretary may insure under any provision of this title a mortgage involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families, where the mortgage provides that the effective rate of interest charged is—

"(1) fixed for the duration of a specified period that consists of not less than the first 5 years of the mortgage term;

"(2) adjusted by the mortgagee upon the expiration of the specified period referred to in paragraph (1) for the mortgage; and

"(3) for the term of the mortgage remaining after such adjustment—

"(A) fixed at the adjusted rate established pursuant to paragraph (2); or

"(B) periodically adjusted by the mortgagee.

"(b) REDETERMINATION OF RATE.—For each mortgage insured pursuant to this section, the adjustment of the effective rate of interest pursuant to subsection (a)(2) may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of such factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years. The adjustment in the effective rate of interest shall correspond to a specified national interest rate index that is approved in regulations issued by the Secretary and information on which is readily accessible to the mortgagors from generally available published sources.

"(c) LIMITATIONS ON SECOND-STEP PERIODIC RATES.—For each mortgage insured pursuant to this section for which the effective rate of interest charged pursuant to subsection (a)(3) is periodically adjusted under subparagraph (B) of such subsection, such adjustments in the interest rate—

"(1) may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of such factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years;

"(2) shall correspond to a specified national interest rate index that is approved in regulations issued the Secretary and information on which is readily accessible to the mortgagors from generally available published sources;

"(3) shall be made on an annual basis;

"(4) shall be limited, with respect to any single interest rate increase, to no more than 1 percent on the outstanding loan balance; and

"(5) be limited to a maximum increase of 5 percentage points above the initial contract interest rate over the term of the mortgage.

"(d) CONDITIONS ON INSURING AUTHORITY.—The Secretary may insure mortgages pursuant to this section only after determining that the risk posed by such insurance to the financial safety and soundness of the insurance fund of which the mortgage insurance is an obligation does not exceed such risk posed by insurance of mortgages of equivalent terms having fixed interest rates over such terms.

"(e) DESCRIPTION OF FEATURES.—The Secretary shall issue regulations requiring that the mortgagee make available to the mortgagor, at the time of loan application, a written explanation of the features of the 2-step mortgage insured pursuant to this section.

"(f) LIMITATION OF TOTAL NUMBER OF MORTGAGES INSURED.—The aggregate number of mortgages and loans insured pursuant to this section in any fiscal year may not exceed 10 percent of the aggregate number of mortgages and loans insured by the Secretary under this title during the preceding fiscal year.".

SEC. 415. MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS IN HIGH-COST AREAS.

(a) IN GENERAL.—Each of the provisions under subsection (b) is amended by striking "140 percent" and inserting "152 percent".

(b) PROVISIONS AMENDED.—The provisions under this subsection are the following sections of title II of the National Housing Act (12 U.S.C. 1707 et seq.):

(1) Section 207(c)(3).
(2) Section 213(b)(2).
(3) Section 220(d)(3)(B)(iii).
(4) Section 221(d)(3)(ii).
(5) Section 221(d)(4)(ii).
(6) Section 231(c)(2).
(7) Section 234(e)(3).

SEC. 416. CALCULATION OF CREDIT SUBSIDY FOR FHA REFINANCINGS AND OFFSET OF NEGATIVE SUBSIDIES.

(a) REFINANCING.—Paragraph (2) of section 542 of the National Housing Act (12 U.S.C. 1735f–20(2)) is amended by adding at the end the following new sentence: "In the case of a mortgage insured under this Act that refinances an existing insured mortgage, the cost to the Government shall not exceed an amount that is determined by applying the subsidy rate used for the insurance authority pursuant to which the refinanced mortgage was insured to the amount of the refinancing mortgage which exceeds the outstanding principal balance of the refinanced mortgage, which amount may be adjusted, if necessary, by reason of an extension in the remaining term of the refinanced mortgage.".

(b) OFFSETS.—Section 542 of the National Housing Act is amended by adding at the end the following new flush sentence:

"The cost, as defined in section 502 of the Congressional Budget Act of 1974, for any fiscal year of new insurance commitments and of modifications to existing loans, loan guarantees, or insurance commitments, shall be determined by subtracting the aggregate amount of negative subsidies from the aggregate amount of positive subsidies for the fiscal year.".

SEC. 417. APPROVAL OF POINT-OF-USE PURIFICATION SYSTEMS AND TESTING OF SYSTEMS.

(a) IN GENERAL.—Section 424 of the Housing and Community Development Act of 1987 (12 U.S.C. 1701z–15) is amended—

(1) in subsection (a), by inserting after the period at the end the following new sentence: "The Secretary of Housing and Urban Development shall provide for the approval under subsection (c) of both point-of-use and point-of-entry water treatment equipment and water purification systems that meet the standards established under this section.";

(2) in the first sentence of subsection (b), by striking "general standards recognized by the Department as modified for local or regional conditions" and inserting the following: "standards for testing using (1) industry-accepted product testing protocols, or (2) protocols that utilize technically valid methodology using analytical testing methods of the Environmental Protection Agency for drinking water quality and maximum contaminant levels or equivalent methods";

(3) by redesignating subsection (b) (as amended by paragraph (2) of this section) as subsection (c); and

(4) by inserting after subsection (a) the following new subsection:

"(b) POINT-OF-USE EQUIPMENT.—For any property in which the water treatment or purification system in operation employs point-of-use equipment, the Secretary may not require that a treatment or purification system be employed on any water supply source serving the property that provides water that will not be used primarily for human consumption.".

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue any regulations necessary to carry out section 424 of the Housing and Community Development Act of 1987, as amended by subsection (a) of this section, not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

SEC. 418. ENERGY EFFICIENT MORTGAGES PILOT PROGRAM.

Section 106 of the Energy Policy Act of 1992 (42 U.S.C. 12712 note) is amended—

(1) in subsection (a)(2)—

(A) in subparagraph (A), by inserting "(which may be an adjustable rate mortgage insured under section 251 of such Act and may be a mortgage for a property that is not the principal or secondary residence of the mortgagor to the extent provided in section 203(g) of such Act)" after "Act"; and

(B) by adding at the end the following new subparagraph:

"(D) RATING AND INSTALLATION.—The program shall provide that the person conducting the home energy rating report under subsection (c)(2) for the property subject to the energy efficient mortgage may also, subject only to the approval of the mortgagee and mortgagor, install the energy efficiency improvements."; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting "(including an adjustable rate mortgage loan eligible for insurance under section 251 of such Act)" after "Act"; and

(B) in the first sentence of paragraph (2), by striking "the total present value cost" and all

that follows through the end of the sentence and inserting the following: "energy improvements that generate energy savings in the first year after improvement that are greater than the increase in the amount of the loan payment for such first-year due to the energy improvements. In the case of a base loan insured under section 251 of the National Housing Act, the interest rate used to determine the amount of such increase in the loan payment shall be the maximum allowable interest rate under the mortgage.".

SEC. 419. EXTENSION OF MULTIFAMILY MORTGAGE CREDIT DEMONSTRATIONS.

Section 542 of the Housing and Community Development Act of 1992 (12 U.S.C. 1707 note) is amended—

(1) in subsection (b)(5), by striking "1993 and 1994" and inserting "1995 and 1996"; and

(2) in subsection (c)(4), by striking "1993, 1994, and 1995" and inserting "1995, 1996, and 1997".

SEC. 420. INDIAN HOUSING LOAN GUARANTEES.

(a) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(5)(C)) is amended by striking "fiscal years 1993 and 1994" and inserting "fiscal years 1995 and 1996".

(b) AUTHORIZATION OF APPROPRIATIONS FOR GUARANTEE FUND.—Section 184(i)(7) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(7)) is amended to read as follows:

"(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Guarantee Fund to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.".

SEC. 421. NATIONAL COMMISSION ON THE FUTURE OF THE FEDERAL HOUSING ADMINISTRATION.

(a) PURPOSE.—The purpose of this section is to establish a national commission to develop recommendations regarding the appropriate future role of the Federal Government in providing mortgage insurance, for modernizing and improving the structure and operations of the Federal Housing Administration, for protecting the safety and soundness of the insurance funds of the FHA, and for serving families currently underserved by the mortgage finance system.

(b) ESTABLISHMENT.—There is hereby established a commission to be known as the National Commission on the Future of the Federal Housing Administration.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of the Secretary of Housing and Urban Development and 16 members appointed, not later than 60 days after amounts to carry out this section are made available under subsection (h), as follows:

(A) 4 members shall be appointed by the Chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate and 4 members shall be appointed by the Ranking Minority Member of such Committee.

(B) 4 members shall be appointed by the Chairman of the Committee on Banking, Finance and Urban Affairs of the House of Representatives and 4 members shall be appointed by the Ranking Minority Member of such Committee.

(2) QUALIFICATIONS.—The 8 members of the Commission appointed under each of subparagraphs (A) and (B) of paragraph (1) shall include—

(A) 1 individual who represents the mortgage finance industry;

(B) 1 individual with knowledge and experience from a secondary mortgage market entity;

(C) 1 individual with knowledge and experience concerning home sales or multifamily housing management;

(D) 1 individual who represents the private mortgage insurance industry;

(E) 1 individual with knowledge and experience concerning single family or multifamily housing asset management;

(F) 1 individual who represents a State or local housing agency active in single family or multifamily housing activities;

(G) 1 individual who represents the interests of consumers or communities, in single family or multifamily housing; and

(H) 1 individual who represents or resides in an urban or rural neighborhood whose residents consist predominantly of members of minorities.

(3) CHAIRPERSON.—The Commission shall elect a chairperson from among members of the Commission.

(4) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(5) VOTING.—Each member of the Commission shall be entitled to 1 vote, and all votes shall be given equal weight.

(6) VACANCIES.—Any vacancy on the Commission shall not affect the powers of the Commission and shall be filled in the manner in which the original appointment was made.

(7) PROHIBITION ON ADDITIONAL PAY.—Members of the Commission shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Commission.

(d) SUBCOMMITTEES.—In carrying out its duties under subsection (e), the Commission shall establish 2 subcommittees, 1 of which shall carry out such duties with respect to issues relating to mortgage insurance for multifamily housing and 1 of which shall carry out such duties with respect to issues relating to mortgage insurance for single family housing.

(e) DUTIES.—

(1) IN GENERAL.—The Commission shall conduct a study of the existing operations of the FHA and shall make recommendations regarding the future mission, organization, responsibilities, and function of the FHA. In conducting the study and formulating recommendations, the Commission shall—

(A) determine the most appropriate role for the Federal Government in extending the availability of mortgage credit and review various alternative mortgage products and, with regard to the mission and functions of the FHA, the appropriateness of the use of such products by the FHA;

(B) determine whom FHA programs are intended to serve;

(C) consider whether the FHA could function more effectively if organized as a government corporation, a government-sponsored enterprise, or with any other organizational structure different from the existing structure;

(D) consider whether the personnel, procurement, budgeting, and other requirements generally applicable to the Federal agencies should be modified in their applicability to the FHA;

(E) review the laws establishing and relating to the FHA and determine whether amendments to such law would be appropriate to restructure the FHA, or to provide new authority or increased flexibility for the operations of the FHA;

(F) determine ways in which the FHA can more effectively contribute to the revitalization of inner cities and increase housing opportunities for low-income families;

(G) determine ways to improve the management and sale of assets owned by the FHA;

(H) determine ways to reduce the risk of future insurance losses from the existing inventory of outstanding mortgages insured by the FHA; and

(I) determine ways to improve the private management of multifamily properties insured by the FHA.

(2) INTERIM REPORT.—Not later than the expiration of the 10-month period beginning upon the appointment of all of the members of the Commission under subsection (c), the Commission shall submit to the Secretary of Housing and Urban Development and to the Congress an interim report containing the preliminary information and evaluations specified in paragraph (1) and initial recommendations for legislative and administrative actions to carry out the determinations made pursuant to paragraph (1).

(3) REPORT.—Not later than the expiration of the 18-month period beginning upon the appointment of all of the members of the Commission under subsection (c), the Commission shall submit to the Secretary of Housing and Urban Development and to the Congress a report containing the information and evaluations specified in paragraph (1) and specific recommendations for legislative and administrative actions to carry out the determinations made pursuant to paragraph (1).

(f) POWERS.—

(1) HEARINGS.—The Commission may, for the purpose of carrying out this section, hold such hearings and sit and act at such times and places as the Commission considers appropriate.

(2) RULES AND REGULATIONS.—The Commission may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(3) ASSISTANCE FROM FEDERAL AGENCIES.—

(A) INFORMATION.—The Commission may secure directly from any department or agency of the United States such data and information as the Commission may require for the purpose of carrying out this section. Upon request of the Commission, any such department or agency shall furnish such data or information. The Commission may acquire data or information directly from such departments or agencies to the same extent that the Secretary may acquire such data or information.

(B) ADMINISTRATIVE SUPPORT.—The General Services Administration shall provide to the Commission, on a reimbursable basis, administrative support services requested by the Commission.

(C) PERSONNEL DETAILS.—Upon the request of the chairperson of the Commission, the Secretary shall, to the extent possible and subject to the discretion of the Secretary, detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Commission in carrying out its duties under this section.

(4) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(5) CONTRACTING.—The Commission may, to such extent and in such amounts as are provided in appropriations Acts, enter into contracts necessary to carry out its duties under this section.

(6) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act.

(7) STAFF.—

(A) EXECUTIVE DIRECTOR.—The Commission shall appoint an executive director of the Commission who shall be compensated at a rate fixed by the Commission, but which may not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(B) PERSONNEL.—In addition to the executive director, the Commission may appoint and fix the compensation of such personnel as the Commission considers appropriate, in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and

subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(C) LIMITATION.—This paragraph shall be effective only to the extent amounts are made available in appropriation Acts.

(g) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The term "Commission" means the National Commission on the Future of the Federal Housing Administration.

(2) The term "FHA" means the Federal Housing Administration of the Department of Housing and Urban Development.

(3) The term "Secretary" means the Secretary of Housing and Urban Development.

(h) FUNDING.—Of any amounts appropriated pursuant to section 501 of the Housing and Urban Development Act of 1970, the Secretary shall set aside to carry out this section $1,000,000 for fiscal year 1995. Any amounts made available pursuant to this subsection shall remain available until expended.

(i) SUNSET.—The Commission shall terminate upon the expiration of the 18-month period that begins upon the appointment of all of the members of the Commission under subsection (c).

SEC. 422. ACTION AND REPORT ON COOPERATIVE HOMEOWNERSHIP FOR LOW- AND MODERATE-INCOME FAMILIES.

(a) REVIEW.—The Secretary of Housing and Urban Development, acting through the Assistant Secretary who is the Federal Housing Commissioner, shall review the report of The Urban Institute, dated May 1994 and entitled "Performance of HUD Subsidized Loans: Does Cooperative Housing Matter?".

(b) ACTION.—Not later than 9 months after the date of the enactment of this Act, the Secretary shall implement any recommendations made in the report referred to in subsection (a) that (1) the Secretary considers appropriate and feasible, (2) are within the jurisdiction of the Assistant Secretary referred to in subsection (a), and (3) the Secretary has authority under law to implement.

(c) REPORT.—The Secretary shall submit a report to the Congress not later than 9 months after the date of the enactment of this Act, which shall—

(1) evaluate the report referred to in subsection (a);

(2) describe any action taken under subsection (b);

(3) identify and propose the elimination of any Federal housing policies or programs that, in the determination of the Secretary, inhibit the development of cooperative homeownership for low- and moderate-income families; and

(4) recommend any legislative action necessary to eliminate the policies or programs identified under paragraph (3).

SEC. 423. STUDY OF ACTIVITY OF PRIVATE MORTGAGE BANKERS AND INSURERS.

(a) STUDY.—The Secretary of Housing and Urban Development shall conduct a study to determine the patterns of lending and insurance activity of private mortgage lenders and private mortgage insurers, respectively. The study shall be designed to determine—

(1) the geographical areas in which properties are located for which loans are made by private mortgage lenders and the characteristics of such areas;

(2) the extent of lending activity by private mortgage lenders, in terms of number of loans and principal amount, in areas having a low median income, a moderate median income, and other areas;

(3) the types of loans made by private mortgage lenders, and the extent of lending activity, in each of the areas described in paragraph (2), which shall include the types and extent of any lending activity made in connection with economic development of low- and moderate-income areas;

(4) the geographical areas in which properties are located for which mortgage insurance is provided by private mortgage insurers and the characteristics of such areas;

(5) the extent of insurance activity by private mortgage insurers, in terms of number of loans insured and principal amount insured, in areas having a low median income, a moderate median income, and other areas; and

(6) the types of loans insured and extent of insurance activity by private mortgage insurers in each of the areas described in paragraph (5), which shall include the types and extent of any insurance activity made in connection with mortgages or loans for economic development activity in low- and moderate-income areas.

(b) REPORT.—The Secretary shall submit a report to the Congress describing the results of the study under this section not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

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

(1) the term "private mortgage insurer" means a person who provides insurance against the nonpayment of, or default on, a mortgage or loan for residential or commercial property that is not insurance made available under the National Housing Act, title 38 of the United States Code, or title V of the Housing Act of 1949; and

(2) the term "private mortgage lender" means any lender that is not subject to the supervision, approval, regulation, or insuring of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, or any other Federal agency that regulates lending activity. The term does not include institutions engaged primarily in the purchase of mortgage loans.

Subtitle B—Secondary Mortgage Market Programs

SEC. 441. LIMITATION ON GNMA GUARANTEES OF MORTGAGE-BACKED SECURITIES.

Section 306(g)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(2)) is amended to read as follows:

"(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of $130,000,000,000 during fiscal year 1995 and $130,000,000,000 during fiscal year 1996. There are authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association such sums as may be necessary for each of fiscal years 1995 and 1996.".

SEC. 442. ASSESSMENT COLLECTION DATES FOR OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT.

Section 1316(b) of the Housing and Community Development Act of 1992 (12 U.S.C. 4516(b)) is amended by striking paragraph (2) and inserting the following new paragraph:

"(2) TIMING OF PAYMENT.—The annual assessment shall be payable semiannually for each fiscal year, on October 1st and April 1st.".

Subtitle C—Emergency Mortgage Relief

SEC. 461. AMENDMENTS TO EMERGENCY HOMEOWNERS' RELIEF ACT.

(a) FINDINGS.—Section 102(a) of the Emergency Homeowners' Relief Act (12 U.S.C. 2701(a)) is amended—

(1) by striking paragraph (1) and inserting the following new paragraph:

"(1) certain homeowners in the United States are encountering severe economic hardships as a result of unemployment or a reduction in income;";

(2) in paragraph (2), by striking "adverse economic conditions" and inserting "economic hardships"; and

(3) in paragraph (3), by striking "economic conditions" and inserting "their economic conditions".

(b) MORTGAGES ELIGIBLE FOR ASSISTANCE.—Section 103 of the Emergency Homeowners' Relief Act (12 U.S.C. 2702) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) in paragraph (6)—

(A) by inserting "a 1- to 4-family residence that is" after "is"; and

(B) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(7) the delinquency for which the holder of the mortgage intends to foreclose commenced after the date of the enactment of the Housing and Community Development Act of 1994.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 109(a) of the Emergency Homeowners' Relief Act (12 U.S.C. 2708(a)) is amended by striking ", except that" and all that follows through "$500,000,000" and inserting "for fiscal years 1995 and 1996".

(d) EXPIRATION DATE.—Section 109(b) of the Emergency Homeowners' Relief Act (12 U.S.C. 2708(b)) is amended by striking "September 30, 1977" and inserting "September 30, 1996".

(e) NOTIFICATION.—Section 110 of the Emergency Homeowners' Relief Act (12 U.S.C. 2709) is amended—

(1) in paragraph (1) of the 1st sentence—

(A) by striking "October 1, 1977" and inserting "September 30, 1996"; and

(B) by inserting "single family" before "residential";

(2) in paragraph (2) of the 1st sentence, by striking "until one year from the date of the enactment of this title" and inserting "during fiscal years 1995 and 1996"; and

(3) in the 2d sentence, by striking "Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation" and inserting "Office of Thrift Supervision".

(f) REPORTS.—Section 111 of the Emergency Homeowners' Relief Act (12 U.S.C. 2710) is amended—

(1) by striking "Within" and all that follows through "Congress on" and inserting the following: "For fiscal year 1995 and each fiscal year thereafter that begins before the date in section 109(b), the Secretary shall submit a report under this section to the Congress. The report for a fiscal year shall be submitted not later than 60 days after the end of the fiscal year and shall describe";

(2) by striking "purposes" and inserting "purpose";

(3) by inserting "and" before "(4)"; and

(4) by striking "; and (5)" and all that follows and inserting a period.

Subtitle D—Nonjudicial Foreclosure of Defaulted Single Family Mortgages

SEC. 481. SHORT TITLE.

This subtitle may be cited as the "Single Family Mortgage Foreclosure Act of 1994".

SEC. 482. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) disparate State laws under which mortgages are foreclosed on behalf of the Secretary of Housing and Urban Development covering one- to four-family residential properties burden certain programs administered by the Secretary, increase the costs of collecting these obligations, and cause detriment to the community generally;

(2) long periods to complete the foreclosure of these mortgages under certain State laws lead to deterioration in the condition of the properties involved; necessitate substantial Federal holding expenditures; increase the risk of vandalism, fire loss, depreciation, damage, and waste with respect to the properties; and adversely affect the neighborhoods in which the properties are located;

(3) these conditions seriously impair the Secretary's ability to protect the Federal financial interest in the affected properties and frustrate attainment of the objectives of the underlying Federal program authority;

(4) the availability of a uniform and more expeditious procedure, with no right of redemption in the mortgagor or others, for the foreclosure of these mortgages by the Secretary will tend to ameliorate these conditions; and

(5) providing the Secretary with a nonjudicial foreclosure procedure will reduce unnecessary litigation by removing many foreclosures from the courts where they contribute to overcrowded calendars.

(b) PURPOSE.—The purpose of this subtitle is to create a uniform Federal foreclosure remedy for single family mortgages that (1) are held by the Secretary of Housing and Urban Development pursuant to title I or title II of the National Housing Act or (2) secure loans obligated by the Secretary under section 312 of the Housing Act of 1964.

SEC. 483. DEFINITIONS.

As used in this subtitle—

(1) the term "bona fide purchaser" means a purchaser for value in good faith and without notice of any adverse claim, who will, therefore, acquire the security property free of any adverse claim;

(2) the term "mortgage" means a deed of trust, mortgage, deed to secure debt, security agreement, or any other form of instrument under which any interest in property, real, personal or mixed, or any interest in property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law, is conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien for the purpose of securing the payment of money or the performance of an obligation;

(3) the term "single family mortgage" means a mortgage that covers property on which there is located a one- to four-family residence, which mortgage—

(A) is held by the Secretary pursuant to title I or title II of the National Housing Act, or

(B) secures a loan obligated by the Secretary under section 312 of the Housing Act of 1964, as it existed before its repeal by section 289 of the Cranston-Gonzalez National Affordable Housing Act (except that a mortgage securing such a loan that covers property containing non-residential space and a one- to four-family dwelling shall not be subject to this Act);

(4) the term "mortgage agreement" means the note or debt instrument and the mortgage instrument, deed of trust instrument, trust deed, or instrument or instruments creating the mortgage, including any instrument incorporated by reference therein and any instrument or agreement amending or modifying any of the foregoing;

(5) the term "mortgagor" means the obligor, grantor, or trustor named in the mortgage agreement and, unless the context otherwise indicates, includes the current owner of record of the security property whether or not personally liable on the mortgage debt;

(6) the term "owner" means any person who has an ownership interest in property and includes heirs, devisees, executors, administrators, and other personal representatives, and trustees of testamentary trusts if the owner of record is deceased;

(7) the term "person" includes any individual, group of individuals, association, partnership, corporation, or organization;

(8) the terms "record" and "recorded" include "register" and "registered" in the instance of registered land;

(9) the term "security property" means the property (real, personal or mixed) or an interest in property (including leaseholds, life estates, reversionary interests, and any other estates under applicable State law), together with fixtures and other interests subject to the lien of the mortgage under applicable State law;

(10) the term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and Indian tribes as defined by the Secretary;

(11) the term "county" means county as defined in section 2 of title I, United States Code; and

(12) the term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 484. APPLICABILITY.

Single family mortgages encumbering real estate located in any State may be foreclosed by the Secretary in accordance with this subtitle, or pursuant to other foreclosure procedures available, at the option of the Secretary.

SEC. 485. DESIGNATION OF FORECLOSURE COMMISSIONER.

A foreclosure commissioner or commissioners designated pursuant to this subtitle shall have a nonjudicial power of sale as provided in this subtitle. Where the Secretary wishes to foreclose upon a single family mortgage, the Secretary may designate a foreclosure commissioner and, with or without cause, may designate a substitute foreclosure commissioner to replace a previously designated foreclosure commissioner, by executing a duly acknowledged, written designation stating the name and business or residential address of the commissioner or substitute commissioner. The designation shall be effective upon execution. The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security property is located and, if not a natural person, the foreclosure commissioner must be duly authorized to transact business under the laws of the State in which the security property is located. The foreclosure commissioner shall be a person who is responsible, financially sound, and competent to conduct the foreclosure. More than one foreclosure commissioner may be designated. If a natural person is designated as foreclosure commissioner or substitute foreclosure commissioner, such person shall be designated by name, except that where such person is designated in his or her capacity as an official or employee of a government or corporate entity, such person may be designated by his or her unique title or position instead of by name.

SEC. 486. PREREQUISITES TO FORECLOSURE.

Foreclosure by the Secretary under this subtitle of a single family mortgage may be commenced, as provided in section 488, upon the breach of a covenant or condition in the mortgage agreement for which foreclosure is authorized under the mortgage, except that no such foreclosure may be commenced unless any previously pending proceeding, judicial or nonjudicial, separately instituted by the Secretary to foreclose the mortgage other than under this subtitle has been withdrawn, dismissed, or otherwise terminated. No such separately instituted foreclosure proceeding on the mortgage shall be instituted by the Secretary during the pendency of foreclosure pursuant to this subtitle. Nothing in this subtitle shall preclude the Secretary from enforcing any right, other than foreclosure, under applicable Federal or State law, including any right to obtain a monetary judgment. Nothing in this subtitle shall preclude the Secretary from foreclosing under this subtitle where the Secretary has obtained or is seeking any other remedy available pursuant to Federal or State law or under the mortgage agreement, including, but not limited to, the appointment of a receiver, mortgagee-in-possession status, or relief under an assignment of rents.

SEC. 487. NOTICE OF FORECLOSURE SALE.

The notice of foreclosure sale to be served in accordance with this subtitle shall be subscribed with the name and address of the foreclosure commissioner and the date on which subscribed, and shall set forth the following information:

(1) The names of the Secretary, the original mortgagee (if other than the Secretary), and the original mortgagor.

(2) The street address or a description of the location of the security property, and a description of the security property, sufficient to identify the property to be sold.

(3) The date of the mortgage, the office in which the mortgage is recorded, and the liber and folio or other description of the location of recordation of the mortgage.

(4) The failure to make payment, including the due date of the earliest installment payment remaining wholly unpaid as of the date the notice is subscribed, or the description of other default or defaults upon which foreclosure is based, and the acceleration of the secured indebtedness.

(5) The date, time, and place of the foreclosure sale.

(6) A statement that the foreclosure is being conducted pursuant to this subtitle.

(7) The types of costs, if any, to be paid by the purchaser upon transfer of title.

(8) The amount and method of deposit to be required at the foreclosure sale (except that no deposit shall be required of the Secretary), the time and method of payment of the balance of the foreclosure purchase price, and other appropriate terms of sale.

SEC. 488. COMMENCEMENT OF FORECLOSURE.

(a) REQUEST.—If the Secretary as holder of a single family mortgage determines that the prerequisites to foreclosure set forth in section 486 are satisfied, the Secretary may request the foreclosure commissioner to commence foreclosure of a single family mortgage. Upon such request, the foreclosure commissioner shall commence foreclosure of the mortgage, by commencing service of a notice of default and foreclosure sale in accordance with section 489.

(b) SUBSTITUTE COMMISSIONER.—After commencement of a foreclosure under this subtitle, the Secretary may designate a substitute foreclosure commissioner at any time before the time of foreclosure sale, and the foreclosure shall continue without prejudice, unless the substitute commissioner, in his or her sole discretion, finds that continuation of the foreclosure sale will unfairly affect the interests of the mortgagor. If the substitute commissioner makes such a finding, the substitute commissioner shall cancel the foreclosure sale, or adjourn such sale in the manner provided in section 491(c). Upon designation of a substitute foreclosure commissioner, a copy of the written notice of such designation referred to in section 485 shall be served (1) by mail, as provided in such section 489 (except that the minimum time periods between mailing and the date of foreclosure sale prescribed in such section shall not apply), or (2) in any other manner which, in the substitute commissioner's sole discretion, is conducive to achieving timely notice of such substitution.

SEC. 489. SERVICE OF NOTICE OF FORECLOSURE.

The foreclosure commissioner shall serve the notice of foreclosure sale provided for in section 487 upon the following persons and in the following manner, and no additional notice shall

be required to be served, notwithstanding any notice requirements of any State or local law:

(1) TIMING.—At least 45 days prior to the date of the foreclosure sale, the notice of foreclosure sale required by section 488 of this subtitle shall be filed in the manner authorized for filing a notice of an action concerning real property according to the law of the State where the security property is located or, if none, in the manner authorized by section 3201 of title 28, United States Code.

(2) NOTICE BY MAIL.—The notice of foreclosure sale shall be sent by certified or registered mail, postage prepaid and return receipt requested to the following:

(A) The current security property owner of record, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle.

(B) All mortgagors of record or other persons who appear of record or in the mortgage agreement to be liable for part or all of the mortgage debt, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle, except any such mortgagors or persons who have been released.

(C) All dwelling units in the security property, whether or not the notice describes a sale adjourned as provided in this subtitle.

(D) All persons holding liens of record upon the security property, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle.

Notice under subparagraphs (A) and (B) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale, and shall be mailed to the owner or mortgagor at the last known address of the owner or mortgagor, or, if none, to the address of the security property, or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such owner or mortgagor. Notice under subparagraph (C) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale. If the names of the occupants of the security property are not known to the Secretary, or the security property has more than one dwelling, the notice shall be posted at the security property at least 45 days prior to the foreclosure sale. Notice under subparagraph (D) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale, and shall be mailed to each such lienholder's address as stated of record or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such lienholder. Notice by mail pursuant to this subsection or section 488(b) shall be deemed duly given upon mailing, whether or not received by the addressee and whether or not a return receipt is received or the letter is returned.

(3) PUBLICATION.—A copy of the notice of default and foreclosure sale shall be published, as provided herein, once a week during three successive calendar weeks before the sale date. Such publication shall be in a newspaper or newspapers having general circulation in the county or counties in which the security property being sold is located. To the extent practicable, the newspaper or newspapers chosen shall be a newspaper or newspapers, if any is available, having circulation conducive to achieving notice of foreclosure by publication. A legal newspaper that is accepted as a newspaper of legal record in the county or counties in which the security property being sold is located shall be considered a newspaper having general circulation for the purposes of this paragraph. Should there be no newspaper published at least weekly which has a general circulation in one of the counties in which the security property being sold is located, copies of the notice of default and foreclosure sale shall be posted at the courthouse of any county or counties in which the security property is located and at the place where the sale is to be held at least 21 days before the date of sale.

SEC. 490. PRESALE REINSTATEMENT.

(a) IN GENERAL.—Except as provided in sections 488(b) and 491(c), the foreclosure commissioner shall withdraw the security property from foreclosure and cancel the foreclosure sale only if—

(1) the Secretary so directs the commissioner prior to or at the time of sale;

(2) the commissioner finds, upon application of the mortgagor at least three days before the date of sale, that the default or defaults upon which the foreclosure is based did not exist at the time of service of the notice of default and foreclosure sale; or

(3)(A) in the case of a foreclosure involving a monetary default, there is tendered to the foreclosure commissioner before public auction is completed the entire amount of principal and interest which would be due if payments under the mortgage had not been accelerated;

(B) in the case of a foreclosure involving a nonmonetary default, the foreclosure commissioner, upon application of the mortgagor before the date of foreclosure sale, finds that such default is cured; and

(C) there is tendered to the foreclosure commissioner before public auction is completed all amounts due under the mortgage agreement (excluding additional amounts which would have been due if mortgage payments had been accelerated), all amounts of expenditures secured by the mortgage, and all costs of foreclosure incurred for which payment from the proceeds of foreclosure is provided in section 492, except that the Secretary shall have discretion to refuse to cancel a foreclosure pursuant to this paragraph if the current mortgagor or owner of record has on one or more previous occasions caused a foreclosure of the mortgage, commenced pursuant to this subtitle or otherwise, to be canceled by curing a default.

(b) OPPORTUNITY TO SECRETARY.—Before withdrawing the security property from foreclosure in the circumstances described in subsection (a)(2) or (a)(3), the foreclosure commissioner shall afford the Secretary a reasonable opportunity to demonstrate why the security property should not be so withdrawn.

(c) EFFECT ON MORTGAGE.—In any case in which a foreclosure commenced under this subtitle is canceled, the mortgage shall continue in effect as though acceleration had not occurred.

(d) EFFECT ON SUBSEQUENT FORECLOSURE.—If the foreclosure commissioner cancels a foreclosure sale under this subtitle a new foreclosure may be subsequently commenced as provided in this subtitle.

(e) NOTICE OF CANCELLATION.—The foreclosure commissioner shall file a notice of cancellation in the same place and manner provided for filing the notice of foreclosure sale in section 489.

SEC. 491. CONDUCT OF SALE AND ADJOURNMENT.

(a) TIME AND LOCATION.—Foreclosure sale pursuant to this subtitle shall be at public auction, and shall be scheduled to begin between the hours of 9 a.m. and 4 p.m. local time. The foreclosure sale shall be held at a location specified in the notice of default and foreclosure sale, which shall be a location where foreclosure real estate auctions are customarily held in the county or one of the counties in which the property to be sold is located, or at a courthouse therein, or at or on the property to be sold. Sale of security property situated in two or more counties may be held in any one of the counties in which any part of the security property is situated. The foreclosure commissioner may designate the order in which multiple tracts of security are sold.

(b) SALE PROCEDURES.—The foreclosure commissioner shall conduct the foreclosure sale in accordance with the provisions of this subtitle and in a manner fair to both the mortgagor and the Secretary. Written one-price sealed bids shall be accepted by the foreclosure commissioner from the Secretary and other persons for entry by announcement by the commissioner at the sale. The Secretary and any other person may bid at the foreclosure sale, including the Secretary or any other person who has submitted a written one-price bid. The foreclosure commissioner or any relative, related business entity, or employee of such commissioner or entity shall not be permitted to bid in any manner on the security property subject to foreclosure sale, except that the foreclosure commissioner or an auctioneer may be directed by the Secretary to enter a bid on the Secretary's behalf. The foreclosure commissioner may serve as auctioneer, or, in accordance with regulations of the Secretary, may employ an auctioneer to be paid from the commission provided for in section 492(5).

(c) ADJOURNMENT OR CANCELLATION.—The foreclosure commissioner shall have discretion, prior to or at the time of sale to adjourn or cancel the foreclosure sale if the commissioner determines, in the commissioner's discretion, that circumstances are not conducive to a sale which is fair to the mortgagor and the Secretary or that additional time is necessary to determine whether the security property should be withdrawn from foreclosure as provided in section 490. The foreclosure commissioner may adjourn a sale to a later hour the same day by announcing or posting the new time and place of the foreclosure sale, or may adjourn the foreclosure sale for not less than 9 nor more than 31 days, in which case the commissioner shall serve a notice of default and foreclosure sale revised to recite that the foreclosure sale has been adjourned to a specified date and to include any corrections the foreclosure commissioner deems appropriate. Such notice shall be served by publication and mailing in accordance with section 489, except that publication may be made on any of 3 separate days before the revised date of foreclosure sale, and mailing may be made at any time at least 7 days before the date to which the foreclosure sale has been adjourned.

(d) DEPOSIT.—The foreclosure commissioner may require a bidder to make a cash deposit in an amount or percentage set by him and stated in the notice of foreclosure sale before the bid is accepted. A successful bidder at the foreclosure sale who fails to comply with the terms of the sale may be required to forfeit the cash deposit or, at the election of the foreclosure commissioner after consultation with the Secretary, shall be liable to the agency for any costs incurred by the agency as a result of such failure.

(e) PRESUMPTION.—Any foreclosure sale held in accordance with this subtitle shall be conclusively presumed to have been conducted in a legal, fair, and reasonable manner. The sale price shall be conclusively presumed to be reasonable and equal to the fair market value of the property.

SEC. 492. FORECLOSURE COSTS.

The following foreclosure costs shall be paid from the sale proceeds before satisfaction of any other claim to such sale proceeds:

(1) Necessary advertising costs and postage incurred in giving notice pursuant to sections 489 and 491.

(2) Mileage for posting notices and for the foreclosure commissioner's or auctioneer's attendance at the sale as provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance.

(3) Reasonable and necessary costs actually incurred in connection with any necessary search of title and lien records.

(4) Necessary out-of-pocket costs incurred by the foreclosure commissioner to record documents.

(5) A commission for the foreclosure commissioner other than an employee of the United States for the conduct of the foreclosure to the extent authorized by the Secretary.

SEC. 493. DISPOSITION OF SALE PROCEEDS.

Money realized from a foreclosure sale shall be made available for obligation and expenditure—

(1) first, to cover the costs of foreclosure provided for in section 492;

(2) then, to pay valid tax liens or assessments if required by the notice of foreclosure sale;

(3) then, to pay any liens recorded before the recording of the mortgage which are required to be paid in conformity with the terms of sale in the notice of foreclosure sale;

(4) then, to service charges and advances for taxes, assessments, and property insurance premiums;

(5) then, to the interest;

(6) then, to the principal balance secured by the mortgage (including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the mortgage agreement and interest thereon if provided for in the mortgage agreement); and

(7) then, to late charges.

Any surplus after payment of the foregoing shall be paid to holders of liens recorded after the mortgage in the order of priority under Federal law or the law of the State where the security property is located and then to the appropriate mortgagor. If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the allocation of the surplus, or if any person claiming an interest in the mortgage proceeds does not agree that some or all of the sale proceeds should be paid to a claimant as provided in this section, that part of the sale proceeds in question may be deposited by the foreclosure commissioner with an appropriate official or court authorized under law to receive disputed funds in such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure commissioner files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure commissioner's necessary costs in taking or defending such action shall be deductible from the disputed funds.

SEC. 494. TRANSFER OF TITLE AND POSSESSION.

(a) DELIVERY OF DEED.—The foreclosure commissioner shall deliver a deed or deeds to the purchaser or purchasers without warranty or covenants to the purchaser or purchasers and obtain the balance of the purchase price in accordance with the terms of sale provided in the notice of default and foreclosure sale. Notwithstanding State law to the contrary, the commissioner's deed shall be a conveyance of property, and no judicial proceeding shall be required ancillary or supplementary to the procedures provided in this subtitle to assure the validity of the conveyance or confirmation of such conveyance.

(b) POSSESSION.—A purchaser at a foreclosure sale held pursuant to this subtitle shall be entitled to possession upon passage of title to the mortgaged property, subject to an interest or interests not barred under section 496. Any person remaining in possession after the passage of title shall be deemed a tenant at sufferance subject to eviction under local law.

(c) DEATH OF PURCHASER.—If a purchaser dies before execution and delivery of the deed conveying the property to the purchaser, the foreclosure commissioner shall execute and deliver the deed to the representative of the purchaser's estate upon payment of the purchase price in accordance with the terms of sale. Such delivery to the representative of the purchaser's estate shall have the same effect as if accomplished during the lifetime of the purchaser.

(d) BONA FIDE PURCHASER.—The purchaser of property under this subtitle shall be presumed to be a bona fide purchaser without notice of defects, if any, in the title conveyed to said purchaser if the purchaser would have been considered a bona fide purchaser without notice had the sale been made voluntarily and in person by the debtor.

(e) NULLIFICATION OF RIGHT OF REDEMPTION.—There shall be no right of redemption, or right of possession based upon right of redemption, in the mortgagor or others subsequent to a foreclosure pursuant to this subtitle. Section 204(l) of the National Housing Act and section 701 of the Department of Housing and Urban Development Reform Act of 1989 shall not apply to mortgages foreclosed under this subtitle.

(f) TAX.—When conveyance is made to the Secretary, no tax shall be imposed or collected with respect to the foreclosure commissioner's deed, whether as a tax upon the instrument or upon the privilege of conveying or transferring title to the property. Failure to collect or pay a tax of the type and under the circumstances stated in the preceding sentence shall not be grounds for refusing to record such a deed, for failing to recognize such recordation as imparting notice, or for denying the enforcement of such a deed and its provisions in any State or Federal court.

SEC. 495. RECORD OF FORECLOSURE AND SALE.

(a) RECORD.—To establish a sufficient record of foreclosure and sale, the foreclosure commissioner shall include in the recitals of the deed to the purchaser or prepare an affidavit or addendum to the deed stating—

(1) the date, time and place of sale;

(2) that the mortgage was held by the Secretary, the date of the mortgage, the office in which the mortgage was recorded, and the liber and folio or other description of the recordation of the mortgage;

(3) the particulars of the foreclosure commissioner's service of notice of default and foreclosure sale in accordance with sections 489 and 491;

(4) the date and place of filing the notice of foreclosure sale;

(5) that the foreclosure was conducted in accordance with the provisions of this subtitle and with the terms of the notice of default and foreclosure sale; and

(6) the sale amount.

(b) EFFECT OF STATEMENTS.—The statements set forth in subsection (a) shall be prima facie evidence of the truth of such recitals and statement of facts in any Federal or State court; and shall be a conclusive presumption in favor of bona fide purchasers and encumbrancers for value without notice. Encumbrancers for value include liens placed by lenders who provide the purchaser with purchase money in exchange for a security interest in the newly-conveyed property.

(c) RECORDATION.—The deed executed by the foreclosure commissioner, the foreclosure commissioner's affidavit and any other instruments submitted for recordation in relation to the foreclosure of the security property under this subtitle shall be accepted for recordation by the registrar of deeds or other appropriate official of the county or counties in which the security property is located upon tendering of payment of the usual recording fees for such instruments without regard to the compliance of those instruments with local filing requirements.

SEC. 496. EFFECT OF SALE.

A sale, made and conducted as prescribed in this subtitle to a bona fide purchaser, shall be an entire bar of all claims upon, or with respect to, the property sold, of each of the following persons:

(1) Any person to whom the notice of foreclosure sale was mailed as provided in this subtitle, and the heir, devisee, executor, administrator, successor or assignee claiming under any such person.

(2) Any person claiming any interest in the property subordinate to that of the mortgage, if such person had actual knowledge of the sale.

(3) Each person, claiming any interest in the property, whose assignment, mortgage, or other conveyance was not duly recorded or filed in the proper place for recording or filing, or whose judgment or decree was not duly docketed or filed in the proper place for docketing or filing, prior to the date on which the notice of sale was first served by publication, as required by section 489(2); and the executor, administrator, or assignee of such a person.

(4) Every other person claiming under a statutory lien or encumbrance created subsequent to the recording or filing of the mortgage being foreclosed, attaching to the title or interest of any person designated in any of the foregoing subsections of this section.

SEC. 497. COMPUTATION OF TIME.

Periods of time provided for in this subtitle shall be calculated in consecutive calendar days including the day or days on which the actions or events occur or are to occur for which the period of time is provided and including the day on which an event occurs or is to occur from which the period is to be calculated.

SEC. 498. SEPARABILITY.

If any clause, sentence, paragraph, or part of this subtitle shall, for any reason, be adjudged by a court of competent jurisdiction to be invalid or invalid as applied to a class of cases, such judgment shall not affect, impair, or invalidate the remainder thereof and of this subtitle, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 499. DEFICIENCY JUDGMENT.

(a) IN GENERAL.—If after deducting the disbursements provided for in section 493 of this subtitle, the price at which the security property is sold at a foreclosure sale is less than the unpaid balance of the debt secured by the security property, resulting in a deficiency, the Secretary may refer the matter to the Attorney General who may commence an action or actions against any or all debtors to recover the deficiency, unless specifically prohibited by the mortgage. The United States is also entitled to recover any amount authorized by section 3011 of title 28, United States Code, and costs of the action.

(b) LIMITATION.—Any action commenced to recover the deficiency must be brought within 6 years of the last sale of the security property.

TITLE V—RURAL HOUSING

SEC. 501. PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a) of the Housing Act of 1949 (42 U.S.C. 1483(a)) is amended to read as follows:

"(a) INSURANCE AND GUARANTEE AUTHORITY.—

"(1) IN GENERAL.—The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal years 1995 and 1996, in aggregate amounts not to exceed $3,231,103,950 and $3,360,037,069, respectively, as follows:

"(A) For insured or guaranteed loans under section 502 on behalf of low-income borrowers receiving assistance under section 521(a)(1), $1,802,500,000 for fiscal year 1995 and $1,856,575,000 for fiscal year 1996.

"(B) For guaranteed loans under section 502(h) on behalf of low- and moderate-income borrowers, $772,500,000 for fiscal year 1995 and $795,675,000 for fiscal year 1996.

"(C) For loans under section 504, $36,050,000 for fiscal year 1995 and $37,131,500 for fiscal year 1996.

"(D) For insured loans under section 514, $18,053,950 for fiscal year 1995 and $18,595,569 for fiscal year 1996.

"(E) For insured loans under section 515, $600,000,000 for fiscal year 1995 and $650,000,000 for fiscal year 1996.

"(F) For loans under section 523(b)(1)(B), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(G) For site loans under section 524, $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(2) LIMITATION ON USE.—Notwithstanding any other provision of law, insured or guaranteed loan authority in this title for any fiscal year shall not be transferred or used for any purpose not specified in this title.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b)) is amended to read as follows:

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996, and to remain available until expended, the following amounts:

"(1) For grants under section 502(c)(5)(C)(i), $10,000,000 for fiscal year 1995, and $10,000,000 for fiscal year 1996.

"(2) For grants under section 504, $31,000,000 for fiscal year 1995 and $31,930,000 for fiscal year 1996.

"(3) For purposes of section 509(c), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(4) For project preparation grants under section 509(f)(6), $5,688,278 for fiscal year 1995 and $5,858,926 for fiscal year 1996.

"(5) In fiscal years 1995 and 1996, such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to—

"(A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503; and

"(B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary.

"(6) For grants for service coordinators under section 515(y), $1,073,260 for fiscal year 1995 and $1,105,458 for fiscal year 1996.

"(7) For financial assistance under section 516—

"(A) for low-rent housing and related facilities for domestic farm labor under subsections (a) through (j) of such section, $15,000,000 for fiscal year 1995 and $18,000,000 for fiscal year 1996; and

"(B) for housing for rural homeless and migrant farmworkers under subsection (k) of such section, $10,269,230 for fiscal year 1995 and $11,407,307 for fiscal year 1996.

"(8) For grants under section 523(f), $14,918,314 for fiscal year 1995 and $15,365,863 for fiscal year 1996.

"(9) For grants under section 533, $33,056,408 for fiscal year 1993 and $34,048,100 for fiscal year 1994.

"(10) For grants under section 538, $10,000,000 for fiscal year 1995, which shall remain available until the end of fiscal year 1997.

"(11) For assistance under section 539, $10,000,000 for fiscal year 1995 and $12,000,000 for fiscal year 1996.".

(c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 (42 U.S.C. 1483(c)(1)) is amended by striking "(c)" and all that follows through the end of paragraph (1) and inserting the following:

"(c) RENTAL AND OPERATING ASSISTANCE.—(1) The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into rental assistance payment contracts under section 521(a)(2)(A) and contracts for operating assistance under section 521(a)(5), aggregating $454,079,620 for fiscal year 1995 and $467,702,009 for fiscal year 1996.".

(d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(d) of the Housing Act of 1949 (42 U.S.C. 1483(d)) is amended to read as follows:

"(d) SUPPLEMENTAL RENTAL ASSISTANCE CONTRACTS.—The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into 5-year supplemental rental assistance contracts under section 502(c)(5)(D) aggregating $13,070,160 for fiscal year 1995 and $13,462,265 for fiscal year 1996.".

(e) RURAL HOUSING VOUCHER AUTHORITY.—Section 513(e) of the Housing Act of 1949 (42 U.S.C. 1483(e)) is amended to read as follows:

"(e) RURAL HOUSING VOUCHERS.—There are authorized to be appropriated for rural housing vouchers under section 542, $30,000,000 for fiscal year 1995 and $40,000,000 for fiscal year 1996.".

(f) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b) of the Housing Act of 1949 (42 U.S.C. 1485(b)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

SEC. 502. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL HOUSING PROGRAMS.

Section 501(b)(6) of the Housing Act of 1949 (42 U.S.C. 1471(b)(6)) is amended by adding at the end the following new sentence: "In any case in which assistance made available under this title may be provided to a State or State agency or in which a State or State agency is eligible to participate in a program or activity under this title, such assistance may also be provided to Indian tribes and tribal agencies and Indian tribes and tribal agencies shall be eligible to participate, respectively.".

SEC. 503. ESCROW FUND.

Section 501(e) of the Housing Act of 1949 (42 U.S.C. 1471(e)) is amended by striking the third and fourth sentences and inserting the following: "The Secretary may establish in the Treasury of the United States an escrow fund for the deposit of such periodic payments. The Secretary may direct the Secretary of the Treasury to invest and reinvest amounts in the escrow fund in public debt securities with maturities suitable for the needs of the escrow fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. Any interest earned shall be credited to the escrow fund. The Secretary shall disburse amounts at the appropriate time or times for the purposes for which the amounts were escrowed in the fund. The interest rate to be paid on escrowed amounts shall be determined annually based on the interest earned less an amount not to exceed 1 percent which shall be used for expenses in carrying out the provisions of this title.".

SEC. 504. SECTION 502 HOMEOWNERSHIP LOANS.

(a) REMOTE RURAL AREAS.—Section 502(f) of the Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

(1) by striking paragraph (1);

(2) by redesignating paragraph (2) as paragraph (1); and

(3) by adding at the end the following new paragraph:

"(2) SECURITY.—In making a loan under this section for housing located in a rural area that is a remote rural area (which shall include tribal allotted or Indian trust land) where the borrower resides or is employed, the Secretary shall consider the actual replacement cost of the property and structure for which the loan is made as adequate security for the loan required under subsection (b).".

(b) PERMANENT DEFERRED MORTGAGE PROGRAM.—Section 502(g) of the Housing Act of 1949 (42 U.S.C. 1472(g)) is amended to read as follows:

"(g) DEFERRED MORTGAGE PROGRAM.—With respect to families or persons otherwise eligible for assistance under subsection (d) but having incomes below the amount determined to qualify for a loan under this section, the Secretary may defer mortgage payments beyond the amount affordable at 1 percent interest, taking into consideration income, taxes and insurance. Deferred mortgage payments shall be converted to payment status when the ability of the borrower to repay improves.".

(c) REAMORTIZATION.—Section 505 of the Housing Act of 1949 (42 U.S.C. 1475) is amended—

(1) in the section heading, by inserting ", REAMORTIZATION," after "MORATORIUM";

(2) in subsection (a), by inserting before the last sentence the following: "The Secretary may not foreclose such a mortgage securing such a loan upon which a moratorium has been granted solely because the borrower does not have the ability to repay the loan. Upon the expiration of a moratorium, the Secretary shall enter into an agreement with the borrower providing to the borrower such assistance as the Secretary is authorized to provide under this title and may foreclose with respect to the loan only if the borrower fails to make 3 monthly payments required under such agreement.";

(3) by redesignating subsection (b) as subsection (c); and

(4) by inserting after subsection (a) the following new subsection:

"(b) REAMORTIZATION.—

"(1) AUTHORITY.—With respect to a loan made under section 502, after a moratorium under subsection (a) of this section for the loan or at any other time the Secretary considers appropriate, the Secretary may reamortize the outstanding indebtedness, including principal and interest, under the loan for a period not to exceed 38 years from the date of the making of the loan, subject to the provisions of paragraph (2).

"(2) GRADUATED REPAYMENT AGREEMENT.—In reamortizing a loan pursuant to paragraph (1), the Secretary may lower the interest rate to the existing lending rate for loans under section 502 or establish a schedule of payments under the loan that provides, after the application of interest credit, for payments in an amount less than the amount of the payments originally provided for under the loan agreement for a period not exceeding that required to amortize the loan over its term, except that such period may not exceed 3 years.".

(d) ELIGIBILITY OF AREA.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended by adding at the end the following new subsection:

"(i) Notwithstanding section 520, the Secretary may make loans under this section for properties in the Pinewest Subdivision, located in Gibsonville, North Carolina, in the same manner as provided under this section for properties in rural areas.".

SEC. 505. LOAN GUARANTEES.

Section 502(h)(11) of the Housing Act of 1949 (42 U.S.C. 1472(h)(11)) is amended by adding at the end the following new sentence: "The Secretary may not pool or reallocate any authority to guarantee loans under this section that was allocated for use in any State before August 1 of the fiscal year in which such authority was allocated.".

SEC. 506. PREPAYMENT OF RURAL RENTAL HOUSING LOANS.

(a) TECHNICAL ASSISTANCE GRANTS AND LOANS FOR NONPROFIT AND PUBLIC AGENCY PURCHASERS OF PREPAYMENT PROPERTIES.—Section 502(c)(5)(C)(i) of the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(C)(i)) is amended to read as follows:

"(i) to the extent provided in appropriation Acts, make a grant or predevelopment loan in an amount not exceeding $50,000 to the nonprofit organization or public agency whose offer to purchase is accepted under this paragraph to cover reasonable costs, as determined by the Secretary and not including the purchase price, incurred by the organization or agency in purchasing and assuming responsibilities for the housing and related facilities involved, which may include costs for pursuing acquisition, appraisals, financing fees, accounting, administration, consultants, legal assistance, architectural assistance, engineering assistance, application fees, overhead, and other expenses;".

(b) EQUITY TAKEOUT LOANS.—

(1) AUTHORITY AND LIMITATION.—Section 502(c)(4)(B)(iv) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(iv)) is amended by inserting before the period at the end the following: "or under paragraphs (1) and (2) of section 514(j), except that an equity loan referred to in this clause may not be made available after the date of the enactment of the Housing and Community Development Act of 1994 unless the Secretary determines that the other incentives available under this subparagraph are not adequate to provide a fair return on the investment of the borrower, to prevent prepayment of the loan insured under section 514 or 515, or to prevent the displacement of tenants of the housing for which the loan was made".

(2) APPROVAL OF ASSISTANCE.—Subparagraph (C) of section 502(c)(4) of the Housing Act of 1949 is amended by striking the matter preceding clause (i) and inserting the following:

"(C) APPROVAL OF ASSISTANCE.—The Secretary may approve assistance under subparagraph (B) for assisted housing only if the restrictive period has expired for any loan for the housing made or insured under section 514 or 515 pursuant to a contract entered into after December 21, 1979, but before the date of the enactment of the Department of Housing and Urban Development Reform Act of 1989, and the Secretary determines that the combination of assistance provided—".

(3) LOAN TERMS.—Section 514 of the Housing Act of 1949 (42 U.S.C. 1484) is amended by adding at the end the following new subsection:

"(j) EQUITY TAKEOUT LOANS FOR PRESERVATION OF LOW-INCOME HOUSING.—With respect to a loan insured under subsection (a), the Secretary may—

"(1) make or insure an equity loan in the form of a supplemental loan for the purpose of equity takeout to the owner of housing financed with a loan insured under this section pursuant to a contract entered into before December 15, 1989, for the purpose of extending the affordability of the housing for low-income families or persons and very low-income families or persons for not less than 20 years, except that such loan may not exceed 90 percent of the value of the equity in the project as determined by the Secretary;

"(2) transfer and reamortize an existing loan in connection with assistance provided under paragraph (1); and

"(3) make or insure a loan to enable a nonprofit organization or public agency to make a purchase described in section 502(c)(5).".

(4) TECHNICAL CORRECTION RELATING TO SECTION 515 HOUSING.—Section 515(c)(1) of the Housing Act of 1949 (42 U.S.C. 1485(c)(1)) is amended by striking "December 21, 1979" and inserting "December 15, 1989".

(c) PHASE-IN OF RENT INCREASES.—Section 502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(vi)) is amended by inserting before the period at the end the following: ", except that any such increase in rents for current tenants (except for increases made necessary by increases in operating costs) shall (I) be phased in equally over a period of not less than 3 years, if such increase is 30 percent or more, and (II) be limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent".

(d) TREATMENT OF ACCELERATION UPON DEFAULT.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended—

(1) in subsection (b)(2), by inserting "or any payment in the case of acceleration of the amount due under such a loan pursuant to any default," after "515"; and

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting before the 1st comma the following: ", accept any payment tendered in the case of acceleration of the amount due pursuant to any default on";

(B) in paragraph (1)(B), by inserting before the 1st comma the following: ", accept any payment tendered in the case of acceleration of the amount due pursuant to any default on";

(C) in paragraph (2)—

(i) by inserting after "prepaid" the following: ", paid in full pursuant to acceleration of the amount due resulting from default,"; and

(ii) by inserting ", payment," after "prepayment";

(D) in paragraph (4)(A), by inserting after "prepay," the following: "accepting any payment tendered in the case of acceleration of the amount due pursuant to any default on,"; and

(E) in paragraph (5)—

(i) in subparagraph (A)(ii), by inserting after "prepay," the following: "accept the payment tendered in the case of acceleration of the amount due pursuant to default on,";

(ii) in the 1st sentence of subparagraph (F), by inserting after "prepay," the following: "accept payment tendered in the case of acceleration of the amount due pursuant to default on,";

(iii) in the 2d sentence of subparagraph (F), by inserting after "prepay," the following: "payment tendered in the case of acceleration of the amount due pursuant to default,";

(iv) in the last sentence of subparagraph (F), by striking "offers to prepay," and inserting the following: "such offers to prepay, payments in the case of acceleration of the amount due pursuant to default,"; and

(v) in the matter in subparagraph (G) that precedes clause (i), by inserting after "prepay," the following: "any payment tendered in the case of acceleration of the amount due pursuant to default on,".

(e) TEST FOR ALLOWABLE PREPAYMENT.—Section 502(c)(5)(G)(ii) of the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(G)(ii)) is amended to read as follows:

"(ii) the Secretary makes a written finding that—

"(I) prepayment, payment in the case of acceleration, or refinancing will not (a) materially increase economic hardship for current tenants, and (b) involuntarily displace current tenants (except for good cause), where comparable and affordable housing is not readily available at the time of displacement, determined without regard to the availability of Federal housing assistance that would address any such hardship or involuntary displacement; and

"(II) the supply of vacant, comparable housing is sufficient to ensure that such prepayment will not materially affect (a) the availability of decent, safe, and sanitary housing affordable to low-income and very low-income families or persons in the area that the housing could reasonably be expected to serve, (b) the ability of low-income and very low-income families or persons to find affordable, decent, safe, and sanitary housing near employment opportunities, or (c) the housing opportunities of minorities in the community within which the housing is located.".

SEC. 507. DESIGNATION OF UNDERSERVED AREAS AND RESERVATION OF ASSISTANCE.

(a) REAUTHORIZATION AND SET-ASIDE.—Section 509(f)(4) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)) is amended—

(1) in subparagraph (A)—

(A) in the first sentence—

(i) by striking "5.0 percent in fiscal years 1993 and 1994" and inserting "not less than 5 percent or more than 10 percent for each of fiscal years 1995 and 1996"; and

(ii) by striking "514, 515, and 524" and inserting "and 515"; and

(B) in the second sentence, by striking "sections 514 and 515" and inserting "section 515"; and

(2) in subparagraph (B)(ii), by striking "5 percent" and inserting "10 percent".

(b) POVERTY LEVEL FOR DESIGNATION.—Section 509(f)(1) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking "20 percent" and inserting "15 percent"; and

(2) in subparagraph (B), by striking "10 percent" and inserting "5 percent".

(c) POVERTY LEVEL FOR PREFERENCE.—Section 509(f)(2) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking "28 percent" and inserting "20 percent"; and

(2) in subparagraph (B), by striking "13 percent" and inserting "7 percent".

(d) ADDITIONAL QUALIFICATION AS UNDERSERVED AREA.—Section 509(f)(1) of the Housing Act of 1949 is amended by inserting after subparagraph (B) the following new flush sentence: "The Secretary may also designate a county or community as a targeted underserved area if the Secretary determines that the county or community has severe unmet housing needs, including needs caused by severe economic and social dislocation such as natural disasters, structural employment changes, or persistent poverty, or has experienced long-term population and job losses.".

(e) GEOGRAPHICAL DIVERSITY.—Section 509(f)(1) of the Housing Act of 1949 is amended by adding at the end the following: "In designating targeted underserved areas under this paragraph for any fiscal year, the Secretary may not designate more than 10 counties and communities located in any single State or in the Commonwealth of Puerto Rico. If more than 10 counties and communities in any single State or the Commonwealth of Puerto Rico qualify under this paragraph for designation as an underserved area, the Secretary shall designate the counties and communities for which the sum of the percentages under subparagraphs (A) and (B) are the greatest.".

(f) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f)) is amended—

(1) in paragraph (1)—

(A) in the 1st sentence, by striking "in each fiscal year"; and

(B) in the 2d sentence, by striking "year in" and inserting "first year for";

(2) in paragraph (2)—

(A) in the first sentence, by striking "paragraph (4)" and inserting "paragraph (5)"; and

(B) by striking the last sentence;

(3) in paragraph (3)(B), by striking "paragraph (2)" and inserting "paragraph (3)";

(4) in paragraph (4)(A), by striking "paragraph (7)" and inserting "paragraph (8)";

(5) by redesignating paragraphs (2) through (8) as paragraphs (3) through (9), respectively; and

(6) by inserting after paragraph (1) the following new paragraph:

"(2) TIMING AND DURATION OF DESIGNATIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall redesignate the targeted underserved areas under this subsection once every 2 fiscal years and such designations shall remain in effect for a period of 2 fiscal years. The first such 2-year designation shall be made for fiscal years 1995 and 1996.

"(B) DESIGNATIONS FOR INDIAN AREAS.—The Secretary shall ensure that, at all times, not less than 5 counties or communities that contain tribal allotted or Indian trust land are included among the 100 counties and communities designated as targeted underserved areas. The Secretary shall redesignate the counties or communities designated as a targeted underserved area in compliance with this subparagraph once every 3 fiscal years and such designations shall remain in effect for 3 fiscal years. The first such 3-year designation shall be made for fiscal years 1995 through 1997. Upon designation, the Secretary shall specify any targeted underserved area designated in compliance with this subparagraph.".

SEC. 508. ADMINISTRATIVE APPEALS.

(a) APPEALS.—Section 510(g) of the Housing Act of 1949 (42 U.S.C. 1480(g)) is amended—

(1) by inserting after "termination and" the following: ", in the case of any eviction not related to any drug-related or criminal activity, nonpayment of rent, or activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents,"; and

(2) by inserting after "reverse the decision" the following: "and is mutually selected within a reasonable period of time by the person adversely affected by the reduction or termination of assistance and the person reducing or terminating assistance".

(b) ATTORNEYS.—Section 510(d)(1) of the Housing Act of 1949 is amended—

(1) in the matter preceding subparagraph (A), by inserting "or 515" after "502"; and

(2) in subparagraph (C)(ii), by inserting "with respect to litigation under section 502," before "representation".

SEC. 509. SECTION 515 RURAL RENTAL HOUSING.

(a) LOAN TERM.—Section 515(a)(2) of the Housing Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by inserting before the semicolon the following: ", except that the Secretary may also make loans for a period of up to 30 years from the making of the loan".

(b) DEVELOPMENT COST.—Section 515(e)(4) of the Housing Act of 1949 is amended by inserting "franchise fees," after "impact fees,".

(c) LIMITATION ON PROJECT TRANSFERS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by inserting after subsection (g) the following new subsection:

"(h) PROJECT TRANSFERS.—After the date of the enactment of the Housing and Community Development Act of 1994, any interest in the ownership of a project for which a loan is made or insured under this section may be transferred only if the Secretary determines that such transfer would be in the best interests of the tenants of the housing for which the loan was made or insured and of the Federal Government.".

(d) EQUITY LOANS.—Section 515(t) of the Housing Act of 1949 is amended—

(1) by striking paragraphs (4) and (5); and

(2) by redesignating paragraphs (6) through (8) as paragraphs (4) through (6), respectively.

(e) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking "fiscal years 1993 and 1994" and inserting "fiscal years 1995 and 1996".

(f) AUTHORITY FOR STREAMLINED MORTGAGE MODIFICATIONS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by adding at the end the following new subsection:

"(aa) MORTGAGE MODIFICATIONS.—

"(1) PURPOSE AND AUTHORITY.—In order to reduce the amount of debt service payments and operating costs of borrowers under loans made or insured under this section, reduce rents paid by residents of housing financed with such loans, and reduce the amount of rental assistance necessary for such housing, the Secretary may refinance the outstanding principal obligation of a loan made under this subsection in accordance with the provisions applicable (at the time of such refinancing) to loans made under this section that the Secretary determines are appropriate for purposes of this subsection and the terms and conditions of the original loan.

"(2) USE OF HOUSING.—Any terms of the original loan relating to use of the housing and related facilities for the purposes specified in this section shall continue to apply to the housing in the same manner as if the loan were not modified under this subsection.

"(3) TREATMENT OF MODIFIED MORTGAGE UNDER PREPAYMENT RESTRICTIONS.—Any loan modified under this subsection shall be considered a loan originally made under this section, for purposes of the limitations under subsection (c) on prepayment and refinancing under subsection (b)(3). For purposes of determining the financial status of the loan or the housing securing the loan, the Secretary may consider the terms of the refinancing.

"(4) TERMS.—The Secretary shall, by regulation, establish any requirements and conditions the Secretary considers appropriate to provide for refinancing under this subsection, including any limitations on term of the refinancing loan.

"(5) EXPEDITED PROCEDURE.—The Secretary shall establish an expedited procedure for providing refinancing under this subsection, which—

"(A) shall not require application under the same procedures applicable to loans made under subsection (a); and

"(B) shall take into consideration any information obtained by the Secretary in making and servicing the loan under subsection (a) for which refinancing under this subsection is requested.".

SEC. 510. OPTIONAL CONVERSION OF RENTAL ASSISTANCE PAYMENTS TO OPERATING SUBSIDY FOR MIGRANT FARMWORKER PROJECTS.

(a) IN GENERAL.—Section 521(a) of the Housing Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding at the end the following new paragraph:

"(5) OPERATING ASSISTANCE FOR MIGRANT FARMWORKER PROJECTS.—

"(A) AUTHORITY.—In the case of housing (and related facilities) for migrant farmworkers provided or assisted with a loan under section 514 or a grant under section 516, the Secretary may, at the request of the owner of the project, use amounts provided for rental assistance payments under paragraph (2) to provide assistance for the costs of operating the project. Any project assisted under this paragraph may not receive rental assistance under paragraph (2).

"(B) AMOUNT.—In any fiscal year, the assistance provided under this paragraph for any project shall not exceed an amount equal to 90 percent of the operating costs for the project for the year, as determined by the Secretary. The amount of assistance to be provided for a project under this paragraph shall be an amount that makes units in the project available to migrant farmworkers in the area of the project at rates generally not exceeding 30 percent of the monthly adjusted incomes of such farmworkers, based on the prevailing incomes of such farmworkers in the area.

"(C) SUBMISSION OF INFORMATION.—The owner of a project assisted under this paragraph shall be required to provide to the Secretary, at least annually, a budget of operating expenses and estimated rental income, which the Secretary shall use to determine the amount of assistance for the project.

"(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

"(i) The term 'migrant farmworker' shall have the same meaning given the term in section 516(k)(7).

"(ii) The term 'operating cost' means expenses incurred in operating a project, including expenses for—

"(I) administration, maintenance, repair, and security of the project;

"(II) utilities, fuel, furnishings, and equipment for the project; and

"(III) maintaining adequate reserve funds for the project.".

(b) CONFORMING AMENDMENTS.—Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended—

(1) in section 502—

(A) in subsection (c)(1)(A)(i), by striking "or (a)(2)" and inserting ", (a)(2), or (5)";

(B) in subsection (c)(4)(B)(ii), by inserting before the period at the end the following: ", or additional assistance or an increase in assistance provided under section 521(a)(5)";

(C) in subsection (c)(4)(B)(iii), by inserting before the period at the end the following: ", or current tenants of projects not assisted under section 521(a)(5)";

(D) in subsection (c)(5)(C)(iii)—

(i) by striking the 2d comma; and

(ii) by inserting "or any assistance payments received under section 521(a)(5)," before "with respect";

(E) in subsection (c)(5)(D), by inserting before the period at the end the following: "or, in the case of housing assisted under section 521(a)(5), does not exceed the rents established for the project under such section";

(2) in the second sentence of section 509(f)(5) (as redesignated by the preceding provisions of this title), by striking "an amount of section 521 rental assistance" and inserting ", from amounts available for assistance under paragraphs (2) and (5) of section 521(a), an amount";

(3) in section 513(c)(2)—

(A) in the matter preceding subparagraph (A), by inserting "or contracts for operating assistance under section 521(a)(5)" after "521(a)(2)(A)";

(B) in subparagraph (A), by inserting "or operating assistance contracts" after "contracts";

(C) in subparagraph (B), by striking "rental" each place it appears; and

(D) in subparagraph (C), by inserting "or operating assistance contracts" after "contracts";

(4) in section 521(a)(2)(B)—

(A) by inserting "or paragraph (5)" after "this paragraph"; and

(B) by striking "which shall" and all that follows through the period at the end and inserting the following: ". The budget (and the income, in the case of a project assisted under this paragraph) shall be used to determine the amount of the assistance for each project.";

(5) in section 521(c), by striking "subsection (a)(2)" and inserting "subsections (a)(2) and (a)(5)";

(6) in section 521(e), by inserting after "recipient" the following: "or any tenant in a project assisted under subsection (a)(5)"; and

(7) in section 530, by striking "rental assistance payments with respect to such project under section 521(a)(2)(A)" and inserting "assistance payments with respect to such project under section 521(a)(2)(A) or 521(a)(5)".

SEC. 511. DEFINITION OF RURAL AREA.

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by striking "city of" and inserting "cities of South Tucson, Arizona, and".

SEC. 512. ELIGIBILITY OF MANUFACTURED HOME PARKS FOR BUILDING SITE LOANS FOR COOPERATIVES.

The first sentence of section 524(a)(1) of the Housing Act of 1949 (42 U.S.C. 1490d(a)(1)) is amended by inserting before the period at the end the following: ", and for the acquisition and development of manufactured home parks owned by nonprofit organizations for future ownership by low- and moderate-income residents of the park".

SEC. 513. RURAL HOUSING ASSISTANCE TARGETING REPORT.

Section 532(a) of the Housing Act of 1949 (42 U.S.C. 1490l) is amended by adding at the end the following new flush material:

"The Secretary shall submit a report to the Congress for each fiscal year describing the geographical distribution of housing for which eligible loan applications for assistance under this title are submitted in such year and for which amounts are obligated in such year. The report shall describe the areas in which the housing to be assisted under the applications is located, the number of eligible applications received for housing in such areas, the number of eligible applications for housing in such areas that were approved and funded and the amounts of such funding, the extent of the rural character of such areas, and any actions taken by the Secretary to comply with the requirement under paragraph (3). The report for a fiscal year shall be submitted not later than 180 days after the conclusion of such fiscal year.".

SEC. 514. PRIORITY FOR RURAL HOUSING VOUCHER ASSISTANCE.

Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended by adding at the end the following new subsection:

"(c) PRIORITY.—

"(1) REQUIREMENT.—In providing assistance under this section, the Secretary shall give preference to providing assistance for rental housing that—

"(A) is financed or assisted with a loan, guarantee, insurance, or other assistance provided under this title; and

"(B)(i) has a significant number of units, as determined by the Secretary, that have been vacant for extended periods; or

"(ii) is occupied by a significant number of families, as determined by the Secretary, who pay as rent for a unit in the housing an amount exceeding 30 percent of the family's monthly adjusted income.

"(2) PROJECT-BASED ASSISTANCE.—To provide assistance according to the preference under paragraph (1), the Secretary may enter into contracts with owners of housing described in paragraph (1) to provide voucher assistance payments that are attached to such housing on behalf of very low-income families who reside in such housing.".

SEC. 515. NATIVE AMERICAN RURAL HOUSING CAPACITY DEMONSTRATION PROGRAM.

Title V of the Housing Act of 1949 is amended by inserting after section 537 (42 U.S.C. 1490p–1) the following new section:

"SEC. 538. RURAL HOUSING CAPACITY DEMONSTRATION PROGRAM FOR NATIVE AMERICANS AND ALASKAN NATIVES.

"(a) AUTHORITY.—The Secretary shall carry out a program under this section to demonstrate the effectiveness of assisting Native Americans and Alaskan Natives in underserved areas to apply for, obtain, and use housing assistance under this title.

"(b) GRANTS.—Under the demonstration under this section, the Secretary shall make grants to technical assistance providers selected under subsection (f) to carry out activities under subsection (c) with respect to tribes selected under subsection (e) (and members of the tribes) in the selected areas. Of the amounts provided to a technical assistance provider under a grant under this section, 40 percent shall be disbursed to the technical assistance provider in fiscal year 1995, 30 percent shall be so disbursed in fiscal year 1996, and 30 percent shall be so disbursed in fiscal year 1997.

"(c) USE OF ASSISTANCE.—

"(1) ELIGIBLE ACTIVITIES.—Any amounts provided to a technical assistance provider under a grant under this section shall be used by the technical assistance provider only—

"(A) to train individuals for employment as local project coordinators under paragraph (2), which shall include training regarding the availability, application for, and use of housing assistance under this title with respect to tribes and members of tribes;

"(B) to provide ongoing technical assistance and training to local project coordinators;

"(C) to provide assistance to the tribes selected under subsection (e) in the selected areas, or to Native American or Alaskan Native housing organizations serving such tribes, to employ local project coordinators trained pursuant to subparagraph (A); and

"(D) to establish a revolving fund to provide loans to tribes and members of tribes for customary and reasonable costs incurred in preparing and submitting applications for housing assistance under this title to be used in the selected areas (including costs of credit reports), except that not more than $1,500 may be provided for the purpose under this subparagraph to any single tribe or Native American or Alaskan Native housing organization.

"(2) LOCAL PROJECT COORDINATOR.—For purposes of this section, a local project coordinator shall be an individual who—

"(A) is employed by a tribe selected under subsection (e) in, or Native American or Alaskan Native housing organization serving, the selected area;

"(B) provides advice and assistance to the tribe or the tribes served by the organization (and members of such tribes), regarding the availability, application for, and use of housing assistance under this title;

"(C) otherwise facilitates the use of such assistance by the tribes and their members; and

"(D) assists the tribes and their members in obtaining loans from the revolving fund established under paragraph (1)(D).

"(d) TRIBAL CONTRIBUTIONS TO DEMONSTRATION PROGRAM.—Each tribe selected under subsection (e) for participation in the demonstration program under this section shall enter into an agreement with the technical assistance provider to provide in-kind or financial assistance, in addition to amounts provided under this section, for activities under the demonstration program, in an amount determined by the tribe and the technical assistance provider. The assistance provided pursuant to such agreement may include assistance in the form of office space, equipment, transportation, salary enhancement, and fringe benefits, and other forms of assistance.

"(e) SELECTION OF TRIBES AND AREAS.—

"(1) ELIGIBILITY.—The Secretary shall provide for the technical assistance providers receiving grants under this section to select for participation in the demonstration under this section not more than a total of 15 tribes—

"(A) that are located in counties or communities—

"(i) that are eligible for designation as targeted underserved areas under section 509(f); or

"(ii) that include tribal allotted or Indian trust land; and

"(B) that—

"(i) have agreed to participate in the demonstration under this section by designating individuals for training as local project coordinators under subsection (c); or

"(ii) are located in a county or community within which is located a Native American or Alaskan Native housing organization that has so agreed to participate in the demonstration under this section.

"(2) CRITERIA FOR SELECTION.—Each technical assistance provider selecting tribes pursuant to paragraph (1) shall make such selections according to criteria that include—

"(A) the extent of substandard housing on the reservation of the tribe;

"(B) the extent of the waiting list for housing assistance under Federal housing programs in the community or community under paragraph (1)(A);

"(C) the extent of interest in and willingness to participate in the demonstration program under this section for a 3-year period; and

"(D) the extent of willingness to provide in-kind or financial assistance in addition to amounts provided under this section for activities under the demonstration program.

"(3) TREATMENT AS TARGETED UNDERSERVED AREAS.—Notwithstanding the designation of counties and communities as targeted underserved areas under section 509(f)(1) and the provisions of section 520, any selected area under this section shall be considered a targeted underserved area for fiscal years 1995, 1996, and 1997, for purposes of eligibility for assistance with amounts reserved under section 509(f)(4)(A).

"(f) SELECTION OF TECHNICAL ASSISTANCE PROVIDERS.—

"(1) ELIGIBILITY.—The Secretary may make a grant under this section only to a nonprofit organization having experience in providing training and technical assistance regarding the use of housing assistance under this title and in administering revolving loan funds for costs relating to housing assistance programs under this title.

"(2) APPLICATION.—The Secretary shall provide for nonprofit organizations meeting the requirements under paragraph (1) to submit applications for a grant under this section during a period of not more than 45 days that begins upon publication of the notice of funding availability under subsection (i).

"(3) SELECTION.—Not more than 30 days after expiration of such period, the Secretary shall select, to receive grants under this section, 1 or more nonprofit organizations submitting applications that are—

"(A) capable of carrying out the duties of technical assistance providers under this section;

"(B) knowledgeable and experienced regarding housing needs and issues of Native Americans and Alaskan Natives and housing assistance programs under this title; and

"(C) agree to comply with the provisions of this section.

"(g) REPORTS.—

"(1) LOCAL PROJECT COORDINATORS.—Each local project coordinator trained or assisted by a technical assistance provider with amounts from a grant under this section shall submit a report to the technical assistance provider for each of fiscal years 1995 through 1997, regarding the activities of the coordinator. The report shall be submitted not later than 30 days after the conclusion of the fiscal year for which the report is made.

"(2) TECHNICAL ASSISTANCE PROVIDERS.—Each technical assistance provider receiving a grant under this section shall submit a report to the Secretary for each of fiscal years 1995 through 1997, summarizing the information submitted under paragraph (1) for the fiscal year and describing the activities of the technical assistance provider under the demonstration under this section during the fiscal year. The report shall be submitted not later than 60 days after the

conclusion of the fiscal year for which the report is made.

"(3) SECRETARY.—The Secretary shall submit a report to the Congress for each of fiscal years 1995 through 1997 describing the demonstration under this section and the findings of the Secretary as a result of the demonstration. The report shall be submitted not later than 90 days after the conclusion of the fiscal year for which the report is made.

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

"(1) ALASKAN NATIVE VILLAGE.—The term 'Alaskan Native Village' has the same meaning given the term 'Native village' in section 3 of the Alaska Native Claims Settlement Act.

"(2) NATIVE AMERICAN OR ALASKAN NATIVE HOUSING ORGANIZATION.—The term 'Native American or Alaskan Native housing organization' means a nonprofit organization that primarily serves a tribe or tribes, and includes Indian housing authorities and other housing entities of a tribe.

"(3) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any private, nonprofit organization that—

"(A) is organized or chartered under State, tribal, or local laws;

"(B) has no part of its net earning inuring to the benefit of any member, founder, contributor, or individual;

"(C) complies with standards of financial accountability acceptable to the Secretary; and

"(D) through its articles of incorporation or through resolution of the governing body of a tribe, has among its purposes significant activities related to the provision of decent housing that is affordable to low- and moderate-income families.

"(4) SELECTED AREA.—The term 'selected area' means, with respect to any tribe selected under subsection (e), the county or community meeting the requirements of subsection (e)(1) in which the tribe selected is located.

"(5) TECHNICAL ASSISTANCE PROVIDER.—The term 'technical assistance provider' means a nonprofit organization (including a tribe and an Indian housing authority) that is selected under subsection (f) to receive a grant under this section.

"(6) TRIBE.—The term 'tribe' means any Indian tribe, band, group, or nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, that is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, United States Code, prior to the repeal of such chapter.

"(i) NOTICE OF FUNDING AVAILABILITY.—

"(1) PUBLICATION.—The Secretary shall cause to be published in the Federal Register notice of the availability of any amounts made available for grants under this section. Such notice shall be published not later than the expiration of the 90-day period beginning on the date that amounts are appropriated to carry out this section.

"(2) CONTENTS.—The notice referred to in paragraph (1) shall—

"(A) describe the requirements for eligibility to receive a grant, the purposes of the grant, and the permissible uses of grant amounts;

"(B) contain an address to which requests for additional information regarding the demonstration under this section may be made; and

"(C) state the deadline established by the Secretary pursuant to subsection (f)(2) for the submission of applications for a grant.".

SEC. 516. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by inserting after section 538 (as added by the preceding provisions of this title) the following new section:

"SEC. 539. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

"(a) IN GENERAL.—The Secretary is authorized to provide assistance to develop the capacity and ability of community development corporations, community housing development organizations, and other nonprofit organizations to undertake community development and affordable housing projects and programs in rural areas.

"(b) FORM OF ASSISTANCE.—Assistance under this section may be used for—

"(1) training, education, support, and advice to enhance the technical and administrative capabilities of community development corporations, community housing development organizations, and nonprofit organizations in rural areas;

"(2) loans, grants, or predevelopment assistance to community development corporations, community housing development organizations, and nonprofit organizations to carry out community development and affordable housing activities that benefit low-income families in rural areas; and

"(3) such other activities for rural areas as may be determined by the Secretary.

"(c) MATCHING REQUIREMENT.—Assistance provided under this section shall be matched from private sources in an amount equal to 3 times the amount made available under this section.

"(d) IMPLEMENTATION.—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section. The notice shall take effect upon issuance.".

SEC. 517. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by inserting after section 539 (as added by the preceding provision of this title) the following new section:

"SEC. 540. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

"(a) AUTHORITY.—The Secretary may make commitments to guarantee eligible loans for the development costs of eligible housing and related facilities, and may guarantee such eligible loans, in accordance with this section.

"(b) EXTENT OF GUARANTEE.—A guarantee made under this section shall guarantee repayment of an amount not exceeding 90 percent of the amount of the unpaid principal and interest of the loan for which the guarantee is made. The liability of the United States under any guarantee under this section shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

"(c) ELIGIBLE BORROWERS.—A loan guaranteed under this section may be made to a nonprofit organization, an agency or body of any State government or political subdivision thereof, or a private entity.

"(d) ELIGIBLE HOUSING.—A loan may be guaranteed under this section only if the loan is used for the development costs of housing and related facilities (as such terms are defined in section 515(e)) that—

"(1) consists of 5 or more adequate dwellings;

"(2) is available for occupancy only by low or moderate income families or persons, whose incomes at the time of initial occupancy do not exceed 115 percent of the median income of the area, as determined by the Secretary;

"(3) will remain available as provided in paragraph (2), according to such binding commitments as the Secretary may require, for the period of the original term of the loan guaranteed, unless the Secretary waives the applicability of such requirement for the loan only after determining, based on objective information, that—

"(A) there is no longer a need for low- and moderate-income housing in the market area in which the housing is located;

"(B) housing opportunities for low-income households and minorities will not be reduced as a result of the waiver; and

"(C) additional Federal assistance will not be necessary as a result of the waiver; and

"(4) is located in a rural area.

"(e) ELIGIBLE LENDERS.—

"(1) REQUIREMENT.—A loan may be guaranteed under this subsection only if the loan is made by a lender that the Secretary determines—

"(A) meets the qualifications, and has been approved by the Secretary of Housing and Urban Development, to make loans for multifamily housing that are to be insured under the National Housing Act;

"(B) meets the qualifications, and has been approved by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, to make loans for multifamily housing that are to be sold to such corporations; or

"(C) meets any qualifications that the Secretary may, by regulation, establish for participation of lenders in the loan guarantee program under this section.

"(2) ELIGIBILITY LIST AND ANNUAL AUDIT.—The Secretary shall establish a list of eligible lenders and shall annually conduct an audit of each lender included in the list for purposes of determining whether such lender continues to be an eligible lender.

"(f) LOAN TERMS.—Each loan guaranteed pursuant to this subsection shall—

"(1) provide for complete amortization by periodic payments to be made for a term not to exceed 40 years;

"(2) involve a rate of interest agreed upon by the borrower and the lender that does not exceed the maximum allowable rate established by the Secretary for purposes of this section and is fixed over the term of the loan;

"(3) involve a principal obligation (including initial service charges, appraisal, inspection, and other fees as the Secretary may approve) not to exceed—

"(A) in the case of a borrower that is a nonprofit organization or an agency or body of any State or local government, 97 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less;

"(B) in the case of a borrower that is a for-profit entity not referred to in subparagraph (A), 90 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less; and

"(C) in the case of any borrower, for such part of the property as may be attributable to dwelling use, the applicable maximum per unit dollar amount limitations under section 207(c) of the National Housing Act;

"(4) be secured by a first mortgage on the housing and related facilities for which the loan is made, or otherwise, as the Secretary may determine necessary to ensure repayment of the obligation; and

"(5) for at least 20 percent of the loans made under this section, the Secretary shall provide the borrower with assistance in the form of credits pursuant to section 521(a)(1)(B) to the extent necessary to reduce the rate of interest under paragraph (2) to the applicable Federal rate, as such term is used in section 42(i)(2)(D) of the Internal Revenue Code of 1986.

"(g) GUARANTEE FEE.—At the time of issuance of a loan guaranteed under this section, the Secretary may collect from the lender a fee equal to not more than 1 percent of the principal obligation of the loan.

"(h) AUTHORITY FOR LENDERS TO ISSUE CERTIFICATES OF GUARANTEE.—The Secretary may authorize certain eligible lenders to determine whether a loan meets the requirements for guarantee under this section and, subject to the

availability of authority to enter into guarantees under this section, execute a firm commitment for a guarantee binding upon the Secretary and issue a certificate of guarantee evidencing a guarantee, without review and approval by the Secretary of the specific loan. The Secretary may establish standards for approving eligible lenders for a delegation of authority under this subsection.

"(i) PAYMENT UNDER GUARANTEE.—

"(1) NOTICE OF DEFAULT.—In the event of default by the borrower on a loan guaranteed under this section, the holder of the guarantee certificate for the loan shall provide written notice of the default to the Secretary.

"(2) FORECLOSURE.—After receiving notice under paragraph (1) and providing written notice of action under this paragraph to the Secretary, the holder of the guarantee certificate for the loan may initiate foreclosure proceedings for the loan in a court of competent jurisdiction, in accordance with regulations issued by the Secretary, to obtain possession of the security property. After the court issues a final order authorizing foreclosure on the property, the holder of the certificate shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)) upon (A) conveyance to the Secretary of title to the security property, (B) submission to the Secretary of a claim for payment under the guarantee, and (C) assignment to the Secretary of all the claims of the holder of the guarantee against the borrower or others arising out of the loan transaction or foreclosure proceedings, except claims released with the consent of the Secretary.

"(3) ASSIGNMENT BY SECRETARY.—After receiving notice under paragraph (1), the Secretary may accept assignment of the loan if the Secretary determines that the assignment is in the best interests of the United States. Assignment of a loan under this paragraph shall include conveyance to the Secretary of title to the security property, assignment to the Secretary of all rights and interests arising under the loan, and assignment to the Secretary of all claims against the borrower or others arising out of the loan transaction. Upon assignment of a loan under this paragraph, the holder of a guarantee certificate for the loan shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)).

"(4) REQUIREMENTS.—Before any payment under a guarantee is made under paragraph (2) or (3), the holder of the guarantee certificate shall exhaust all reasonable possibilities of collection on the loan guaranteed. Upon payment, in whole or in part, to the holder, the note or judgment evidencing the debt shall be assigned to the United States and the holder shall have no further claim against the borrower or the United States. The Secretary shall then take such action to collect as the Secretary determines appropriate.

"(j) VIOLATION OF GUARANTEE REQUIREMENTS BY LENDERS ISSUING GUARANTEES.—

"(1) INDEMNIFICATION.—If the Secretary determines that a loan guaranteed by an eligible lender pursuant to delegation of authority under subsection (h) was not originated in accordance with the requirements under this section and the Secretary pays a claim under the guarantee for the loan, the Secretary may require the eligible lender authorized under subsection (h) to issue the guarantee certificate for the loan—

"(A) to indemnify the Secretary for the loss, if the payment under the guarantee was made within a reasonable period specified by the Secretary; or

"(B) to indemnify the Secretary for the loss regardless of when payment under the guarantee was made, if the Secretary determines that fraud or misrepresentation was involved in connection with the origination of the loan.

"(2) TERMINATION OF AUTHORITY TO ISSUE GUARANTEES.—The Secretary may cancel a delegation of authority under subsection (h) to an eligible lender if the Secretary determines that the lender has violated the requirements and procedures for guaranteed loans under this section or for other good cause. Any such cancellation shall be made by giving notice to the eligible lender and shall take effect upon receipt of the notice by the mortgagee or at a later date, as the Secretary may provide. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

"(k) REFINANCING.—Any loan guaranteed under this section may be refinanced and extended in accordance with terms and conditions that the Secretary shall prescribe, but in no event for an additional amount or term that exceeds the limitations under subsection (f).

"(l) NONASSUMPTION.—The borrower under a loan that is guaranteed under this section and under which any portion of the principal obligation or interest remains outstanding may not be relieved of liability with respect to the loan, notwithstanding the transfer of property for which the loan was made.

"(m) GEOGRAPHICAL TARGETING.—

"(1) STUDY.—The Secretary shall provide for an independent entity to conduct a study to determine the extent to which borrowers in the United States will utilize loan guarantees under this section, the rural areas in the United States in which borrowers can best utilize and most need loans guaranteed under this section, and the rural areas in the United States in which housing of the type eligible for a loan guarantee under this section is most needed by low- and moderate-income families. The Secretary shall require the independent entity conducting the study to submit a report to the Secretary and to the Congress describing the results of the study not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing and Community Development Act of 1994.

"(2) TARGETING.—In providing loan guarantees under this section, the Secretary shall establish standards to target and give priority to rural areas in which borrowers can best utilize and most need loans guaranteed under this section, as determined by the Secretary based on the results of the study under paragraph (1) and any other information the Secretary considers appropriate.

"(n) INAPPLICABILITY OF CREDIT-ELSEWHERE TEST.—Section 501(c) shall not apply to guarantees, or loans guaranteed, under this section.

"(o) TENANT PROTECTIONS.—The Secretary shall establish standards for the treatment of tenants of housing developed using amounts from a loan guaranteed under this section, which shall incorporate, to the extent applicable, existing standards applicable to tenants of housing developed with loans made under section 515. Such standards shall include standards for fair housing and equal opportunity, lease and grievance procedures, and tenant appeals of adverse actions.

"(p) HOUSING STANDARDS.—The standards established under section 515(m) for housing and related facilities assisted under section 515 shall apply to housing and related facilities the development costs of which are financed in whole or in part with a loan guaranteed under this section.

"(q) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS.—

"(1) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section, and to guarantee loans, shall be effective for any fiscal year only to the extent or in such amounts as are or have been provided in appropriations Acts for such fiscal year.

"(2) LIMITATION ON PROJECTS AND OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitation in paragraph (1), the Secretary may enter into commitments to guarantee loans under this section for not more than 25 housing projects in each of fiscal years 1995 and 1996, having an aggregate outstanding principal amount not exceeding $50,000,000 in each of such fiscal years.

"(r) REPORT.—

"(1) IN GENERAL.—The Secretary shall submit a report to the Congress, not later than the expiration of the 2-year period beginning on the date of the enactment of the Housing and Community Development Act of 1994, describing the program under this section for guaranteeing loans.

"(2) CONTENTS.—The report shall—

"(A) describe the types of borrowers providing housing with loans guaranteed under this section, the areas served by the housing provided and the geographical distribution of the housing, the levels of income of the residents of the housing, the number of dwelling units provided, the extent to which borrowers under such loans have obtained other financial assistance for development costs of housing provided with the loans, and the extent to which borrowers under such loans have used low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986 in connection with the housing provided with the loans;

"(B) analyze the financial viability of the housing provided with loans guaranteed under this section and the need for project-based rental assistance for such housing;

"(C) include any recommendations of the Secretary for expanding or improving the program under this section for guaranteeing loans; and

"(D) include any other information regarding the program for guaranteeing loans under this section that the Secretary considers appropriate.

"(s) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

"(1) The term 'development cost' has the meaning given the term in section 515(e).

"(2) The term 'eligible lender' means a lender determined by the Secretary to meet the requirements of subparagraph (A), (B), (C), or (D) of subsection (e)(1).

"(3) The terms 'housing' and 'related facilities' have the meanings given such terms in section 515(e).

"(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section.

"(u) TERMINATION DATE.—A loan may not be guaranteed under this section after September 30, 1996.".

SEC. 518. RURAL HOUSING LOAN DELEGATED PROCESSING DEMONSTRATION.

(a) AUTHORITY.—Not later than the expiration of the 180-day period beginning on the date of enactment of this Act, the Secretary of Agriculture shall implement a system for making, processing, and servicing loans under section 502 of the Housing Act of 1949 that delegates such functions to nonprofit organizations approved by the Secretary of Agriculture. Under the system, the Secretary shall retain the authority to approve loan amounts and interest credit agreements and to execute binding loan commitments and credit agreements.

(b) USE IN TARGETED UNDERSERVED AREAS.—The Secretary of Agriculture shall carry out the delegated processing system under subsection (a) only with respect to loans for housing located in, and amounts reserved for use in, areas for which a designation under section 509(f) is in effect.

(c) REPORT.—The Secretary of Agriculture shall submit an interim report to the Congress not later than 12 months after the date of the initial implementation of the delegated processing system under this section describing the activities taken under the system and evaluating the effectiveness of the system.

(d) TERMINATION OF AUTHORITY.—The Secretary of Agriculture may not carry out the delegated processing system under this section after September 30, 1996.

TITLE VI—COMMUNITY DEVELOPMENT

Subtitle A—Community Development Block Grant Program

SEC. 601. AUTHORIZATION OF APPROPRIATIONS AND GUARANTEE AUTHORITY.

(a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—The second sentence of section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303) is amended to read as follows: "For purposes of assistance under section 106, there are authorized to be appropriated $4,400,000,000 for fiscal year 1995 and $4,500,000,000 for fiscal year 1996.".

(b) LIMITATION ON LOAN GUARANTEES.—The fifth sentence of section 108(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(a)) is amended to read as follows: "Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this section, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this section with an aggregate principal amount of $2,054,000,000 for fiscal year 1995 and $2,054,000,000 for fiscal year 1996.".

(c) SPECIAL PURPOSE GRANTS.—Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307) is amended—

(1) by striking "SEC. 107" and all that follows through the end of paragraph (1) of subsection (a) and inserting the following:

"SEC. 107. (a) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated for each of fiscal years 1995 and 1996, $60,000,000, for grants under subsection (b). Of such amounts—

"(A) $7,000,000 shall be available in each such year for grants under subsection (b)(1);

"(B) such sums as may be necessary shall be available in each such year for grants under subsection (b)(2);

"(C) $7,000,000 shall be available in each such year for grants under subsection (b)(3);

"(D) $28,000,000 shall be available in each such year for grants under subsection (b)(4);

"(E) $6,000,000 shall be available in each such year for grants under subsection (b)(5);

"(F) $2,000,000 shall be available in each such year for grants under subsection (b)(6);

"(G) $8,000,000 shall be available in each such year for grants under subsection (b)(7);

"(H) such sums as may be necessary shall be available in each such year for grants under subsection (b)(8);

"(I) $3,000,000 shall be available in each such year for grants under subsection (c); and

"(J) such sums as may be necessary shall be available in fiscal year 1995 for a grant to the City of Bridgeport, Connecticut, subject to binding commitments made by the City of Bridgeport and the State of Connecticut that the amount made available pursuant to this subparagraph will be supplemented with an additional amount equal to such amount under this subparagraph, which shall be provided by the city and the State in equal amounts."; and

(2) in subsection (b)—

(A) in paragraph (6), by striking "and" at the end;

(B) in paragraph (7), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following new paragraph:

"(8) to 10 metropolitan cities and urban counties that receive grants under section 106, have high rates of fire incidents, a substantial number of low-income residents, and a high rate of death and serious injury caused by fire among youth, elderly, and minorities, for obtaining a nitrogen enhanced, biodegradable, noncorrosive fire suppression liquid and for training firefighters to use such liquid; and in any year in which grants are made under this paragraph, the Secretary shall include in the report required under section 113 a description of the effectiveness of grants made under this paragraph in preventing loss of life and property; and".

SEC. 602. MANAGEMENT INFORMATION SYSTEMS.

Section 103 of the Housing and Community Development Act of 1974 (42 U.S.C 5303) is amended—

(1) by inserting "(a) IN GENERAL.—" after "103."; and

(2) by adding at the end the following new subsection:

"(b) RESERVATION FOR MANAGEMENT INFORMATION SYSTEMS.—Of the amount approved in an appropriation Act for each of fiscal years 1995 and 1996 under this section, the Secretary may reserve not more than 0.5 percent for improving management information systems used by the Secretary and recipients under this title.".

SEC. 603. ELIGIBLE ACTIVITIES.

(a) RECONSTRUCTION ACTIVITIES AND REMOVAL OF TOXIC MATERIALS.—Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (4), by striking ", demolition, removal," and inserting "(including the removal of toxic materials and other contaminants from properties), demolition, removal, reconstruction,";

(2) in paragraph (8), by striking "fiscal year 1994" and inserting "fiscal years 1994, 1995, and 1996";

(3) in paragraph (13), by striking "and" at the end;

(4) by striking paragraph (19);

(5) in paragraph (24), by striking "and" at the end;

(6) in paragraph (25), by striking the period at the end and inserting "; and";

(7) by redesignating paragraphs (20) through (25) as paragraphs (19) through (24), respectively; and

(8) by redesignating paragraph (21) (as added by section 1012(f)(3) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3905) as paragraph (25).

(b) HOMEOWNERSHIP ACTIVITIES.—Section 907(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5305 note) is hereby repealed.

SEC. 604. REALLOCATIONS.

Section 106(c) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(c)) is amended by striking paragraph (4).

SEC. 605. LIMITATION ON EXTENT OF USE OF LOAN GUARANTEES FOR HOUSING PURPOSES.

Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) is amended by inserting after subsection (h) the following new subsection:

"(i) LIMITATION ON USE.—Of any amounts obtained from notes or other obligations issued by an eligible public entity or public agency designated by an eligible public entity and guaranteed under this section pursuant to an application for a guarantee submitted after the date of the enactment of the Housing and Community Development Act of 1992, the aggregate amount used for the purposes described in clauses (2) and (4) of subsection (a), and for other housing activities under the purposes described in clauses (1) and (3) of subsection (a), may not exceed 10 percent of such amounts obtained by the eligible public entity or agency.".

SEC. 606. ECONOMIC DEVELOPMENT GRANTS.

(a) ELIGIBLE ACTIVITIES.—Section 108(q)(2) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)(2)) is amended by inserting before the period at the end the following: "and for the construction, rehabilitation, or financing of retail and service facilities, mixed-use projects, projects that link economic development and housing, community centers, farmers' markets, and community-based business expansions".

(b) ELIGIBLE PUBLIC ENTITIES.—Section 108(q)(1) of the Housing and Community Development Act of 1974 is amended by inserting after "eligible public entities" the following: ", and to eligible public entities in conjunction with community- or neighborhood-based organizations,".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 108(q) of the Housing and Community Development Act of 1974 is amended by adding at the end the following new paragraph:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this subsection $100,000,000 for fiscal year 1995 and $100,000,000 for fiscal year 1996.".

SEC. 607. USE OF UDAG RECAPTURES.

Section 119(o) of the Housing and Community Development Act of 1974 (42 U.S.C. 5318(o)) is amended by striking "October 1, 1993" and inserting in lieu thereof "April 11, 1994".

SEC. 608. EXTENSION OF CERTAIN CDBG ASSISTANCE.

(a) EXTENSION.—Section 916(f) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note) is amended by striking "1991" and all that follows through "1994" and inserting "beginning before the commencement of fiscal year 1998".

(b) ELIGIBILITY.—Section 916(e)(4) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note) is amended by inserting "other than Riverside County, California," after "area".

Subtitle B—Other Community Development Programs

SEC. 631. NEIGHBORHOOD REINVESTMENT CORPORATION.

The first sentence of section 608(a)(1) of the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8107(a)) is amended to read as follows: "There are authorized to be appropriated to the corporation to carry out this title $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.".

SEC. 632. JOHN HEINZ NEIGHBORHOOD DEVELOPMENT PROGRAM.

Section 123(g) of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 5318 note) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1995 and $10,000,000 for fiscal year 1996.".

SEC. 633. CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) is amended by striking subsection (e) and inserting the following new subsection:

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1995 and $60,000,000 for fiscal year 1996.".

(b) DELIVERY OF ASSISTANCE.—Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) is amended—

(1) in subsection (a)—

(A) by inserting "and directly to community-based organizations and capacity-building organizations" after "Initiative";

(B) by inserting "neighborhood" after "undertake"; and

(C) by striking "and affordable housing" and inserting ", affordable housing, revitalization, economic development, youth and family support, and community service";

(2) in subsection (b)—

(A) in paragraph (1), by striking "and community housing development organizations" and inserting ", community housing development organizations, and community-based organizations" before the semicolon at the end;

(B) in paragraph (2)—

(i) by striking "and community housing development organizations" and inserting ", community housing development organizations, and community-based organizations";

(ii) by inserting "neighborhood" after "carry out"; and

(iii) by striking "low-income" and inserting "low- and moderate-income"; and

(C) in paragraph (3), by inserting "or the community-based organization" after "Initiative";

(3) in subsection (c), by inserting "to the National Community Development Initiative" after "provided";

(4) by redesignating subsection (d) as subsection (e); and

(5) by inserting after subsection (c) the following new subsection:

"(d) SELECTION CRITERIA.—The Secretary shall select community-based organizations and capacity-building organizations to receive assistance under this section based upon selection criteria established by the Secretary, which shall include the extent to which the activities proposed to be conducted by the organization with assistance under this section will—

"(1) develop new community-based organizations in unorganized or underserved areas;

"(2) assist eligible private nonprofit community-based organizations located in low- or moderate-income neighborhoods or areas having a concentration of low- and moderate-income persons;

"(3) be targeted to areas in economic distress;

"(4) be conducted by an organization that provides for neighborhood resident participation in the activities of the organization (including participation of low- and moderate-income residents) and the extent to which the households and businesses in the area served are members of the organization;

"(5) benefit low- and moderate-income persons residing in the area served by the applicant;

"(6) encourage linking and coordinating housing, economic, and human development;

"(7) be coordinated with local law enforcement agencies, local public housing agencies, and local public housing resident management corporations and resident councils, with respect to anti crime initiatives; and

"(8) leverage contributions to support a wide variety of community development initiatives from the private sector, foundations, colleges and universities, civic groups, social, cultural, religious, and other institutions, and the national service program, in a manner that achieves the greatest long-term private sector support.".

SEC. 634. COLONIAS ASSISTANCE PROGRAM.

(a) GRANT AUTHORITY.—The Secretary may make grants in accordance with the provisions of this section to units of general local government, States, non-profit organizations, or entities or instrumentalities established under the authority of any of such entities, for use in addressing the community development and housing needs of colonias.

(b) ELIGIBLE ACTIVITIES.—Assistance under this section may be used only to carry out the following activities:

(1) Any activity eligible under section 105 of the Housing and Community Development Act of 1974 or section 212(a) of the HOME Investment Partnerships Act.

(2) Refinancing the existing debt of homeowners to convert existing land transactions and interests into mortgages.

(3) Constructing new housing, including self-help, energy-efficient, and innovative housing design initiatives.

(4) Developing new subdivisions for affordable housing.

(5) Re-platting and redeveloping existing subdivisions.

(6) Planning for and constructing infrastructure necessary for the development of housing, economic development, and community facilities and amenities.

(7) Such other activities as the Secretary deems appropriate to further the purposes of this section.

(c) MODEL PROGRAMS.—

(1) IN GENERAL.—Of amounts allocated under subsection (j)(2), the Secretary shall make grants under this subsection to the entities referred to in subsection (a) for the purpose of establishing model programs of assistance for addressing the community development, housing, and other needs of the residents of the colonias.

(d) SELECTION OF GRANTEES.—

(1) GEOGRAPHIC DISTRIBUTION.—The Secretary shall designate—

(A) at least one project in each State to receive a grant under this subsection; and

(B) at least one project within a metropolitan area in any State to receive a grant under this subsection.

(2) SELECTION PROCESS.—The Secretary shall select grantees under this subsection on a non-competitive basis, through negotiation with the grantee.

(3) SELECTION CRITERIA.—In selecting projects for grants under this subsection, the Secretary shall consider—

(A) the extent of need in the colonia;

(B) the likely effectiveness of the proposed approach in addressing identified needs;

(C) the extent to which funding for the project is committed from sources other than under this section;

(D) the need to consider a variety of solutions to a variety of needs situations; and

(E) such other factors as the Secretary deems appropriate to carry out the objectives of this section.

(e) COMPETITIVE GRANTS.—

(1) PURPOSE.—Grants under this subsection shall be made, in accordance with paragraph (2), to the entities referred to in subsection (a) for the purpose of assisting the community development and housing needs of the residents of one or more colonias in an area or region.

(2) RESERVATION OF FUNDS.—Of amounts allocated under subsection (j)(2), the Secretary shall reserve a target amount for grants under this subsection for use in colonias in each State. The Secretary shall determine the amount be reserved based on such objective factors of need as the Secretary deems appropriate, which may include rates of poverty in, and the population of, colonias. The Secretary shall reallocate any amounts set-aside under this paragraph for which the Secretary determines there will not be sufficient approvable applications in a fiscal year.

(3) USE OF FUNDS.—Any amount not reserved or reallocated under paragraph (2) may be used in colonias in any State.

(4) APPLICATIONS.—Applications for grants under this subsection shall be submitted at such time and in accordance with such procedures, as the Secretary shall prescribe. Applications shall contain the following information, which the Secretary shall consider in selecting projects for grants under this subsection:

(A) The extent of need in the colonia.

(B) An estimate of the likely effectiveness of the proposed approach in addressing identified needs.

(C) A description of the extent to which funding for the project is committed from sources other than under this section.

(D) Any other information that the Secretary deems appropriate to carry out the objectives of this section.

(5) SELECTION OF GRANTEES.—The Secretary shall select grantees for grants under this subsection on the basis of a competition, following publication of a notice of funding availability in the Federal Register.

(f) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each grantee under this section shall keep such records as may be reasonably necessary to disclose the amounts and the disposition of grant amounts received under this section and to ensure compliance with the requirements of this section.

(2) GRANTEE REPORTS.—Each grantee under this section shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of funds made available to the grantee under this section; and

(B) describe and analyze the effect of assisted activities in addressing the community development and housing needs of the residents of colonias.

(g) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of a grantee that are pertinent to assistance received in connection with, and the requirements of, this section.

(h) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records of a grantee that are pertinent to assistance received under, and the requirements of, this section.

(i) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The terms "colonia" and "United States-Mexico Border Region" have the meanings given the terms in section 916(e) of the Cranston-Gonzalez National Affordable Housing Act.

(2) The term "metropolitan area" has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

(3) The term "nonprofit organization" means—

(A) an organization—

(i) that is described in section 501(c) of the Internal Revenue Code of 1986; and

(ii) is exempt from taxation under section 501(a) of such Code; or

(B) an organization—

(i) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

(ii) that in the case of a private nonprofit organization, has a voluntary board;

(iii) that has an accounting system, or has designated a fiscal agent in accordance with requirements established by the Secretary; and

(iv) that practices nondiscrimination in the provision of assistance.

(4) The term "Secretary" means the Secretary of Housing and Urban Development.

(5) The term "State" means the States of California, Arizona, New Mexico, and Texas.

(6) The term "unit of general local government" means—

(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State; and

(B) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this section.

The term includes a consortium of geographically contiguous units of general local government, if the Secretary determines that the consortium—

(i) has sufficient authority and administrative capability to carry out the purposes of this section on behalf of its member jurisdictions; and

(ii) meets such other requirements as the Secretary may prescribe.

(j) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section $100,000,000 for each of fiscal years 1995 and 1996. Any amount appropriated to carry out this section shall remain available until expended.

(2) ALLOCATION OF FUNDS.—Of the amounts appropriated under paragraph (1) for any fiscal year—

(A) 80 percent shall be available for grants to establish model programs under subsection (c); and

(B) 20 percent shall be available for competitive grants under subsection (e).

SEC. 635. GRANTS FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) GRANT AUTHORITY.—The Secretary of Housing and Urban Development may make grants to units of general local government in which empowerment zones and enterprise communities have been designated pursuant to section 1391 of the Internal Revenue Code of 1986.

(b) USE.—Grants under this section may be used only to assist units of general local government in implementing the strategic plan for community revitalization required for each designated empowerment zone and enterprise community by expanding business opportunities and job creation through economic development activities and by stimulating the use of project-based rental assistance certificates and other activities to construct or rehabilitate rental housing, as follows:

(1) ECONOMIC DEVELOPMENT ACTIVITIES.—Grants amounts under this section used for economic development activities may be used only for activities eligible to be carried out with amounts provided under title I of the Housing and Community Development Act of 1974.

(2) ASSISTED HOUSING.—Grant amounts under this section used for housing activities may be used for—

(A) project-based assistance activities eligible under section 8 of the United States Housing Act of 1937 or similar State and local programs;

(B) activities eligible for assistance under title II of the Cranston-Gonzalez National Affordable Housing Act or a similar local affordable housing program; and

(C) other housing activities that meet the requirements of this subsection, as the Secretary may approve.

(c) TECHNICAL ASSISTANCE.—From amounts reserved under subsection (i)(2), the Secretary shall carry out, directly or through contracts, training and information activities in connection with the program under this section.

(d) APPLICATIONS.—A locality in which an empowerment zone or enterprise community has been designated, which designation remains in effect, may submit an application to the Secretary for a grant under this section. The application shall contain such information and certifications as the Secretary may require, including a certification that the grant will be used in accordance with the approved strategic plan. Where a zone or community is within the jurisdiction of more than one unit of general local government, the application shall be submitted jointly by the units of general local government and shall specify whether and, if so, how the grant is to be divided among the units.

(e) FUNDING.—To the extent amounts are available to carry out this section, for applications approved by the Secretary the amount of a grant under this section for a fiscal year shall be —

(1) $50,000,000 for each urban empowerment zone;

(2) $20,000,000 for each rural empowerment zone; and

(3) $1,400,000 for each enterprise community.

(f) TERMS AND CONDITIONS.—Grants made under this section shall be subject to such terms and conditions as the Secretary may establish.

(g) USE IN CONJUNCTION WITH LOAN GUARANTEES.—Grants made under this section may be used in conjunction with loans guaranteed under section 108 of the Housing and Community Development Act of 1974 and the Home Investment Partnerships Act.

(h) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each grantee under this section shall keep such records as may be reasonably necessary to disclose the amounts and the disposition of grant amounts received under this subtitle and to ensure compliance with the requirements of this section.

(2) GRANTEE REPORTS.—Each grantee under this section shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of amounts made available under this section; and

(B) describe and analyze the effect of assisted activities in addressing the objectives of this section.

(3) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of the grantee that are pertinent to assistance received in connection with, and the requirements of, this section.

(4) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the grantee that are pertinent to assistance received under, and the requirements of, this section.

(i) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of this section $250,000,000 for fiscal year 1995 and $250,000,000 for fiscal year 1996. Any amount appropriated to carry out this section shall remain available until expended.

(2) RESERVATION OF AMOUNTS FOR TRAINING AND INFORMATION ACTIVITIES.—Of the amounts appropriated pursuant to paragraph (1) for any fiscal year, the Secretary shall reserve not more than 0.5 percent for use only to carry out the training and information activities referred to in subsection (c).

SEC. 636. USE OF GRANT AMOUNTS.

(a) BUFFALO, NEW YORK.—Notwithstanding any other provision of law, the City of Buffalo, New York, may retain amounts provided under an urban development action grant under section 119 of the Housing and Community Development Act of 1974 for Project No. B–87–AA–36–0540 and use such funds for the Towne Gardens Plaza project, and may retain amounts provided under such a grant for Project No. B–87–AA–36–0521 and use such funds for the American Axle project, if such projects are commenced not later than 6 months after the date of the enactment of this Act.

(b) PITTSBURGH, PENNSYLVANIA.—Notwithstanding any other provision of law, the city of Pittsburgh, Pennsylvania, may retain any amounts provided under an urban development action grant for Project No. B–86–AA–42–0275 and use such funds for the Central Pittsburgh Plaza project, if such project is commenced not later than 6 months after the date of the enactment of this Act.

(c) RICHMOND, VIRGINIA.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the city of Richmond, Virginia, relating to the categorical program settlement grant provided to the city to settle four urban renewal programs (Project No. B–78–UR–51–0019). The city of Richmond, Virginia, is hereby relieved of all liability to the Federal Government for such grant and any fees and charges payable in connection with such grant.

(d) LOCKPORT TOWNSHIP, ILLINOIS.—The Secretary of Housing and Urban Development shall cancel the indebtedness of Lockport Township, Illinois, relating to the public facilities loan for Project No. ILL–11–PFL0112. Lockport Township, Illinois, is hereby relieved of all liability to the Federal Government for the outstanding principal balance on such loan, the amount of accrued interest on such loan, and any other fees and charges payable in connection with such loan.

(e) BUDGET COMPLIANCE.—Subsections (c) and (d) of this section shall be effective only to the extent, or in such amounts, as are provided in appropriation Acts.

TITLE VII—REGULATORY AND MISCELLANEOUS PROGRAMS

SEC. 701. FAIR HOUSING INITIATIVES PROGRAM.

Section 561(g) of the Housing and Community Development Act of 1987 (42 U.S.C. 3616 note) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section $26,000,000 for fiscal year 1995 and $27,000,000 for fiscal year 1996, of which—

"(1) not less than $9,000,000 for fiscal year 1995 and $9,000,000 for fiscal year 1996 shall be for private enforcement initiatives authorized under subsection (b), divided equally between activities specified under subsection (b)(1) and those specified under subsection (b)(2);

"(2) not less than $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996 shall be for qualified fair housing enforcement organizations authorized under subsection (c)(1);

"(3) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for the creation of new fair housing enforcement organizations authorized under subsection (c)(2); and

"(4) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for education and outreach programs authorized under subsection (d), to be divided equally between activities specified under subsection (d)(1) and those specified under subsections (d)(2) and (d)(3).

Any amount appropriated under this section shall remain available until expended.".

SEC. 702. HUD PROGRAM MONITORING AND EVALUATION.

The first sentence of section 7(r)(6) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(r)(6)) is amended to read as follows: "There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal years 1995 and 1996.".

SEC. 703. HUD SALARIES AND EXPENSES.

Section 7(s) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(s)) is amended to read as follows:

"(s) AUTHORIZATION OF APPROPRIATIONS FOR SALARIES AND EXPENSES.—Notwithstanding any

other provision of law, there are authorized to be appropriated such sums as may be necessary for each of fiscal years 1995 and 1996 for salaries and expenses to carry out the purposes of this section. There is also authorized to be appropriated for fiscal year 1996, $40,000,000, for the training, travel to training, continuing education, professional development, and improvement of skills of employees of the Department.".

SEC. 704. USE OF TECHNICAL ASSISTANCE AMOUNTS BY OR FOR HUD STAFF.

Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection:

"(t) USE OF TECHNICAL ASSISTANCE AMOUNTS.—The Secretary may transfer to any of the accounts of the Department for salaries and expenses from any other account from which amounts may be drawn for technical assistance such amounts as the Secretary determines are reasonable to reimburse such salaries and expenses account, but only if such reimbursement is made for expenditures for the costs of personal services, travel, and transportation, and other object classifications that are incurred for the technical assistance, training, and related activities provided by or to officials and employees of the Department for a program that is funded from such other account and in which the costs of technical assistance are otherwise eligible for expenditure. Up to 10 percent of the amount transferred may be used for technical assistance, training, travel, and related expenses provided to officials and employees of the Department. The authority under this subsection to transfer amounts shall be in addition to any other authority of the Secretary to transfer funds among accounts which exists on the date of the enactment of the Housing and Community Development Act of 1992 or is provided after such date.".

SEC. 705. ANNUAL REPORT REGARDING REPEAL OF UNFUNDED PROGRAMS.

Section 8 of the Department of Housing and Urban Development Act (42 U.S.C. 3536) is amended—

(1) by inserting "(a) IN GENERAL.—" after "SEC. 8."; and

(2) by adding at end the following new subsection:

"(b) UNFUNDED PROGRAMS.—In each annual report under this section, the Secretary shall—

"(1) identify each program under the jurisdiction of the Department for which amounts have been authorized to be appropriated for each of the 3 most recently completed fiscal years but for which, for all 3 of such years, amounts have not been appropriated; and

"(2) include proposed legislation repealing the provisions of Federal law authorizing the programs identified pursuant to paragraph (1) and providing requirements for the treatment, after such repeal, of any assistance provided under such provisions before the repeal.".

SEC. 706. REQUIREMENTS FOR PARTICIPATION OF WOMEN IN CONSTRUCTION ASSISTED UNDER HUD PROGRAMS.

The Department of Housing and Urban Development Act (42 U.S.C. 3531 et seq.) is amended by adding at the end the following new section:

"SEC. 15. REQUIREMENTS FOR PARTICIPATION OF WOMEN IN CONSTRUCTION ASSISTED UNDER HUD PROGRAMS.

"(a) BIDS.—Except as provided in subsection (c), each contractor submitting a bid or contract proposal for a covered construction contract (and each applicant for construction assistance that will carry out construction) shall include in the bid or proposal (or application for construction assistance) documentation sufficient to ensure that the contractor will comply with the requirements of this section or certifications that the contractor will make a good faith effort to comply with such requirements. The Secretary shall, by regulation, establish standards for such documentation and certifications and shall provide for contractors (and applicants) making certifications to periodically provide to the Secretary evidence of such good faith efforts.

"(b) PARTICIPATION REQUIREMENTS.—Any contractor who enters into a covered construction contract (and any recipient of construction assistance carrying out construction), and any subcontractor thereof, shall employ and maintain the employment of construction trades workers in construction covered by the covered construction contract (or assisted with the construction assistance)—

"(1) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is not less than 6 and not more than 19, not less than 1 woman; and

"(2) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is 20 or more, a number of women that is not less than 10 percent of the positions in each of the construction trades performed by the contractor or subcontractor (or recipient of construction assistance).

"(c) EXEMPTION FOR SMALL CONTRACTORS.—Any contractor (or recipient) whose total number of employees is 5 or less shall not be subject to the requirements of this section.

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

"(1) The term 'construction assistance' means any assistance provided under any program administered by the Secretary that is used for any construction, but does not include mortgage insurance under the National Housing Act.

"(2) The term 'construction trades workers' means workers in any construction trade, including—

"(A) brickmasons, stonemasons, and tile setters;

"(B) carpenters;

"(C) electricians and power transmission installers;

"(D) painters, paperhangers, and plasterers;

"(E) plumbers, pipefitters, and steamfitters;

"(F) carpet installers;

"(G) drywall installers and drywall finishers;

"(H) concrete and terrazzo finishers;

"(I) glaziers;

"(J) insulation workers;

"(K) paving, surfacing, and tamping equipment operators;

"(L) roofers;

"(M) sheetmetal duct installers;

"(N) structural metal workers;

"(O) power equipment operators (including truck drivers, and backhoe, bulldozer, crane, loader, and grader operators);

"(P) sprinkler installers;

"(Q) elevator installers;

"(R) laborers; and

"(S) landscapers.

"(3) The term 'contractor' includes firms, partnerships, corporations, and any other persons, and any combination thereof.

"(4) The term 'covered construction contract' means an agreement to provide labor and related materials, supplies, or services for any construction that—

"(A) involves any construction assistance; and

"(B) if such construction assistance is provided—

"(i) under the community development block grant program under title I of the Housing and Community Development Act of 1974 or the HOME Investment Partnerships Act, involves a total project cost of not less than $100,000; or

"(ii) under any other program administered by the Secretary, involves a total project cost of not less than $200,000.

"(5) The term 'subcontractor' means any firm, partnership, corporation, or any other person, or any combination thereof, who enters into a contract or agreement with a contractor to perform a substantial specified portion of a covered construction contract.".

SEC. 707. NOTIFICATION OF HUD FUNDING AWARDS.

Section 102(a)(1) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(a)(1)) is amended by adding at the end the following new sentence: "Each notice of the availability of assistance shall include an estimate of the date by which the Department will notify applicants for such assistance whose applications or requests for assistance are approved of such approval.".

SEC. 708. EXCLUSION OF GNMA FROM HUD PERSONNEL CEILINGS.

Section 502(a) of the Housing Act of 1948 (12 U.S.C. 1701c(a)) is amended by adding at the end the following new sentence: "Notwithstanding any other provision of law, employees of the Government National Mortgage Association Department in the Department of Housing and Urban Development shall not be considered employees of the Department for purposes of any limitation on the number of employees of the Department.".

SEC. 709. HUD RESEARCH AND DEVELOPMENT.

The second sentence of section 501 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1) is amended to read as follows: "There are authorized to be appropriated to carry out this title $40,000,000 for fiscal year 1995 and $42,000,000 for fiscal year 1996.".

SEC. 710. PREVENTING FRAUD AND ABUSE IN RURAL RENTAL HOUSING PROGRAM.

(a) IN GENERAL.—Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544) is amended—

(1) in the heading for the section, by inserting "**AND RURAL RENTAL HOUSING PROGRAM**" before the period at the end;

(2) by striking paragraph (1) of subsection (a) and inserting the following new paragraph:

"(1) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

"(A) the Secretary of Housing and Urban Development, with respect to programs of the Department of Housing and Urban Development; and

"(B) the Secretary of Agriculture, with respect to the program for rural rental housing under section 515 of the Housing Act of 1949.";

(3) in subsection (b), in the matter preceding paragraph (1), by inserting after "income," the following: "and as a condition of initial or continuing eligibility for participation in the program for rural rental housing under section 515 of the Housing Act of 1949,";

(4) in subsection (c)(2)(A)—

(A) by inserting before "from the improper" the following: "or the program for rural rental housing under section 515 of the Housing Act of 1949"; and

(B) by inserting before "and (in" the following: "and the Department of Agriculture";

(5) in the last sentence of subsection (c)(3)(A), by inserting "an officer or employee of the Department of Agriculture," after "Development,";

(6) in subsection (e), by inserting after "Development" the following: "or the program for rural rental housing under section 515 of the Housing Act of 1949,";

(7) in subsection (a)(2), in the matter in subsection (b) that precedes paragraph (1), and in paragraphs (1) and (2) of subsection (b), by striking "the Secretary" each place it appears and inserting "the Secretary concerned"; and

(8) in subsection (b)(3)—

(A) by striking "the Secretary authorizing the Secretary" and inserting "the Secretary concerned authorizing the Secretary concerned"; and

(B) by striking "of the Secretary" and inserting "of the Secretary concerned".

(b) ACCESS TO RECORDS.—Section 303(i)(1) of the Social Security Act (42 U.S.C. 503(i)(1)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by inserting "or the Department of Agriculture, as applicable," before "and to representatives";

(B) by inserting "of Housing and Urban Development or in the program for rural rental housing under section 515 of the Housing Act of 1949" after "by the Department"; and

(C) by inserting "or the Secretary of Agriculture, as applicable" before the dash at the end; and

(2) in subparagraph (B), by inserting "or under the program for rural rental housing under section 515 of the Housing Act of 1949" before the period at the end.

(c) RETURN INFORMATION.—Section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 is amended—

(1) by inserting "and the program for rural rental housing under section 515 of the Housing Act of 1949" after "income,";

(2) by inserting "or the Secretary of Agriculture, as applicable," after "Secretary of Housing and Urban Development"; and

(3) by inserting "or the Department of Agriculture" before "with respect to".

SEC. 711. NATIONAL INSTITUTE OF BUILDING SCIENCES.

The second sentence of section 809(i) of the Housing and Community Development Act of 1974 (12 U.S.C. 1701j–2(i)) is amended to read as follows: "In addition to the amounts authorized to be appropriated under the first sentence of this subsection, there are authorized to be appropriated to the Institute to carry out the provisions of this section $2,000,000 for fiscal year 1995 and $2,000,000 for fiscal year 1996.".

SEC. 712. RESIDENTIAL LEAD-BASED PAINT HAZARD REDUCTION.

(a) TARGET HOUSING HAZARD REDUCTION.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 1011(p) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(p)) is amended to read as follows:

"(p) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of carrying out this Act, there are authorized to be appropriated $100,000,000 for fiscal year 1995 and $110,000,000 for fiscal year 1996.".

(2) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—Section 1011(g) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(g)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by inserting before the period at the end the following: ", by providing technical assistance, either directly, or indirectly under contracts or otherwise"; and

(ii) by striking the second sentence; and

(B) by striking paragraph (2) and inserting the following new paragraph:

"(2) SET-ASIDE.—Of the total amount approved in appropriation Acts under subsection (p), there shall be set aside to carry out this subsection $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996.".

(b) HUD RESEARCH.—

(1) CONDUCTING OF RESEARCH.—Section 1052 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854a) is amended by inserting after "other Federal agencies," the following: "either directly, or indirectly under contract or otherwise,".

(2) FUNDING.—Section 1053 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854b) is amended to read as follows:

"SEC. 1054. FUNDING.

"Of the total amount approved in appropriation Acts under section 1011(p), there shall be set aside to carry out this part $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996.".

(3) OTHER ACTIVITIES.—Part 1 of subtitle D of title X of the Housing and Community Development Act of 1992 (42 U.S.C. 4854 et seq.) is amended by inserting after section 1052 the following new section:

"SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVITIES.

"The Secretary may use amounts available to carry out this part to undertake, either directly, or indirectly under contract or otherwise, pursuant to title V of the Housing and Urban Development Act of 1970, such studies, tests (including pilot tests of new or revised programs), evaluations, demonstrations, education of the public, and preparation of training materials, as are consistent with the purposes of this Act.".

SEC. 713. GAO STUDY OF LEAD-BASED PAINT DETECTION TECHNOLOGIES AND TENANT NOTIFICATION PROCEDURES.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the lead-based paint detection and abatement programs of the Department of Housing and Urban Development, which shall include—

(1) analysis of existing lead-based paint detection technologies including an analysis of the effectiveness of x-ray fluorescence analyzers (in this section referred to as "XRF");

(2) evaluation of the qualifications of XRF contractors and whether national certification standards should be imposed;

(3) analysis of whether the 1.0 mg/cm² action level for lead paint, as directed in section 302 of the Lead-Based Paint Poisoning Prevention Act, is too high to adequately protect tenant health, and in conduction such analysis, the Comptroller General shall consult with the Consumer Product Safety Commission, the Department of Health and Human Services, and the Environmental Protection Agency; and

(4) evaluation of the effectiveness of tenant notification procedures of the Department of Housing and Urban Development pursuant to a finding of lead-based paint in public housing.

(b) REPORT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress a report describing the results of the study required by subsection (a).

SEC. 714. CIVIL MONEY PENALTIES FOR VIOLATIONS OF HOME MORTGAGE DISCLOSURE ACT BY NONSUPERVISED MORTGAGEES.

Section 305 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2804) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by inserting "and" at the end;

(B) in paragraph (3), by striking "; and" at the end and inserting a period; and

(C) by striking paragraph (4);

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following new subsection:

"(c) POWERS OF THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development (in this subsection referred to as the 'Secretary') shall enforce compliance with the requirements imposed under this title with regard to lending institutions not described in subsection (b).

"(2) CIVIL MONEY PENALTIES.—Pursuant to paragraph (1) of this subsection, the Secretary may impose a civil money penalty for failure to comply with the requirements of this title.

"(3) AMOUNT OF PENALTY.—The amount of the penalty, as determined by the Secretary, may not exceed $5,000 for each violation, except that the maximum penalty for all violations by any particular lending institution during any 1-year period shall not exceed $1,000,000.

"(4) VIOLATIONS FOR WHICH A PENALTY MAY BE IMPOSED.—A civil money penalty may be imposed for the late submission of a report, failure to submit a report, submission of an illegible report, submission of an erroneous report, and failure to submit a corrected report for a report that was illegible or erroneous.

"(5) AGENCY PROCEDURES.—

"(A) ESTABLISHMENT.—The Secretary shall establish standards and procedures governing the imposition of civil money penalties under this section. The standards and procedures shall provide for the Secretary to make the determination to impose the penalty or to use an administrative entity (such as the Mortgagee Review Board, established pursuant to section 202(c) of the National Housing Act) to make the determination; shall provide for the imposition of a penalty only after the lending institution has been given an opportunity for a hearing on the record; and may provide for review by the Secretary of a determination or order, or interlocutory ruling, arising from a hearing.

"(B) FINAL ORDERS.—If no hearing is requested within 15 days of receipt of the notice of opportunity for hearing, the imposition of the penalty shall constitute a final and unappealable determination. If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order. If the Secretary does not review the determination or order within 90 days of the issuance of the determination or order, the determination or order shall be final.

"(C) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under this subsection, consideration shall be given to such factors as the gravity of the offense, any history of prior offenses, ability to pay the penalty, deterrence of future violations, and such other factors as the Secretary may determine to be appropriate.

"(D) REVIEWABILITY OF IMPOSITION OF PENALTY.—The Secretary's determination or order imposing a penalty under this subsection shall not be subject to review, except as provided in this subsection.

"(6) JUDICIAL REVIEW OF AGENCY DETERMINATION.—

"(A) IN GENERAL.—After exhausting all administrative remedies established by the Secretary under this subsection, a lending institution against whom the Secretary has imposed a civil money penalty under this subsection may obtain a review of the penalty as may be addressed in the notice of determination to impose a penalty in the appropriate court of appeals of the United States, by filing in such court, within 20 days after the entry of such order or determination, a written petition praying that the Secretary's determination or order be modified or set aside in whole or in part.

"(B) OBJECTIONS NOT RAISED IN HEARING.—The court shall not consider any objection that was not raised in the hearing conducted pursuant to this subsection unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection. If any party demonstrates to the satisfaction of the court that additional evidence not presented at the hearing is material and that there were reasonable grounds for the failure to present such evidence at the hearing, the court shall remand the matter to the Secretary for consideration of the additional evidence.

"(C) SCOPE OF REVIEW.—The decisions, findings, and determinations of the Secretary shall be reviewed pursuant to section 706 of title 5, United States Code.

"(D) ORDER TO PAY PENALTY.—Notwithstanding any other provision of law, in any such review, the court shall have the power to order

payment of the penalty imposed by the Secretary.

"(7) ACTION TO COLLECT PENALTY.—If a lending institution fails to comply with the Secretary's determination or order imposing a civil money penalty under this subsection, after the determination or order is no longer subject to review as provided by this subsection, the Secretary may bring an action in an appropriate United States district court to obtain a monetary judgment against the lending institution. In such an action, the validity and appropriateness of the Secretary's determination or order imposing the penalty shall not be subject to review. The monetary judgment may, in the court's discretion, include the attorneys fees and other expenses incurred by the United States in connection with the action.

"(8) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be imposed under this subsection.

"(9) REGULATIONS.—The Secretary shall issue such regulations as the Secretary deems appropriate to implement this subsection.

"(10) DEPOSIT OF PENALTIES IN TREASURY.—All civil money penalties collected under this subsection shall be deposited in the Miscellaneous Receipts Account of the Treasury.".

SEC. 715. REMOVAL OF REGULATORY BARRIERS TO AFFORDABLE HOUSING.

(a) PURPOSES.—Section 1202 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705a) is amended—

(1) in paragraph (1), by striking "State and local governments to further identify and remove" and inserting "the further identification and removal of"; and

(2) by striking paragraph (2) and inserting the following new paragraph:

"(2) to encourage the establishment of partnerships between local governments and builders and developers of affordable housing to facilitate development of innovative land use and building practices to overcome regulatory barriers.".

(b) GRANTS.—Section 1204 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705c) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

"(a) IN GENERAL.—The amounts available for use under this Act may be used for grants under subsections (b) and (c), for evaluation of grantees, and for contracts with intermediaries for the administration of such grants.";

(2) in subsection (b)—

(A) in the heading for the subsection, by striking "GRANTS" and inserting "AND REGIONAL STRATEGIES FOR BARRIER REMOVAL";

(B) in matter preceding paragraph (1), by inserting after "States" the following: ", consortia of units of general local government, associations of units of general local government, and metropolitan or regional governments";

(C) in paragraph (3), by striking "a State program to reduce State and local" and inserting "State or regional programs to reduce";

(D) in paragraph (4), by inserting "or local" after "State";

(E) in paragraph (5), by striking "State"; and

(F) by striking paragraph (6) and inserting the following new paragraph:

"(6) developing proposed legislation or administrative policies for enactment by the State or local government addressing expanded housing opportunity and barrier removal, including implementation of active programs encouraging housing opportunities for low- and moderate-income families through activities such as comprehensive planning requirements, metropolitan fair-share requirements for affordable housing, inclusionary zoning legislation, establishment of new land development standards, and review of zoning standards and plans.";

(3) by striking subsection (c) and inserting the following new subsection:

"(c) BARRIER REMOVAL DEMONSTRATION.—The Secretary may make grants to units of general local government to encourage the establishment of partnerships between local governments and builders and developers under which the local government commits to modify existing land use and building practices and the builder or developer agrees to use innovative land planning and development approaches to build affordable housing in ways which would overcome regulatory barriers. Assistance under this subsection may be used to assist the builder or developer obtain additional architectural, engineering, and land planning services to build affordable housing and to provide assistance to the locality in providing specialized review and in meeting technical responsibilities resulting from the removal of the regulatory barriers. During and after completion of these demonstration projects, the Secretary may evaluate the cost impact of the modified regulations and the long-term impact of the project on regulatory reform.";

(4) by striking subsections (d) through (g) and inserting the following new subsection:

"(d) APPLICATION AND SELECTION.—

"(1) APPLICATION.—The Secretary shall provide for the form and manner of applications for grants under this section, which in the case of grants under subsection (c), shall include resolutions and other evidence by the applicable regulating bodies evidencing commitments—

"(A) to waive or modify existing applicable zoning, building code, site planning, and other related development requirements;

"(B) to approve the project based upon an individual review of the technical data, site plans, and architectural submissions of the project, utilizing the most recent research and practices of building engineering and land development; and

"(C) to accelerate development review and processing.

"(2) CRITERIA FOR APPROVAL.—The Secretary shall establish criteria for approval of applications under this subsection and for the competitive selection of grantees under this section.";

(5) in subsection (h), by striking "State and unit of general local government receiving" and inserting "recipient of"; and

(6) by redesignating subsections (h) and (i) as subsections (e) and (f), respectively.

(c) REPORTS.—Section 1207 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705a note) is amended by striking "this Act" and inserting "the Housing and Community Development Act of 1994".

(d) CDBG SPECIAL PURPOSE GRANTS.—Section 107(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5307(b)) is amended by inserting at the end the following new paragraph:

"(9) to eligible grantees, and for other purposes, under the Removal for Regulatory Barriers to Affordable Housing Act of 1992.".

SEC. 716. NEW TOWNS DEMONSTRATION PROGRAM FOR EMERGENCY RELIEF OF LOS ANGELES.

(a) INSURANCE AUTHORITY.—The first sentence of section 1104(d) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows: "To the extent provided in appropriation Acts, the Secretary shall use any authority provided pursuant to section 531(b) of the National Housing Act to enter into commitments to insure loans and mortgages under this section in fiscal years 1995 and 1996 with an aggregate principal amount not exceeding such sums as may be necessary to carry out the demonstration under this title.".

(b) SECOND MORTGAGE ASSISTANCE.—Section 1105(e) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for providing assistance under this section.".

(c) COMMUNITY DEVELOPMENT ASSISTANCE.—Section 1106(h) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for assistance under this section.".

SEC. 717. AUTHORIZATION OF APPROPRIATIONS FOR PUBLIC SERVICES FACILITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1995 such sums as may be necessary for a grant by the Secretary of Housing and Urban Development to the City of Springfield, Massachusetts (in this section referred to as the "City"), for the redevelopment of a facility formerly used as a United States Post Office for use as a consolidated facility for city public services in accordance with the plans, budgets, and timetables for such facility developed by the City.

(b) CITY CONTRIBUTION.—Notwithstanding any other provision of this section, the Secretary may not make any amount provided pursuant to this section available to the City unless the City contributes for redevelopment of the facility referred to in subsection (a) an amount constituting not less than 25 percent of the total cost of the redevelopment project.

(c) AVAILABILITY OF AMOUNTS.—Of any amounts appropriated pursuant to this section, the Secretary shall provide $2,500,000 to the City in fiscal year 1995 and the remainder shall remain available until the end of fiscal 1996 and shall be provided to the City in such year.

(d) REPORTS.—The Secretary may require the City to submit such reports and other information as the Secretary considers necessary to ensure that the amounts provided under this section are used in accordance with this section and that amounts are provided by the City in accordance with subsection (b).

SEC. 718. NATIONAL AMERICAN INDIAN HOUSING COUNCIL.

There is authorized to be appropriated for assistance for the National American Indian Housing Council $1,000,000 for fiscal year 1995 and $1,000,000 for fiscal year 1996, for providing training and technical assistance to Indian Housing Authorities.

SEC. 719. HOUSING ASSISTANCE COUNCIL.

There is authorized to be appropriated for assistance for the Housing Assistance Council $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996, for providing training, technical assistance, and financial assistance to develop affordable housing in rural areas.

SEC. 720. DEMONSTRATION PROGRAM FOR OUTREACH TO AVOID DISCONNECTION OF UTILITIES.

(a) ACTION OF SECRETARY.—The Secretary of Housing and Urban Development shall provide technical advice and assistance to Maryland Energy Advocates to establish and carry out a program under (b).

(b) OUTREACH PROGRAM.—The program under this subsection shall be a program, carried out by Maryland Energy Advocates, to—

(1) identify low-income families living in Baltimore, Maryland, and the surrounding areas, including low-income families residing in housing for which assistance is provided by the Federal Government, whose electricity or other utility services have been disconnected because of failure to pay amounts owed;

79-059 O—97 Vol. 140 (Pt. 12) 29

(2) provide counseling and advice to such families regarding utility payments, family budgeting, sources and programs of assistance for utility payments, and such other matters as may be necessary to avoid the disconnection of utility service in the future; and

(3) determine the most effective manners of identifying low-income families in need of advice or assistance to avoid disconnection of utility services and the most effective actions to help low-income families avoid such disconnection.

(c) REPORT.—After consultation with Maryland Energy Advocates regarding the implementation and results of the program under subsection (b), but not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress that—

(1) describes the program and the activities carried out under the program;

(2) describes the extent to which the utility services of low-income families are disconnected; and

(3) identifies the most effective manners of identifying low-income families in need of advice or assistance to avoid disconnection of utility services and the most effective actions to help low-income families avoid such disconnection, including any such actions appropriate for the Federal Government.

SEC. 721. FEDERAL DEPOSIT INSURANCE CORPORATION AFFORDABLE HOUSING PROGRAM.

(a) REAUTHORIZATION.—Section 40(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(b)) is amended—

(1) in paragraph (1), by striking "during" and all that follows through "paragraph (2)(A)" and inserting "until the end of fiscal year 1997";

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking "3-year"; and

(3) in paragraph (2)(C), by striking "3-year".

(b) FACILITATION OF PROGRAM.—Section 40 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

"(r) FACILITATION OF PROGRAM.—Notwithstanding any provision of this section or any other provision of law, the Corporation shall be considered to be in compliance with this section if (in the sole discretion of the Corporation) the Corporation at any time modifies, amends, or waives any provisions of this section to maximize the efficient use of amounts appropriated to carry out this section. The Corporation shall not be subject to suit for any failure to comply with the requirements of this section.".

SEC. 722. STATE AGENCIES AS SURETIES.

Section 9304 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(c) STATE AGENCIES.—A State agency, including any financing authority established by any State, which meets the requirements of paragraphs (2) and (3) of subsection (a) may be treated as a surety corporation for purposes of this chapter.".

TITLE VIII—HOUSING PROGRAMS UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

SEC. 801. SHORT TITLE.

This title may be cited as the "Stewart B. McKinney Homeless Housing Assistance Amendments Act of 1994".

Subtitle A—Housing Assistance

CHAPTER 1—REORGANIZATION OF CERTAIN MCKINNEY ACT HOUSING PROVISIONS

SEC. 811. FLEXIBLE GRANT PROGRAM.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended—

(1) by striking subtitles A, B, C, D, and F;

(2) by striking the headings for subtitles E and G;

(3) by redesignating sections 441 (as amended by the preceding provisions of this Act), 491, and 592 (as added by section 1414 of the Housing and Community Development Act of 1992) as sections 451, 453, and 454, respectively;

(4) by striking sections 442 and 443; and

(5) by inserting after the heading for the title the following:

"Subtitle A—Flexible Grant Program

"CHAPTER 1—GENERAL PROVISIONS

"SEC. 401. PURPOSES.

"The purposes of this subtitle are to—

"(1) expand and reorganize the Federal commitment to alleviate homelessness by providing States, Indian tribes, and localities with the resources to more efficiently and effectively design a comprehensive system to address the shelter, service, and permanent housing needs of homeless individuals and families in the United States;

"(2) help very low-income families avoid becoming homeless;

"(3) meet the emergency shelter needs of homeless persons and families;

"(4) provide transitional or specialized permanent housing to facilitate the movement of homeless persons and families to independent living;

"(5) provide supportive services to help homeless persons and families lead independent and dignified lives;

"(6) encourage the cooperation and participation of the States and units of general local government, together with private nonprofit organizations, in planning and implementing comprehensive homeless assistance programs;

"(7) reduce the costs to States, units of general local government, and private nonprofit organizations in applying for and using Federal housing assistance for families and persons who are homeless; and

"(8) begin meeting the needs of most of the Nation's homeless population through the existing Federal programs providing basic assistance for low-income families and persons.

"SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated—

"(1) $635,000,000 for fiscal year 1995 for grants in accordance with section 813 of the Housing and Community Development Act of 1994; and

"(2) $786,620,000 for fiscal year 1996 for grants under this subtitle.

Any amounts appropriated pursuant to this section shall remain available until expended.

"SEC. 403. DEFINITIONS.

"For purposes of this subtitle, the following definitions shall apply:

"(1) The term 'allocation unit of general local government' means a metropolitan city and an urban county.

"(2) The term 'applicant' means an eligible grantee that submits an application under section 408 for a grant under this subtitle.

"(3) The term 'disability' means—

"(A) a disability as defined in section 223 of the Social Security Act;

"(B) to be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be a long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) of such a nature that such ability could be improved by more suitable housing conditions;

"(C) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act; or

"(D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

"(4) The term 'eligible grantee' means—

"(A) an allocation unit of general local government, Indian Tribe, or insular area that elects to administer a grant under section 410(a)(1);

"(B) a public agency or a private nonprofit organization (or a consortium of such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area;

"(C) an entity eligible to receive grant amounts from the Secretary under section 410(a)(4);

"(D) a State that elects under section 410(b)(1)(A) to administer a grant;

"(E) a unit of general local government selected under section 410(b)(5) to receive grant amounts from the Secretary; and

"(F) a private nonprofit organization selected under section 410(b)(4) to receive grant amounts from the Secretary.

"(5) The term 'families' has the same meaning given the term under section 3(b) of the United States Housing Act of 1937.

"(6) The term 'grantee' means—

"(A) an allocation unit of general local government, Indian Tribe, or insular area that receives a grant under this subtitle and administers the grant under section 410(a)(1);

"(B) an allocation unit of general local government, Indian tribe, or insular area that receives a grant under this subtitle and designates a public agency or private nonprofit organization (or a consortium of such organizations) to administer grant amounts for the jurisdiction under section 410(a)(2);

"(C) a public agency or a private nonprofit organization (or a consortium or such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area, and that receives grant amounts under this subtitle;

"(D) an entity that receives grant amounts from the Secretary under section 410(a)(4);

"(E) a State that receives grant amounts under this subtitle and administers such amounts under section 410(b)(1)(A);

"(F) a unit of general local government that receives grant amounts from the Secretary under section 410(b)(5); and

"(G) a private nonprofit organization that receives grant amounts from the Secretary under section 410(b)(4);

"(7) The term 'homeless family' means a group of one or more related individuals who are homeless individuals.

"(8) The term 'Indian tribe' means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, United States Code, before the repeal of such chapter.

"(9) The term 'insular area' means the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(10) The term 'low-demand services and referrals' means the provision of health care, mental health, substance abuse, and other supportive services and referrals for services in a noncoercive manner, which may include medication management, education, counseling, job training, and assistance in obtaining entitlement benefits and in obtaining other supportive service including mental health treatment and substance abuse treatment.

"(11) The term 'metropolitan city' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

"(12) The term 'operating costs' means expenses of operating any housing assisted under this subtitle with respect to—

"(A) the administration, maintenance, repair, and security of such housing;

"(B) utilities, fuels, furnishings, and equipment for such housing; and

"(C) the conducting of the assessments of and the provision of supportive services to the residents of such housing.

"(13) The term 'outpatient health services' means outpatient health care, outpatient mental health services, outpatient substance abuse services, case management services and child immunization.

"(14) The term 'private nonprofit organization' means an organization—

"(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

"(B) that has a voluntary board;

"(C) that has an accounting system or has designated a fiscal agent in accordance with requirements established by the Secretary; and

"(D) that practices nondiscrimination in the provision of assistance.

"(15) The term 'project' means a structure or a portion of a structure that is acquired or rehabilitated with assistance provided under this subtitle or with respect to which the Secretary provides technical assistance or annual payments for operation costs.

"(16) The term 'project sponsor' means an entity that—

"(A) provides housing or assistance for homeless individuals or families by carrying out eligible activities under chapter 2 that are assisted under this subtitle; and

"(B) meets such minimum standards as the Secretary considers appropriate.

"(17) The term 'recipient' means a grantee (other than a State distributing grant amounts to State recipients) and a State recipient.

"(18) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(19) The term 'State' means a State of the United States and the Commonwealth of Puerto Rico, or any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

"(20) The term 'State recipient' means—

"(A) a unit of general local government within a State (other than an allocation unit of general local government) that receives grant amounts from the State under section 410(b)(3); and

"(B) a private nonprofit organization that receives grant amounts from a State under section 410(b)(4).

"(21)(A) The term 'supportive services' means assistance that—

"(i) addresses the special needs of homeless person, such as deinstitutionalized persons, families with children, persons with mental disabilities, other persons with disabilities, the elderly, and veterans intended to be served by a project; and

"(ii) assists in accomplishing the purposes of the different types of housing for the homeless eligible for assistance under this subtitle.

"(B) Such term includes—

"(i) food services, child care, substance abuse treatment, assistance in obtaining permanent housing, outpatient health services, employment counseling, nutritional counseling, security arrangements for the protection of residents of facilities to assist the homeless, and such other services essential for maintaining or moving toward independent living as the Secretary determines to be appropriate; and

"(ii) assistance to homeless persons in obtaining other Federal, State, and local assistance available for such individuals, including public assistance benefits, mental health benefits, employment counseling, and medical assistance.

"(C) Such term does not include the provision of major medical equipment.

"(D) All or part of the supportive services may be provided directly by the project sponsor or by arrangements with other public or private service providers.

"(22) The term 'unit of general local government' means—

"(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State;

"(B) the District of Columbia; and

"(C) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

The term includes a consortium of geographically contiguous units of general local government if the Secretary determines that the consortium—

"(i) has sufficient authority and administrative capability to carry out the purposes of this subtitle on behalf of its member jurisdictions; and

"(ii) will, according to a written certification by the State (or State, if the consortium includes jurisdictions in more than one State), direct its activities to alleviation of problems of homeless individuals or families within the State or States.

"(23) The term 'urban county' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

"(24) The term 'very low-income families' has the same meaning given the term under section 104 of the Cranston-Gonzalez National Affordable Housing Act.

"SEC. 404. PROVISION OF GRANTS.

"(a) AUTHORITY AND USE.—The Secretary may make grants to eligible grantees in accordance with the provisions of this subtitle. Grants under this subtitle may be used only—

"(1) to carry out activities under chapter 2 for assisting homeless individuals and families that are conducted to provide comprehensive homeless assistance required under section 405; and

"(2) for administrative expenses, to the extent provided in section 436.

"(b) GENERAL RULE FOR AWARD OF GRANTS.—Except as provided in subsection (c), the Secretary shall make grants using amounts appropriated under section 402 in the manner provided in this subtitle.

"(c) INSUFFICIENT APPROPRIATIONS.—

"(1) TRIGGER.—If the amounts appropriated pursuant to section 402 for any fiscal year are less than 50 percent of the amount authorized to be appropriated under such section for the year, the Secretary shall use such amounts to make grants under the provisions of this title as in effect immediately before the enactment of the Housing and Community Development Act of 1994.

"(2) GRANT REQUIREMENTS.—The Secretary shall establish requirements for grants made under this subsection, as the Secretary considers appropriate, that are additional or alternative to the requirements under the provisions of this title as in effect immediately before the enactment of the Housing and Community Development Act of 1994.

"(3) GRANT CRITERIA.—The criteria for awarding grants under this subsection shall include—

"(A) the extent to which there is a need for assistance for homeless individuals and families in the jurisdiction in which the grant will be used;

"(B) the extent to which the activities proposed to be carried out with grant amounts will further the provision of comprehensive homeless assistance required under section 405(b)(1);

"(C) the extent to which private nonprofit organizations providing assistance to homeless individuals and families in the jurisdiction have been, and will be, included in planning for the receipt of assistance under this subtitle, the development of the application under section 408, and the execution of the proposed activities; and

"(D) such other criteria as the Secretary considers appropriate to further the purposes of this subsection and this subtitle.

"(4) SET ASIDE FOR INDIAN TRIBES AND INSULAR AREAS.—In making grants under this subsection, the Secretary may to set aside such amounts as the Secretary considers appropriate for grants for Indian tribes and insular areas.

"SEC. 405. COMPREHENSIVE HOMELESS ASSISTANCE.

"~~(a)~~ ESTABLISHMENT AND MAINTENANCE.—Each applicant shall, based on information provided in the current comprehensive affordable housing strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may prescribe, use assistance provided under this subtitle in a manner that ensures that comprehensive homeless assistance is established and maintained within the jurisdiction of the applicant.

"(b) REQUIREMENTS.—For purposes of this subtitle, comprehensive homeless assistance required under this section shall include—

"(1) providing a system of outreach and assessment for—

"(A) determining whether an individual or family is homeless, needs assistance to avoid being homeless, or needs other assistance; and

"(B) ensuring that individuals and families so identified receive appropriate housing and supportive services;

"(2) providing assistance to the extent necessary to avoid eviction (or foreclosure) and termination of utility services of low- and very low-income families to prevent such families from becoming homeless;

"(3) making emergency shelters with appropriate supportive services available to the extent necessary to ensure that homeless individuals and families for which such housing is appropriate receive adequate shelter, including during any period in which an assessment referred to in paragraph (1) is performed for such an individual or family;

"(4) making transitional housing with appropriate supportive services available to the extent necessary to ensure that homeless individuals and families for which such housing is appropriate are prepared for increased responsibility and permanent housing, or permanent supportive housing, after the transition period;

"(5) making permanent supportive housing, available to the extent necessary to meet the long-term housing needs of all homeless individuals and families;

"(6) providing assistance to meet specific needs of various subpopulations of the homeless, especially the unique needs of homeless veterans; and

"(7) providing for coordination of assistance provided under this subtitle and assistance provided under other Federal, State, and local programs that may be used to assist homeless individuals and families, including—

"(A) assistance under the programs for public and Indian housing and section 8 rental assistance under the United States Housing Act of 1937 (including the program for section 8 assistance for moderate rehabilitation under section 451 of this Act and the shelter plus care program for such assistance under section 452 of this Act), the HOME Investment Partnerships Act,

the community development block grant program under title I of the Housing and Community Development Act of 1974, the program for supportive housing for the elderly under section 202 of the Housing Act of 1959, the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act, and the program for housing opportunities for persons with AIDS under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act;

"(B) programs administered by the Director of the Federal Emergency Management Agency;

"(C) programs administered by the Secretary of Labor, including programs for employment and training;

"(D) programs administered by the Secretary of Health and Human Services, including programs for health care, mental health care, social services, income support services, runaway youth, and unfit transient facilities;

"(E) programs administered by the Secretary of Veterans Affairs (including programs for compensation benefits, health care, and mental health care, and other services and programs) that are specifically designed to assist homeless veterans;

"(F) programs administered by the Secretary of Education, including programs for adult education and education for homeless children and youth;

"(G) programs administered by the Corporation for National and Community Service, including programs for national service; and

"(H) such other assistance as the Secretary shall prescribe upon consultation with the Interagency Council on the Homeless.

"SEC. 406. MATCHING REQUIREMENTS.

"(a) IN GENERAL.—Except as provided in subsection (c), each recipient shall supplement the amount of grants provided under this subtitle to the recipient with an equal amount of funds from non-Federal sources, which shall include funds from project sponsors receiving assistance from the recipient.

"(b) SUPPLEMENTAL FUNDS.—Supplemental funds may include (1) the value of any donated material or building, the value of any lease on a building, (2) any salary paid to staff to carry out the program of a project sponsor, (3) the value of the time and services contributed by volunteers to carry out the program of project sponsor at a rate determined by the Secretary, and (4) the proceeds from bond financing validly issued by a State or unit of general local government, agency, or instrumentality thereof, and repayable with revenues derived from a project assisted under this subtitle, except that not more than 25 percent of the contribution required may be derived from the proceeds of such bond financings. Any State or local government funds used independently from the program under this title, or designated for such use, to assist the homeless by carrying out activities that would be eligible for assistance under this subtitle shall be considered supplemental funds under this section.

"(c) STATES.—

"(1) REQUIRED SUPPLEMENTATION.—Except as provided in paragraph (3), in the case of a State administering grant amounts under section 410(b)(1)(A), in each fiscal year, the State shall supplement the amount of grants provided under this subtitle with an amount of funds from sources other than this subtitle equal to the difference between the amount received under this subtitle and $100,000.

"(2) BENEFIT OF MATCH.—Each grantee that is a State shall obtain any supplemental amounts required under paragraph (1) from State recipients receiving amounts under the grant in a manner so that the benefit of the $100,000 subtrahend under paragraph (1) is appropriately divided among State recipients for which providing such supplemental amounts would—

"(A) create a significant hardship for the recipient; or

"(B) interfere with the overall purpose of the homeless assistance program of the recipient.

"(3) EXCEPTION.—If, in any fiscal year, a State receives $100,000 or less in grant amounts under this subtitle, paragraph (1) shall not apply to the State for the fiscal year.

"(d) CERTIFICATION.—Each recipient shall certify, to the satisfaction of the Secretary, its compliance with the provisions of this section, which shall describe the sources and amounts of supplemental funds provided pursuant to this section.

"SEC. 407. RESPONSIBILITIES OF RECIPIENTS AND PROJECT SPONSORS.

"(a) USE OF ASSISTANCE THROUGH PRIVATE NONPROFIT ORGANIZATIONS.—Each recipient shall make available more than 50 percent of the grant amounts it receives for any fiscal year to project sponsors that are private nonprofit organizations to carry out eligible activities under chapter 2, except that the Secretary may waive the applicability of this requirement if the recipient demonstrates to the Secretary that the requirement interferes with the ability of the recipient to provide assistance under this subtitle because of a paucity of qualified private nonprofit organizations in the jurisdiction of the recipient.

"(b) HOUSING QUALITY.—Each recipient shall ensure that housing assisted with grant amounts provided under this subtitle is decent, safe, and sanitary and, when appropriate, complies with all applicable State and local housing codes, building codes, and licensing requirements in the jurisdiction in which the housing is located.

"(c) PREVENTION OF UNDUE BENEFIT.—The Secretary may prescribe such terms and conditions as the Secretary considers necessary to prevent project sponsors from unduly benefiting from the sale or other disposition of projects other than a sale or other disposition resulting in the use of the project for the direct benefit of very low-income families.

"(d) CONFIDENTIALITY.—Each recipient shall develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project and to ensure that the address or location or any family violence shelter project assisted with grant amounts under this subtitle will, except with written authorization of the person or person responsible for the operation of such shelter, not be made public.

"(e) EMPLOYMENT OF HOMELESS INDIVIDUALS.—To the maximum extent practicable, the Secretary shall ensure that recipients involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted with grant amounts under this subtitle, in providing services so assisted, and in providing services for occupants of facilities so assisted.

"(f) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, provide that each recipient shall require each project sponsor receiving assistance under this subtitle from the recipient to provide for the participation of not less than one homeless individual or formerly homeless individual on the board of directors or other equivalent policy making entity of the project sponsor, to the extent that such entity considers and makes policies and decision regarding any project, facility, services, or other activities assisted with grant amounts under this subtitle. A recipient may grant waivers to project sponsors unable to meet the requirement under the preceding sentence if the project sponsor agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

"SEC. 408. APPLICATION.

"(a) REQUIREMENT.—Except as otherwise provided in section 404(c), the Secretary may make a grant under this subtitle only to an eligible grantee that submits an application under this section that is approved by the Secretary.

"(b) FORM AND PROCEDURE.—Applications shall be submitted in such form and in accordance with such procedures as the Secretary shall, by regulation, establish.

"(c) CONTENT.—An application under this section shall—

"(1) include a detailed description, based on information provided in the current comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the appropriate jurisdiction or such other plan as the Secretary may prescribe, of—

"(A) the existing population of homeless individuals and families for the jurisdiction of the applicant; and

"(B) the existing facilities and services designed to assist such population;

"(2) include a detailed description of the comprehensive homeless assistance under section 405 to be established and maintained within the jurisdiction of the applicant;

"(3) provide an assessment of what is required to establish and maintain the provision of comprehensive homeless assistance required under section 405 for the jurisdiction of the applicant;

"(4) set forth a multiyear strategy for establishing and maintaining the provision of comprehensive homeless assistance for the jurisdiction, as described pursuant to paragraph (2), and include timetables, goals, and budget estimates for accomplishing each element of the strategy;

"(5) set forth a 1-year action plan that identifies all activities to be carried out with assistance under this subtitle and demonstrates how such activities will further the strategy set forth pursuant to paragraph (4);

"(6) except in the case of an application by a State that elects under section 410(b)(1)(A) to administer grants under this subtitle, describe the means the applicant will use to distribute grant amounts to project sponsors and whether such amounts will be awarded on a competitive or noncompetitive basis;

"(7) contain certifications or other such forms of proof of commitments of financial and other resources from each public agency or private nonprofit organization that has a role in establishing and maintaining the provision of comprehensive homeless assistance for the jurisdiction of the applicant, required under section 405;

"(8) contain assurances satisfactory to the Secretary that activities carried out under chapter 2 with grant amounts under this subtitle will comply with the requirements of this subtitle;

"(9) in the case of an application by a State that elects to under section 410(b)(1)(A) administer grants under this subtitle, describe the method of distribution of such amounts to State recipients;

"(10) except with respect to an application by a State that elects to under section 410(b)(1)(A) to administer grants under this subtitle, contain a certification from the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the State or unit of general local government within which a project is to be located (or such other plan as the Secretary may require) that the proposed project is consistent with the approved housing strategy of such State or unit of general local government;

"(11) contain a certification that the applicant will comply with the requirements of the

Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing; and

"(12) contain a certification that the applicant will comply with the requirements of this subtitle and other applicable laws.

"(d) RELATIONSHIP TO CHAS AND CONSOLIDATED PLAN.—In establishing requirements for applications under this section, the Secretary shall provide that if an applicant includes in the application information also required under the comprehensive housing affordability strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may require, the requirements under such subsection regarding such information shall be considered to be fulfilled by the submission of the application.

"SEC. 409. ALLOCATION AND DISTRIBUTION OF FUNDS.

"(a) INSULAR AREAS.—In each fiscal year, from any amounts appropriated for such year to carry out this subtitle, the Secretary shall allocate amounts to insular areas in accordance with an allocation formula established by the Secretary.

"(b) STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

"(1) FORMULA ALLOCATION.—

"(A) IN GENERAL.—For each fiscal year, of the amounts that remain after amounts are reserved for insular areas under subsection (a), the Secretary shall allocate assistance according to this paragraph.

"(B) FORMULA.—The Secretary shall allocate amounts under this paragraph using a formula established by the Secretary that allocates amounts for allocation units of general local government and States, and for Indian tribes, in a manner that provides that the percentage of the total amount referred to in subparagraph (A) for any fiscal year that is allocated for any State or allocation unit of general local government, or for Indian tribes, is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for the prior fiscal year that was allocated for such State or allocation unit of general local government, or for Indian tribes.

"(C) MINIMUM AMOUNT.—If, in any fiscal year, allocation under the provisions of subparagraphs (A) and (B) would result in any allocation unit of general local government receiving a grant of less than 0.05 percent of the amounts appropriated to carry out this subtitle for the fiscal year, such amount shall instead be reallocated to the State for use under section 410(b).

"(D) 70 PERCENT FOR UNITS OF GENERAL LOCAL GOVERNMENT.—In each fiscal year, the amount allocated under this paragraph for each allocation unit of general local government shall be the amount that results from increasing all of the amounts determined pursuant to the preceding subparagraphs for allocation units of general local government on a pro rata basis so that the sum of such amounts is equal to 70 percent of the remainder of the amount appropriated for the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

"(E) 30 PERCENT FOR STATES.—In each fiscal year, the amount allocated under this paragraph for each State shall be the amount that results from decreasing all of the amounts determined pursuant to the preceding subparagraphs for States on a pro rata basis so that the sum of such amounts is equal to 30 percent of the remainder of the amount appropriated for the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

"(2) GRANT AMOUNT FOR STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

"(A) IN GENERAL.—The amount allocated for a fiscal year under paragraph (1) for an allocation unit of general local government or a State shall be the maximum amount that the allocation unit or State may receive under this subtitle for the fiscal year.

"(B) REDUCTION.—In any fiscal year, the Secretary may provide a grant under this subtitle for a State or for an allocation unit of general local government in an amount less than the amount allocated under paragraph (1), if the Secretary determines based upon review of the application of the jurisdiction under section 408 or as a result of the annual performance review and audit under section 413, that the jurisdiction has failed to comply fully with the requirements under section 408 or 411 or that such action is otherwise appropriate.

"(c) REALLOCATIONS.—Any amounts that a State or an allocation unit of general local government is eligible to receive for a fiscal year under subsection (b) that are not received for use in the jurisdiction, as provided by subsections (a) and (b) of section 410, or that become available as a result of actions under section 413(b), shall be added to amounts available for allocation under this section for the succeeding fiscal year.

"SEC. 410. ADMINISTRATION OF PROGRAM.

"(a) GRANTS TO ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT, INDIAN TRIBES, AND INSULAR AREAS.—

"(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), an allocation unit of general local government, Indian tribe, or insular area shall administer grant amounts for any fiscal year received under section 409 by such grantees.

"(2) ADMINISTRATION BY DESIGNEES OF JURISDICTION.—

"(A) AUTHORITY TO ELECT.—An allocation unit of general local government, Indian tribe, or insular area may elect for any fiscal year to designate a public agency or a private nonprofit organization (or a consortium of such organizations) to administer grant amounts under section 409 for the jurisdiction.

"(B) ELECTION REQUIREMENTS.—The Secretary shall prescribe the manner and time for making an election under subparagraph (A), and shall establish criteria for the approval of agencies and organizations designated, which shall require such agencies and organizations to demonstrate experience of the entity in providing assistance to homeless individuals and families in the jurisdiction.

"(C) DIRECT PROVISION OF ASSISTANCE.—The Secretary may, at the request of the jurisdiction, provide grant amounts directly to the agency or organization designated under this paragraph.

"(3) ADMINISTRATION BY DESIGNEES OF SECRETARY.—If an allocation unit of general local government, Indian tribe, or insular area, or (if appropriate) a public agency or private nonprofit organization designated by the jurisdiction under paragraph (2), does not receive a grant under section 409 for any fiscal year because of failure to meet the application requirements of section 408, the Secretary may designate an agency or organization meeting the criteria established under paragraph (2)(B) to receive the grant.

"(4) ADMINISTRATION BY SECRETARY.—If for any fiscal year the Secretary determines that the grant amounts allocated under section 409 for an allocation unit of general local government, Indian tribe, or insular area will not be used in the jurisdiction as provided by the preceding provisions of this subsection, the Secretary may administer such amounts for the jurisdiction. The Secretary shall prescribe such procedures and requirements as the Secretary considers appropriate for administering grant amounts under this paragraph.

"(b) GRANTS TO STATES.—

"(1) IN GENERAL.—To receive an allocation under section 409, each State shall elect—

"(A) to administer grant amounts received under section 409, as provided in paragraphs (2) and (3); or

"(B) to have the Secretary administer such grant amounts for the State, as provided in paragraph (5).

If a State elects to administer grant amounts under subparagraph (A), the election shall be irrevocable.

"(2) STATE PROGRAM.—A State administering grant amounts as provided in paragraph (1)(A)—

"(A) shall distribute the amounts remaining after use in accordance with subparagraph (B) to State recipients for use under this subtitle;

"(B) may use up to 15 percent of the grant amounts received under section 409 to carry out its own homeless assistance program under this subtitle, except that—

"(i) such amounts may only be used for eligible activities under chapter 2 for which States are eligible recipients under this subtitle; and

"(ii) the Secretary may increase the percentage limitation under this subparagraph in the case of any State homeless assistance program that is limited to providing assistance in areas of the State that are not allocation units of general local government; and

"(C) may retain not to exceed 5.0 percent of the amount to be distributed under subparagraph (A) to State recipients to defray the cost of carrying out its responsibilities under this subtitle.

Unless a State demonstrates to the satisfaction of the Secretary that the needs for assistance for activities under this subtitle in areas of the State that are not allocation units of general local government have been fulfilled, grant amounts received by State may only be used to carry out activities in areas of the State that do not include allocation units of general local government.

"(3) DISTRIBUTION OF AMOUNTS TO STATE RECIPIENTS.—

"(A) CHOICE OF ADMINISTRATION.—A State administering grant amounts as provided in paragraph (1)(A) shall, for each fiscal year, afford each such recipient the options of—

"(i) administering the grant amounts on its own behalf;

"(ii) designating a public agency or a private nonprofit organization (as provided by subsection (a)(2)) to administer the grant amounts for the jurisdiction; or

"(iii) entering into an agreement with the State, in consultation with private nonprofit organizations providing assistance to homeless individuals and families in the jurisdiction, under which the State will administer the grant amounts for the jurisdiction.

A recipient may choose to exercise such options at such time and in accordance with such criteria as the Secretary may prescribe.

"(B) DIRECT PROVISION OF ASSISTANCE.—A State may, at the request of the State recipient, provide grant amounts directly to the agency or organization designated under subparagraph (A)(ii).

"(C) DISTRIBUTION OF AMOUNTS.—The State shall distribute amounts to State recipients (or to agencies or organizations designated under subparagraph (A)(ii), as appropriate) on the basis of an application containing such information as the State may prescribe. Each application shall evidence an intent to establish and maintain the provision of comprehensive homeless assistance in the jurisdiction of the recipient, except that the State may waive this requirement with respect to one or more proposed activities, where the State determines that—

"(i) the activities are necessary to meet the needs of homeless individuals and families within the jurisdiction; and

"(ii) comprehensive homeless assistance is not necessary, due to the nature and extent of homelessness in the jurisdiction.

"(D) PREFERENCE FOR CERTAIN STATE RECIPIENTS.—In selecting State recipients and making awards under subparagraph (C), the State shall give preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

"(4) STATE OR HUD ADMINISTRATION OF GRANTS FOR INDIVIDUAL STATE RECIPIENTS.—If in any fiscal year a State distributes grant amounts to a State recipient, but the recipient fails to receive the amounts pursuant to paragraph (3)(A), the Secretary or the State, as the Secretary may provide, may distribute the amounts to private nonprofit organizations in the jurisdiction. If the Secretary distributes the amounts, the Secretary shall deduct the amounts distributed from the grant provided to the State for the fiscal year.

"(5) HUD ADMINISTRATION OF STATE PROGRAM.—If a State elects pursuant to paragraph (1)(B) to have the Secretary administer grant amounts for the State received under section 409, the Secretary may distribute grant amounts to State recipients for the State, in accordance with requirements and procedures prescribed by the Secretary. The Secretary shall establish criteria for selecting recipients and making awards under this paragraph, which shall include giving preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

"SEC. 411. CITIZEN PARTICIPATION.

"(a) IN GENERAL.—Each grantee who is not a State recipient shall ensure that citizens, and appropriate private nonprofit organizations and other interested groups and entities, participate fully in developing and carrying out the program for providing assistance under this subtitle in the jurisdiction of the recipient. The Secretary shall prescribe such requirements to carry out this section as the Secretary deems appropriate, which shall include requirements applicable to the homeless assistance planning boards referred to in subsection (b) and the citizen participation provisions of subsection (c), and the timing of, and sequence for, carrying out the requirements of such subsections.

"(b) HOMELESS ASSISTANCE PLANNING BOARDS.—

"(1) ESTABLISHMENT.—As a condition of a grantee who is not a State recipient receiving assistance under this subtitle, the chief executive officer of the appropriate unit government in the jurisdiction of the grantee shall establish a homeless assistance planning board under this subsection.

"(2) FUNCTIONS.—Each board under this subsection shall assist the recipient in—

"(A) determining whether grant amounts of the grantee should be administered by the grantee, a public agency or private nonprofit organization, or the State or the Secretary, under subsections (a) and (b) of section 410;

(B) developing the application under section 408;

(C) overseeing the activities carried out with assistance under this subtitle; and

(D) evaluating the performance of the grantee (and recipients of the grantee) in carrying out such activities.

"(3) MEMBERSHIP.—Each board under this subsection shall consist of members appointed by the chief executive officer referred to in paragraph (1) (subject to recommendations in accordance with paragraph (4)), and shall include—

"(A) not less than one member representing homeless individuals and families;

"(B) not less than one member representing homeless advocates;

"(C) not less than one member representing individuals and entities providing assistance to homeless individuals and families, including agencies of units of general local government providing Federal assistance;

"(D) not less than one member representing the business community;

"(E) not less than 1 member representing labor;

"(F) not less than one member who is a community representative;

"(G) not less than one member of the local board established for the jurisdiction for purposes of allocating amounts under the emergency food and shelter program of the Federal Emergency Management Agency;

"(H) not less than one member representing the grantee; and

"(I) in the case of a grantee that is a State—

"(i) one member representing the State agency or instrumentality dealing with mental health; and

"(ii) one member representing the State agency or instrumentality dealing with education.

"(4) DISTRIBUTION OF MEMBERSHIP.—Not less than 50 percent of the members of each board under this subsection (including the members required under subparagraphs (A), (B), (C), and (G) of paragraph (3)) shall be individuals who were recommended for membership by individuals and entities other than a unit of general local government or any agency thereof.

"(5) BOARD REVIEW.—

"(A) APPLICANTS.—No eligible grantee may submit an application to the Secretary under section 408, and no grantee may submit to the Secretary a performance report under subsection 413(a), unless the board under this subsection for the jurisdiction of the grantee has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(B) STATE RECIPIENTS.—No State recipient may submit an application under section 410(b)(3) or a performance report to a State, unless the board under this subsection for the jurisdiction has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(6) REVIEW BY SECRETARY.—A member or members of the board under this subsection for a jurisdiction or other members of the community may request the Secretary to review process for constituting or operating the board to determine whether the process is fair. If the Secretary finds that the process is unfair and submits a written justification to the board within 15 days of the request for review, the Secretary may disapprove the application under section 408 for the jurisdiction or refuse to accept a performance report under section 413(a).

"(7) CONFLICTS OF INTEREST.—The Secretary shall prescribe standards governing potential conflicts of interest under which members of boards under this subsection may participate in activities carried out under this subtitle.

"(c) INVOLVEMENT OF CITIZENS AND OTHERS.—

"(1) IN GENERAL.—Each recipient shall—

"(A) make available to its citizens, public agencies, and other interested parties information concerning the amount of assistance the jurisdiction expects to receive and the range of activities that may be undertaken with the assistance;

"(B) publish the proposed application in a manner that, in the determination of the Secretary, affords affected citizens, public agencies, and other interested parties a reasonable opportunity to examine its content and to submit comments on it;

"(C) hold one or more public hearings to obtain the views of citizens, public agencies, and other interested parties on the housing needs of the jurisdiction; and

"(D) provide citizens, public agencies, and other interested parties with reasonable access to records regarding any uses of any assistance the recipient may have received under this subtitle during the preceding 5 years.

"(2) NOTICE AND COMMENT.—Before submitting any performance report under section 413(a) or any substantial amendment to an application under section 408, a recipient shall provide citizens with reasonable notice of, and opportunity to comment on, the performance report or application.

"(3) CONSIDERATION OF COMMENTS.—A recipient shall consider any comments or views of citizens in preparing a final application, amendment to an application, or performance report for submission. A summary of such comments or views shall be attached when an application, amendment to an application, or performance report is submitted. The submitted application, amendment, or report shall be made available to the public.

"(4) AUTHORITY OF SECRETARY.—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to applications or performance reports under this subtitle.

"(d) REQUIREMENTS FOR CITIZEN PARTICIPATION FOR STATE RECIPIENTS AND RECIPIENTS OF AMOUNTS FROM THE SECRETARY.—

"(1) STATE RECIPIENTS.—The State may prescribe citizen participation requirements comparable (to the extent appropriate) to the requirements under the preceding provisions of this section for cases in which a State distributes grant amounts to State recipients, as provided in section 410(b)(2).

"(2) RECIPIENTS FROM SECRETARY.—The Secretary may prescribe citizen participation requirements comparable (to the extent appropriate) to the requirements under the preceding provisions of this section for cases in which the Secretary—

"(A) administers the grant amounts of an allocation unit of general local government, as provided in section 410(a)(4); or

"(B) distributes grant amounts to recipients, as provided in paragraph (3), (4), or (5) of section 410(b).

"(3) INAPPLICABLE LAWS.—The Federal Advisory Committee Act and section 12 of the Department of Housing and Urban Development Act shall not apply with respect to the actions of the Secretary referred to in paragraph (2). The Secretary shall establish appropriate standards under this paragraph to ensure the integrity of the process for awarding assistance.

"SEC. 412. APPLICABILITY OF OTHER PROVISIONS.

"(a) FLOOD ELEVATION REQUIREMENTS.—Flood protection standards applicable to housing acquired, rehabilitated, or assisted under this subtitle shall be no more restrictive than the standards applicable to any other program administrated by the Secretary.

"(b) ENVIRONMENTAL PROTECTION.—The provisions of, and regulations and procedures applicable under, section 104(g) of the Housing and Community Development Act of 1974 shall apply to assistance and projects under this subtitle.

"(c) GAO AUDITS.—Insofar as they relate to funds provided under this subtitle, the financial transactions of grantees and project sponsors may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files and other papers, things, or property belonging to, or in use by such grantees, and project sponsors pertaining to the financial transactions and necessary to facilitate the audit.

"SEC. 413. REPORTS, REVIEWS, AND AUDITS.

"(a) GRANTEE PERFORMANCE REPORT.—Each grantee shall submit to the Secretary a performance and evaluation report concerning the use of funds made available under this subtitle. The report shall be submitted at such time and contain such information as the Secretary shall prescribe, and shall be made available to the relevant boards referred to in section 411(b) and to citizens, public agencies, and other interested parties in the jurisdiction of the grantee in sufficient time to permit the board and the citizens, public agencies, and other interested parties to comment on the report before submission.

"(b) REVIEWS AND AUDITS.—The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

"(1) in the case of a grantee (other than a grantee referred to in paragraph (2)), whether the grantee—

"(A) has carried out its activities in a timely manner;

"(B) has made progress toward establishing and maintaining the comprehensive homeless assistance system in conformity with its application under this subtitle;

"(C) has carried out its activities and certifications in accordance with the requirements of this subtitle and other applicable laws; and

"(D) has a continuing capacity to carry out its activities in a timely manner; and

"(2) in the case of States distributing grant amounts to State recipients, whether the State—

"(A) has distributed amounts to State recipients in a timely manner and in conformance with the method of distribution described in its application;

"(B) has carried out its activities and certifications in compliance with the requirements of this subtitle and other applicable laws; and

"(C) has made such reviews and audits of the State recipients as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria contained in paragraph (1).

The Secretary may make appropriate adjustments in the amount of grants in accordance with the Secretary's findings under this subsection. With respect to assistance made available for State recipients, the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary's reviews and audits under this subsection, except that amounts already properly expended on eligible activities under this subtitle shall not be recaptured or deducted from future assistance to such recipients.

"SEC. 414. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.

"(a) IN GENERAL.—No person in the United States shall on the ground of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual, as provided in section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

"(b) LIMITATIONS.—

"(1) INDIAN TRIBES.—No grant may be made under this subtitle to an Indian tribe unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with title II of Public Law 90–284. The Secretary may waive, in connection with grants to Indian tribes, the provisions of subsection (a).

"(2) HAWAIIAN HOME LANDS.—The provisions of this subtitle relating to discrimination on the basis of race shall not apply to the provision of assistance under this subtitle to the Hawaiian Home Lands.

"SEC. 415. CONSULTATION.

"In carrying out the provisions of this subtitle, including the issuance of regulations, the Secretary shall consult with other Federal agencies administering programs affecting homeless individuals and families through the Interagency Council on the Homeless established under title II.

"SEC. 416. RECORDS, REPORTS, AND AUDITS.

"(a) KEEPING OF RECORDS.—Any recipient (including a State distributing grant amounts to State recipients as provided in section 410(b)(2)) shall keep such records as may be reasonably necessary—

"(1) to disclose the amounts and the disposition of the grant amounts; and

"(2) to ensure compliance with the requirements of this subtitle.

"(b) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of any recipient specified in subsection (a) that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

"(c) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any recipient specified in subsection (a) that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

"SEC. 417. REPORTS TO CONGRESS.

"The Secretary shall submit a report to the Congress annually, summarizing the activities carried out under this subtitle and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. The report shall be submitted not later than 4 months after the end of each fiscal year (except that, in the case of fiscal year 1995, the report shall be submitted not later than 6 months after the end of the fiscal year).

"CHAPTER 2—ELIGIBLE ACTIVITIES

"SEC. 431. HOMELESSNESS PREVENTION.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for activities designed to help persons and families described in subsection (b) avoid becoming homeless, which shall include assistance for making mortgage payments, rental payments, and utility payments and any activities other than those found by the Secretary to be inconsistent with the purposes of this Act.

"(b) REQUIREMENTS FOR ASSISTANCE.—Assistance may be provided under this section only to very low-income persons and families who have received eviction (or mortgage delinquency or foreclosure) notices or notices of termination of utility services and who—

"(1) are unable to make the required payments due to a sudden reduction in income;

"(2) need such assistance to avoid the eviction or termination of services; and

"(3) have a reasonable prospect of being able to resume payments within a reasonable period of time.

"SEC. 432. EMERGENCY SHELTER.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) the renovation, major rehabilitation, or conversion of a building or buildings to be used as emergency shelters;

"(2) the provision of supportive services, if such services do not supplant any services provided by the local government during any part of the 12-month period ending on the date of the commencement of the operation of the emergency shelter; and

"(3) maintenance, operation, insurance, utilities, and furnishings for emergency shelters.

"(b) DEFINITION.—A project shall be considered emergency shelter for purposes of this section if the project is designed to provide overnight sleeping accommodations for homeless persons. An emergency shelter may include appropriate eating and cooking accommodations.

"(c) PROGRAM REQUIREMENTS.—A recipient may use grant amounts under this subtitle for an emergency shelter project only if the project sponsor has agreed that it will—

"(1) in the case of assistance involving major rehabilitation or conversion of a building, maintain the building as a shelter for homeless individuals and families for not less than a 10-year period unless, within such 10-year period, the need for maintaining the building as a full-time shelter ceases to exist and the building is used for the remainder of such period to carry out other eligible activities under this subtitle;

"(2) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion of a building), maintain the building as a shelter for homeless individuals and families for not less than a 3-year period; or

"(3) in the case of assistance involving only activities described in paragraphs (2) and (3) of subsection (a), provide services or shelter to homeless individuals and families at the original site or structure or other sites or structures serving the same general population for the period during which such assistance is provided;

"(4) comply with the standards of habitability prescribed under subsection (d) by the Secretary and (if applicable) the State or unit of general local government; and

"(5) assist homeless persons in obtaining—

"(A) appropriate supportive service, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

"(B) other Federal, State, local, and private assistance available for homeless persons.

"(d) MINIMUM STANDARDS OF HABITABILITY.—The Secretary shall prescribe such minimum standards of habitability as the Secretary determines to be appropriate to ensure that emergency shelters assisted under this section are environments that provide appropriate privacy, safety, and sanitary and other health-related conditions for homeless persons and families. Grantees may establish standards of habitability in addition to those prescribed by the Secretary.

"SEC. 433. SUPPORTIVE HOUSING FOR THE HOMELESS.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide assistance to a project sponsor of supportive housing in the following manners:

"(1) ACQUISITION AND REHABILITATION.—Assistance may be provided in the form of an advance in an amount not exceeding cost of acquisition, substantial rehabilitation, or acquisition and rehabilitation of an existing structure for use as supportive housing. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for an advance under this paragraph if the structure was not used as supportive housing before the receipt of assistance.

"(2) MODERATE REHABILITATION.—Assistance may be provided in the form of a grant for moderate rehabilitation of an existing structure for use as supportive housing. Assistance under this paragraph shall not preclude assistance under paragraph (1).

"(3) OPERATING COSTS.—Assistance may be provided in the form of annual payments for operating costs of supportive housing (including

supportive housing that is newly constructed with assistance provided from sources other than this subtitle) in an amount not exceeding 75 percent of the annual operating costs of such housing.

"(4) TECHNICAL ASSISTANCE.—Technical assistance may be provided in—

"(A) establishing supportive housing in an existing structure;

"(B) operating supportive housing in existing structures and in structures that are newly constructed with assistance provided from sources other than this subtitle; and

"(C) providing supportive services to the residents of supportive housing (including supportive housing that is newly constructed with assistance provided from sources other than this subtitle).

"(5) EMPLOYMENT ASSISTANCE PROGRAM.—Assistance may be provided in the form of a grant for establishing and operating an employment assistance program for the residents of supportive housing, which shall include—

"(A) employment of residents in the operation and maintenance of the housing; and

"(B) the payment of the transportation costs of residents to places of employment.

"(6) SUPPORTIVE SERVICES.—Assistance may be provided in the form of a grant for costs of supportive services provided to homeless individuals. Any project sponsor, including program recipients under title IV of this Act before the date of the enactment of the Housing and Community Development Act of 1994, may reapply for such assistance or for the renewal of such assistance to continue services funded under prior grants or to provide other services.

"(7) CHILD CARE SERVICES.—Assistance may be provided in the form of a grant to establish and operate a child care services program for homeless families, which shall—

"(A) include—

"(i) establishing, licensing, and operating an on-site child care facility for the residents of transitional housing;

"(ii) making contributions for the child care costs of residents of transitional housing to existing community child care programs and facilities; and

"(iii) counseling designed to inform the residents of transitional housing of public and private child care services for which they are eligible; and

"(B) provide only child care services that comply with any applicable State and local laws and regulations.

A grant under this paragraph for any child care services program may not exceed the amount equal to 75 percent of the cost of operating the program for a period not exceeding 5 years.

"(b) SUPPORTIVE HOUSING.—Housing for homeless individuals shall be considered to be supportive housing for purposes of this section if—

"(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located;

"(2) the housing is—

"(A) transitional housing;

"(B) permanent housing for homeless persons with disabilities; or

"(C) a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families (or is part of such a project); and

"(3) supportive services are provided in connection with the housing to address the special needs of homeless individuals intended to be served by the housing.

"(c) TRANSITIONAL HOUSING.—For purposes of this section, the term 'transitional housing' means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary.

"(d) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.—For purposes of this section, the term 'permanent housing for homeless persons with disabilities' means community-based housing for homeless persons with disabilities that—

"(1) is a home designed solely for housing homeless persons with disabilities or dwelling units in a multifamily housing project, condominium project, or cooperative project;

"(2) in the case of a home, is located on a site that does not contain another home used for the same purposes and that is not contiguous to another site containing a home used for the same purposes; and

"(3) provides long-term housing and supportive services for not more than—

"(A) 8 such persons in a single structure or contiguous structures;

"(B) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or

"(C) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integration objectives of the program within the context of the affected community.

"(e) PROGRAM REQUIREMENTS.—

"(1) REQUIRED AGREEMENTS.—A recipient may use grant amounts under this subtitle for a supportive housing project under this section only if the project sponsor for the project has agreed—

"(A) to operate the proposed project as supportive housing for not less than 10 years;

"(B) to conduct an ongoing assessment of the supportive services required by the residents of the project;

"(C) to provide such residential supervision as the Secretary determines is necessary to facilitate the adequate provision of supportive services to the residents of the project; and

"(D) to comply with such other terms and conditions as the Secretary or recipient may establish for purposes of carrying out this program in an effective and efficient manner.

"(2) OCCUPANT CHARGE.—Each homeless individual or family residing in a project assisted under this section that provides supportive housing may be required to pay an occupancy charge in an amount determined by the project sponsor, which may not exceed the amount determined under section 3(a) of the United States Housing Act of 1937. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

"(f) SINGLE ROOM OCCUPANCY DWELLINGS.—A project assisted under this section may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.

"SEC. 434. SAFE HAVENS FOR HOMELESS INDIVIDUALS.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) the construction of a structure for use in providing a safe haven or the acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in providing a safe haven;

"(2) the leasing of an existing structure for use in providing a safe haven;

"(3) operating costs of a safe haven;

"(4) costs of administering a safe haven program, in an amount not exceeding 10 percent of the amounts made available for activities under paragraphs (1) through (3);

"(5) conducting outreach activities designed to inform eligible persons about and attract them to a safe haven program;

"(6) the provision of low-demand services and referrals for residents of a safe haven; and

"(7) conducting other activities that further the purposes of this section, including the modification of an existing facility to use a portion of a facility to provide a safe haven.

"(b) DEFINITION.—For purposes of this section, the term 'safe haven' means housing for homeless persons who, at the time, are unwilling or unable to participate in mental health treatment programs or to receive other supportive services. Such a facility may provide—

"(1) 24-hour residence for eligible persons who may reside for an unspecified duration;

"(2) private or semiprivate accommodations;

"(3) common use of kitchen facilities, dining rooms, and bathrooms;

"(4) supportive services to eligible persons who are not residents on a drop-in basis; and

"(5) overnight occupancy limited to no more than 25 persons.

"(c) ELIGIBILITY FOR SSI AND MEDICAID.—

"(1) SUPPLEMENTAL SECURITY INCOME.—All provisions of the supplemental security income program under title XVI of the Social Security Act and of State programs in supplementation thereof shall apply to participants in the safe havens demonstration program under this subtitle, except that no individual living in a safe haven shall—

"(A) be considered an inmate of a public institution (as provided in section 1611(e)(1)(A) of such Act); or

"(B) have benefits under such title XVI reduced or terminated because of the receipt of support and maintenance (as provided in section 1612(a)(2)(A) of such Act), to the extent such support and maintenance is received as a result of participation in the safe havens demonstration program.

"(2) MEDICAID.—A safe haven shall not be considered a hospital, nursing facility, institution for mental disease as defined under section 1905(i) of the Social Security Act, or any other inpatient facility, for purposes of the programs under title XIX of such Act, and individuals shall not be denied eligibility for Medicaid because of residency in such residence.

"SEC. 435. SHELTER PLUS CARE.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide shelter plus care for homeless persons with disabilities (primarily persons who have severe and persistent mental or emotional impairments that seriously limit a person's ability to live independently, have chronic programs with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

"(b) DEFINITION.—For purposes of this section, the term 'shelter plus care' means rental housing assistance, in connection with supportive services funded from sources other than under this section. Such rental housing assistance may be tenant-based, project-based, or sponsor-based.

"SEC. 436. ADMINISTRATIVE AND CAPACITY-BUILDING EXPENSES.

"(a) AVAILABILITY OF GRANT AMOUNTS.—A recipient may use grant amounts under this subtitle for the following expenses:

"(1) ADMINISTRATIVE EXPENSES.—During—

"(A) the first year in which a recipient receives grant amounts under this subtitle, for administrative expenses in connection with planning the development of, and establishing, its program under this subtitle;

"(B) subsequent years, to defray the cost of administering the program; and

"(C) any year in which a recipient receives grant amounts under this subtitle, to defray the cost of establishing and operating the board referred to in section 411(b).

Not more than 5 percent of any amounts provided to a recipient under this subtitle for a fiscal year may be used for activities under this paragraph.

"(2) CAPACITY BUILDING FOR NONPROFIT ORGANIZATIONS.—For building the capacity of private nonprofit organizations to participate in the comprehensive homeless assistance system of the recipient, except that not more than 2 percent of any amounts provided to a recipient under this subtitle for a fiscal year may be used for activities under this paragraph.

"(b) PROVISION OF ADMINISTRATIVE EXPENSES FOR CERTAIN ENTITIES.—

"(1) PROVISION OF AMOUNTS.—Any recipient under paragraph (2) shall make available, to defray the administrative expenses of the designee or the State, not more than 5 percent from amounts eligible for this purpose under subsection (a)(1).

"(2) RECIPIENTS COVERED.—The recipients under this paragraph shall be—

"(A) any allocation unit of general local government, Indian Tribe, or insular area, that designates a public agency or a private nonprofit organization under section 410(a)(2);

"(B) any State recipient that designates a public agency or a private nonprofit organization under section 410(b)(3)(A)(ii); and

"(C) any State recipient that enters into an agreement under section 410(b)(3)(A)(iii) with a State.

"SEC. 437. OTHER APPROVED ACTIVITIES.

"The Secretary, in cooperation with grantees, recipients, and other appropriate parties, shall develop additional activities to carry out the purposes of this subtitle. A recipient may use grants amounts under this subtitle to carry out any such activities developed and approved by the Secretary.

"Subtitle B—Other Permanent Housing Assistance Programs for the Homeless"

SEC. 812. REGULATIONS.

Not later than 60 days after the date of enactment of this Act, the Secretary of Housing and Urban Development shall by notice establish any requirements necessary to carry out the provisions contained in the amendments made by this chapter. Based on such notice, the Secretary shall issue regulations to carry out such provisions not later than 12 months after the date of the enactment of this Act.

SEC. 813. TRANSITION PROVISIONS.

(a) IN GENERAL.—Notwithstanding the provisions of subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this chapter), during fiscal year 1995, the Secretary of Housing and Urban Development shall allocate homeless assistance made available under title IV of the Stewart B. McKinney Homeless Assistance Act in accordance with the regulations for such title in effect immediately before the enactment of this Act. Of any amounts appropriated to carry out section 2 of the HUD Demonstration Act of 1993 in fiscal year 1995, the Secretary may use not more than 10 percent for providing technical assistance to assist recipients under subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this chapter) to establish a program for providing homeless assistance in accordance with the provisions of such subtitle.

(b) REPORT ON SINGLE ROOM OCCUPANCY ASSISTANCE.—Not later than July 1, 1995, the Secretary shall submit a report to the Congress evaluating the effectiveness of combining the programs for assistance for single room occupancy dwellings under sections 451 and 452 of the Stewart B. McKinney Homeless Assistance Act (as so redesignated and amended by this Act) into the program for assistance under subtitle A of title IV of such Act and, if effective, describing how to provide such assistance under the program under such subtitle A.

CHAPTER 2—OTHER HOUSING ASSISTANCE PROGRAMS FOR THE HOMELESS UNDER McKINNEY ACT

SEC. 821. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 451(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 811(3) of this Act, is amended to read as follows:

"(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act (as in effect immediately before October 1, 1991) is authorized to be increased by $200,000,000 on or after October 1, 1994, and by $206,000,000 on or after October 1, 1995.".

(b) PROGRAM CHANGES.—Section 451 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 811(3) of this Act, is amended—

(1) in the second sentence of subsection (c), in the matter preceding paragraph (1), by striking "containing" and inserting the following: "for the provision of assistance under this section that is specifically provided for in the comprehensive homeless assistance described in the application under section 408 of the relevant eligible grantee and that contains"; and

(2) in subsection (j)(1), by inserting "recipient under subtitle A," after "authority,".

SEC. 822. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended by inserting after section 451, as so redesignated by section 811(3) of this Act, the following new section:

"SEC. 452. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

"(a) PURPOSE.—The purpose of the program under this section is to provide assistance for the moderate rehabilitation of single room occupancy housing to be made available for rental, in connection with supportive services funded from sources other than this section, to homeless persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

"(b) MODERATE REHABILITATION ASSISTANCE.—The Secretary may use amounts made available to carry out this section for moderate rehabilitation of single room occupancy housing described in section 8(l) of the United States Housing Act of 1937 for occupancy by eligible persons in accordance with this section. Such amounts may be used in connection with the moderate rehabilitation of efficiency units if the building owner agrees to pay the additional cost of rehabilitating and operating the efficiency units.

"(c) FUNDING LIMITATIONS.—

"(1) TARGETED POPULATIONS.—To the maximum extent practicable, the Secretary shall reserve not less than 50 percent of all amounts made available to carry out this section for homeless individuals who are seriously mentally ill or have chronic problems with alcohol, drugs, or both.

"(2) GEOGRAPHICAL LIMITATION.—Of the assistance made available under this section for any fiscal year, not more than 10 percent may be used for programs located within any one unit of general local government.

"(d) SUPPORTIVE SERVICES REQUIREMENTS.—

"(1) REQUIREMENT OF MATCHING AMOUNTS.—Each recipient of assistance under this section shall supplement the assistance provided under this section with an equal amount of funds for supportive services from sources other than this section. Each recipient shall certify to the Secretary its compliance with this paragraph, and shall include with the certification a description of the sources and amounts of such supplemental funds.

"(2) DETERMINATION OF MATCHING AMOUNTS.—In calculating the amount of supplemental funds provided under this section, a recipient may include the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers to carry out the program of the recipient at a rate determined by the Secretary.

"(3) RECAPTURE.—If the supportive services and funding for the supportive services required by this subsection are not provided by a recipient, the Secretary may recapture any unexpended housing assistance provided under this section to the recipient.

"(e) CONTRACT REQUIREMENTS.—Each contract for annual contributions entered into by the Secretary with a public housing agency to obligate budget authority made available to carry out this section shall—

"(1) commit the Secretary to make the authority available to the public housing agency for an aggregate period of 10 years, and require that any amendments increasing the authority shall be available for the remainder of such 10-year period;

"(2) provide the Secretary with the option to renew the contract for an additional period of 10 years, subject to the availability of authority;

"(3) provide that, notwithstanding any other provision of law, first priority for occupancy of housing rehabilitated under this section shall be given to homeless persons; and

"(4) require installation in the housing assisted of a sprinkler system that protects all major spaces, hard-wired smoke detectors, and any other fire safety improvements as may be required by State or local law.

For purposes of this subsection, the term 'major spaces' means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

"(f) APPLICATIONS.—

"(1) IN GENERAL.—An application for rental housing assistance under this section shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM CONTENTS.—The Secretary shall require that an application identify the need for the assistance in the community to be served and shall contain at a minimum—

"(A) a request for housing assistance under this section specifying the number of units requested and the amount of necessary budget authority;

"(B) a description of the size and characteristics of the population of eligible persons;

"(C) an identification of the need for the program in the community to be served;

"(D) the identity of the proposed service provider or providers (which may be, or include, the applicant) and a statement of the qualifications of the provider or providers;

"(E) a description of the supportive services that the applicant proposes to assure will be available for eligible persons;

"(F) a description of the resources that are expected to be made available to provide the supportive services required by subsection (d);

"(G) a description of the mechanisms for developing a housing and supportive services plan for each person and for monitoring each person's progress in meeting that plan;

"(H) reasonable assurances satisfactory to the Secretary that the supportive services will be provided for the full term of the housing assistance under this section and a certification from

the applicant that it will fund the supportive services itself if the planned resources do not become available for any reason;

"(I) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the unit of general local government within which housing assistance under this section will be provided; and

"(J) identification of the specific structures that the recipient is proposing for assistance.

"(g) SELECTION CRITERIA.—The Secretary shall establish selection criteria for a national competition for assistance under this section which shall include—

"(1) the ability of the applicant to develop and operate the proposed assisted housing and supportive services program, taking into account the quality of any ongoing program of the applicant;

"(2) geographic diversity among the projects to be assisted;

"(3) the need for a program providing housing assistance and supportive services for eligible persons in the area to be served;

"(4) the quality of the proposed program for providing supportive services and housing assistance;

"(5) the extent to which the proposed funding for the supportive services is or will be available;

"(6) the extent to which the project would meet the needs of the homeless persons proposed to be served by the program;

"(7) the extent to which the program integrates program recipients into the community served by the program;

"(8) the cost-effectiveness of the proposed program; and

"(9) such other factors as the Secretary specifies in regulations to be appropriate for purposes of carrying out the program established by this section in an effective and efficient manner.

"(h) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient of assistance under this section to provide for the consultation and participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any housing assisted under this section or services for such housing. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

"(i) REQUIRED AGREEMENTS.—The Secretary may not approve assistance under this section for an applicant unless the applicant agrees—

"(1) to operate the proposed program in accordance with the provisions of this section;

"(2) to conduct an ongoing assessment of the housing assistance and supportive services required by the participants in the program;

"(3) to ensure the adequate provision of supportive services to the participants in the program;

"(4) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the program in an effective and efficient manner; and

"(5) to the maximum extent practicable, to involve homeless individuals and families, through employment volunteer services, or otherwise, in constructing or rehabilitating housing assisted under this section and in providing services required under this section.

"(j) HOUSING STANDARDS AND RENT REASONABLENESS.—

"(1) STANDARDS REQUIRED.—The Secretary shall require that—

"(A) before any assistance may be provided to or on behalf of a person, each unit assisted under this section shall be inspected by the applicant directly or by another entity, including the local public housing agency, to determine that the unit meets the housing quality standards under section 8 of the United States Housing Act of 1937 and that the occupancy charge for the dwelling unit is reasonable; and

"(B) the recipient shall make at least annual inspections of each unit assisted under this section during the term of the contract for such assistance.

"(2) PROHIBITION.—No assistance may be provided under this section for a dwelling unit (A) for which the occupancy charge is not reasonable, or (B) which fails to meet the housing standards, unless the owner promptly corrects the deficiency and the recipient verifies the correction.

"(k) TENANT RENT.—Each tenant of a dwelling unit assisted under this section shall pay as rent an amount determined in accordance with the provisions of section 3(a)(1) of the United States Housing Act of 1937.

"(l) ADMINISTRATIVE FEES.—From amounts made available to carry out this section, the Secretary shall make amounts available to pay the entity administering the housing assistance an administrative fee in an amount determined appropriate by the Secretary for the costs of administering the housing assistance.

"(m) OCCUPANCY.—

"(1) OCCUPANCY AGREEMENT.—The occupancy agreement between a tenant and an owner of a dwelling unit assisted under this section shall be for at least one month.

"(2) VACANCY PAYMENTS.—If an eligible person vacates a dwelling unit assisted under this section before the expiration of the occupancy agreement, no assistance payment may be made with respect to the unit after the month that follows the month during which the unit was vacated, unless it is occupied by another eligible person.

"(n) TERMINATION OF ASSISTANCE.—

"(1) AUTHORITY.—If an eligible individual who receives assistance under this section violates program requirements, the recipient may terminate assistance in accordance with the process established pursuant to paragraph (2).

"(2) PROCEDURE.—In terminating assistance under this paragraph, the recipient shall provide a formal process that recognizes the rights of individuals receiving such assistance to due process of law.

"(o) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

"(1) The term 'acquired immunodeficiency syndrome and related diseases' has the meaning given such term in section 853 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) The term 'applicant' means a State, unit of general local government, Indian tribe, or public housing agency.

"(3) The term 'eligible person' means a homeless person with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the family of such a person.

"(4) The term 'Indian tribe' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

"(5) The term 'nonprofit organization' has the meaning given such term by section 104 of the Cranston-Gonzalez National Affordable Housing Act, and includes community mental health centers established as public nonprofit organizations.

"(6) The term 'person with disabilities' has the meaning given such term in section 811 of the Cranston-Gonzalez National Affordable Housing Act.

"(7) The term 'public housing agency' has the meaning given such term in section 3(b) of the United States Housing Act of 1937.

"(8) The term 'recipient' means an applicant approved for participation in the program to provide assistance under this section.

"(9) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(10) The term 'seriously mentally ill' means having a severe and persistent mental or emotional impairment that seriously limits a person's ability to live independently.

"(11) The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any other territory or possession of the United States.

"(12) The term 'supportive services' means assistance that the Secretary determines (A) addresses the special needs of eligible persons; and (B) provides appropriate services or assists such persons in obtaining appropriate services, including health care, mental health services, substance and alcohol abuse services, child care services, case management services, counseling, supervision, education, job training, and other services essential for achieving and maintaining independent living. Inpatient acute hospital care shall not qualify as a supportive service.

"(13) The term 'unit of general local government' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

"(p) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing assistance under this section, there are authorized to be appropriated $75,000,000 for fiscal year 1995 and $75,000,000 for fiscal year 1996.".

SEC. 823. RURAL HOMELESSNESS GRANT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 453(l)(1) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11408(l)(1)), as so redesignated by section 811(3) of this Act, is amended to read as follows:

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $32,197,800 for fiscal year 1995 and $33,163,734 for fiscal year 1996.".

(b) TRANSFER TO DEPARTMENT OF AGRICULTURE.—Section 453 of the Stewart B. McKinney Homeless Assistance Act, as so redesignated by section 811(3) of this Act, is amended—

(1) in subsection (a), by striking "Secretary of Housing and Urban Development" and inserting "Secretary of Agriculture"; and

(2) in subsection (k), by striking paragraph (3) and inserting the following new paragraph:

"(3) The term 'Secretary' means the Secretary of Agriculture.".

SEC. 824. CLERICAL AMENDMENT.

The table of contents in section 101(b) of the Stewart B. McKinney Homeless Assistance Act is amended by striking the items relating to title IV and inserting the following new items:

"TITLE IV—HOUSING ASSISTANCE

"Subtitle A—Flexible Grant Program

"CHAPTER 1—GENERAL PROVISIONS

"Sec. 401. Purposes.
"Sec. 402. Authorization of appropriations.
"Sec. 403. Definitions.
"Sec. 404. Provision of grants.
"Sec. 405. Comprehensive homeless assistance.
"Sec. 406. Matching requirements.
"Sec. 407. Responsibilities of grantees and project sponsors.
"Sec. 408. Application.
"Sec. 409. Allocation and distribution of funds.

"Sec. 410. Administration of program.
"Sec. 411. Citizen participation.
"Sec. 412. Applicability of other provisions.
"Sec. 413. Reports, reviews, and audits.
"Sec. 414. Nondiscrimination in programs and activities.
"Sec. 415. Consultation.
"Sec. 416. Records, reports, and audits.
"Sec. 417. Reports to Congress.
"CHAPTER 2—ELIGIBLE ACTIVITIES
"Sec. 431. Homelessness prevention.
"Sec. 432. Emergency shelter.
"Sec. 433. Supportive housing for the homeless.
"Sec. 434. Safe havens for homeless individuals.
"Sec. 435. Shelter plus care.
"Sec. 436. Administrative and capacity-building expenses.
"Sec. 437. Other approved activities.
"Subtitle B—Other Permanent Housing Assistance Programs for the Homeless
"Sec. 451. Section 8 assistance for single room occupancy dwellings.
"Sec. 452. Section 8 assistance for shelter plus care single room occupancy dwellings.
"Sec. 453. Rural homelessness grant program.
"Sec. 454. Use of FMHA inventory for transitional housing for homeless persons and for turnkey housing.".

CHAPTER 3—MISCELLANEOUS HOMELESS HOUSING PROVISIONS

SEC. 831. INNOVATIVE HOMELESS PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2(f) of the HUD Demonstration Act of 1993 is amended to read as follows:

"(f) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 1995.

"(2) USE OF AMOUNTS.—Any amounts appropriated under paragraph (1) may be used only to carry out the comprehensive homeless initiative under subsection (c).".

(b) EXTENSION OF PROGRAM.—Section 2(g) of the HUD Demonstration Act of 1993 (42 U.S.C. 11301 note) is amended by striking "1994" and inserting "1995".

SEC. 832. FHA SINGLE FAMILY PROPERTY DISPOSITION.

Section 1407 of the Housing and Community Development Act of 1992 (Public Law 102-550; 106 Stat. 4034) is amended by striking subsections (a) and (b) and inserting the following new subsections:

"(a) IMMEDIATE AVAILABILITY.—In carrying out the program for disposition of single family properties acquired by the Department of Housing and Urban Development for use by the homeless under subpart E of part 291 of title 24, Code of Federal Regulations, the Secretary of Housing and Urban Development shall make any eligible property available for lease under such program without listing and making such property generally available for sale for any intervening period.

"(b) DISCOUNT.—Any property made available for sale under the program referred to in subsection (a) shall be made available at a price equal to the fair market value of the property less a 20 percent discount.".

Subtitle B—Interagency Council on the Homeless

SEC. 841. AUTHORIZATION OF APPROPRIATIONS.

Section 208 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11318) is amended to read as follows:

"SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this title $1,609,890 for fiscal year 1995 and $1,658,187 for fiscal year 1996.".

SEC. 842. CHAIRPERSON.

Section 202(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11312(b) is amended to read as follows:

"(b) CHAIRPERSON AND VICE CHAIRPERSON.—

"(1) CHAIRPERSON.—The Council shall elect a Chairperson from among its members, who shall have a term of 2 years. A member of the Council by reason of any of paragraphs (1) through (16) of subsection (a) who serves as Chairperson for a term may not be elected to serve as Chairperson for the succeeding term. The preceding sentence shall not apply to any member serving as Chairperson on the date of the enactment of the Housing and Community Development Act of 1994.

"(2) VICE CHAIRPERSON.—The Vice Chairperson of the Council shall have a term of 2 years and shall be—

"(A) the Secretary of Housing and Urban Development, if such Secretary is not elected as the Chairperson of the Council; or

"(B) elected by the Council from among its members, if the Secretary of Housing and Urban Development is elected as the Chairperson of the Council.".

SEC. 843. EXTENSION.

Section 209 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11319) is amended by striking "October 1, 1994" and inserting "October 1, 1996".

Subtitle C—Federal Emergency Management Agency Food and Shelter Program

SEC. 851. AUTHORIZATION OF APPROPRIATIONS.

Section 322 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11352) is amended to read as follows:

"SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this title $193,186,800 for fiscal year 1995 and $198,982,404 for fiscal year 1996.".

AMENDMENT OFFERED BY MR. GONZALEZ

Mr. GONZALEZ. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GONZALEZ:

Page 9, line 16, strike "$733,000,000" and insert "$691,000,000".

Page 13, line 7, after the period insert the following new sentence: "The requirement in the preceding sentence with respect to resident members shall not apply to any State or local governing body whose responsibilities include substantial activities other than acting as a public housing agency for purposes of this Act, but shall apply to any advisory committee or organization that is established by such a governing body and whose responsibilities relate only to the governing body's functions as a public housing agency for purposes of this Act.".

Page 18, after line 19, insert the following new subsection:

(f) USE OF COMMUNITY ACTION AGENCIES.—Section 23(b) of the United States Housing Act of 1937 (42 U.S.C. 1437u(b)) is amended by adding at the end the following new paragraph:

"(5) USE OF COMMUNITY ACTION AGENCIES.—A public housing agency may enter into agreements with any local community action agency receiving assistance under the Community Services Block Grant Act providing for such agency to carry out the local program of the public housing agency or to provide any supportive services under the local program.".

Page 24, line 17, before the semicolon insert the following: ", except that, effective during and after the first fiscal year that commences after the expiration of the 4-year period beginning on the date of the enactment of this Act, amounts earned by a child may not be excluded under this subparagraph unless (i) the child is enrolled in and attending high school (or a recognized equivalency program), or has received a high school diploma (or the recognized equivalent thereof), or (ii) the public housing agency has determined that requiring the child to comply with clause (i) would significantly interfere with the sole source of financial support of the family or would otherwise create a significant hardship for the family of the child".

Page 38, line 23, after "(vii)" insert "effective for fiscal year 1996 and thereafter,".

Page 39, line 15, after "(viii)" insert "effective for fiscal year 1996 and thereafter,".

Page 42, after line 2, insert the following new section (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly):

SEC. 124. AUTHORITY FOR PUBLIC HOUSING AGENCIES TO LEVERAGE AMOUNTS FOR REPLACEMENT AND MODERNIZATION.

Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is amended by adding after subsection (q), as added by the preceding provisions of this Act, the following new subsection:

"(r) AUTHORITY FOR PUBLIC HOUSING AGENCIES TO LEVERAGE AMOUNTS FOR REPLACEMENT AND MODERNIZATION.—

"(1) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency (or a partnership including a public housing agency) to use grants provided under subsection (b) to leverage amounts which shall be used for financing housing to replace existing public housing dwelling units or for modernization of public housing, but only if the agency submits to the Secretary a plan for such leveraging that is approved by the Secretary.

"(2) REQUIREMENTS.—The Secretary may approve a plan for leveraging under paragraph (1) only if the Secretary determines that—

"(A) the public housing agency has the ability to use the leveraged amounts effectively, directly or through contract management;

"(B) of any land owned by the public housing agency upon the approval of the plan that is subject to the plan, and any land to be acquired by the agency under the plan, a portion equivalent in area to the portion used under the plan for providing housing to replace public housing dwelling units in accordance with section 18 is subject to binding covenants or commitments sufficient to ensure that the land will be used permanently for housing reserved for occupancy by low- and very low-income families;

"(C) any modernization to be carried out under the plan complies with the modernization plan submitted under this section by the public housing agency and any replacement of public housing dwelling units to be carried out under the plan complies with the requirements of section 18;

"(D) the plan provides permanent financing commitments from a sufficient number of additional sources, which may include banks and other conventional lenders, State housing finance agencies, secondary market entities, and other financial institutions;

"(E) the public housing agency submitting the plan has an acceptable rate of obligation of assistance provided under this section; and

"(F) the plan complies with any other criteria that the Secretary may establish.

"(3) OBLIGATION LIMITS.—

"(A) PER PHA.—The aggregate outstanding principal amount leveraged under this subsection by a public housing agency may not at any time exceed 5 times the amount of the most recent grant for a fiscal year provided under this section for comprehensive modernization.

"(B) FOR ALL PHAS.—The aggregate outstanding principal amount leveraged under this subsection by all public housing agencies may not, in any single fiscal year, exceed $2,000,000,000.

"(4) USE OF COMPREHENSIVE MODERNIZATION GRANTS AND OPERATING REVENUES.—Notwithstanding any other provision of this title, a public housing agency for which a plan is approved under this subsection may use amounts provided under this section to the agency for comprehensive modernization and amounts provided under section 9 to the agency for operating subsidies (including program income derived therefrom) for the payment of principal, interest, and fees due on any loans obtained pursuant to the plan.

"(5) REPORTS.—The Secretary shall submit a report to the Congress annually regarding the activities under plans for leveraging approved under this subsection and the status of loans, financing, and investments obtained under such plans.".

Page 61, line 25, strike "sentence" and insert "sentences".

Page 62, line 6, after the period insert the following new sentence: "Any resident management corporation or resident council may use such assistance to enter into agreements with any local community action agency receiving assistance under the Community Services Block Grant Act for such agency to carry out such activities.".

Page 63, line 4, after "entities" insert "(including local community action agencies receiving assistance under the Community Services Block Grant Act)".

Page 65, line 2, after "public housing agencies" insert ", and to local community action agencies that are receiving assistance under the Community Services Block Grant Act and are working in coordination with public housing agencies,".

Page 65, line 7, strike "to" and insert "for".

Page 67, after line 17, insert the following new subsection:

(e) USE OF COMMUNITY ACTION AGENCIES.—Section 22 of the United States Housing Act of 1937 is amended—

(1) in subsection (c)(4), by inserting ", including local community action agencies receiving assistance under the Community Services Block Grant Act" after "providers"; and

(2) in subsection (h), by striking "employ" and inserting "provide for the employment of".

Page 91, line 7, after "1970" insert ", any provision of the Internal Revenue Code of 1986,".

Page 106, line 18, after "by" insert "housing".

Page 107, strike "house-" in line 2 and all that follows through line 7 and insert "recent movers and shall not consider public housing units, units for which market rents cannot be determined, and newly constructed units.".

Page 108, line 18, strike "The" and insert "Except as provided in paragraph (2), the".

Page 109, line 14, strike "and" the second place it appears.

Page 109, line 16, strike the period and insert "; and".

Page 109, after line 16, insert the following:

"(D) the public housing agency has first exercised any authority under paragraphs (1) and (2)(A) of subsection (d) to increase the maximum monthly rent for the dwelling unit.

The amount of the monthly assistance payment under this section with respect to a dwelling unit for a family paying rent as provided in this paragraph shall be the difference between an amount based on the fair market rent and the rent the family is required to pay under section 3(a).".

Page 141, line 6, strike "1994" and insert "1993".

Page 142, line 6, after "family" insert "not living within the jurisdiction of a public housing agency at the time such family applies for or receives assistance from the agency". 0

Page 148, after line 7, insert the following:

"(D) REPORT.—The Secretary shall include in each annual report of the Secretary under section 8 of the Department of Housing and Urban Development Act information specifying the number of families assisted pursuant to this paragraph during the preceding 2-year period and the number of communities in which such assistance was used, describing the extent of cooperation between public housing agencies and public child welfare agencies in timely identifying families for which such assistance is appropriate and in providing such assistance, and describing any impediments to providing such assistance.

Page 179, line 18, after the second comma insert the following: "and rehabilitation activities undertaken by Pennrose Properties in connection with 40 dwelling units for senior citizens in the Providence Square development located in New Brunswick, New Jersey,".

Page 179, line 19, after "pursuant to" insert "the approval of and".

Page 179, line 21, strike "clause (ii)" and insert "clauses (i) and (ii)".

Page 190, strike line 19 and insert "relevant metropolitan market area".

Page 192, lines 10 and 11, strike "market area in which the qualified housing is located" and insert "relevant metropolitan market area".

Page 193, after line 8, insert the following new paragraphs:

(3) MARKET RENT CONTRACTS FOR HIGH-COST AREAS.—Notwithstanding paragraphs (1) and (2), in the case of a qualified project for which the Secretary determines that the maximum monthly rents for units in the project offered (or to be offered) by the Secretary under paragraph (1) or (2), as applicable, are less than the monthly rents for comparable units in comparable unassisted housing projects in the relevant metropolitan market area, the Secretary may offer to enter into a new contract for the qualified project that provides for the establishment of the maximum monthly rents at amounts not exceeding the monthly rents for such comparable units. Each new contract entered into under this paragraph shall provide that the maximum monthly rents for the qualified project shall be adjusted annually by applying the annual adjustment factor established by the Secretary under section 156(a)(2) to the entire amount of the maximum monthly rents.

(4) CONTRACTS FOR PARTIALLY ASSISTED PROJECTS.—Notwithstanding paragraphs (1) and (2), in the case of a qualified project for which assistance is provided under an expiring contract for some, but not all, of the dwelling units in the project, the Secretary may offer to enter into a new contract for the qualified project that provides for the establishment of the maximum monthly rents for units in the project assisted under the expiring contract at amounts not exceeding the sum of (A) the monthly rents for comparable unassisted units in the project, and (B) an allowance for unique costs as determined under section 156(b)(1)(G). Each new contract entered into under this paragraph shall provide that the maximum monthly rents for the qualified project shall be adjusted annually by applying the annual adjustment factor established by the Secretary under section 156(a)(2) to the entire amount of the maximum monthly rents.

Page 193, line 9, strike "(3)" and insert "(5)".

Page 199, strike lines 4 through 9 and insert the following new paragraph:

(4) MAINTENANCE OF HOUSING.—The new contract shall—

(A) require the owner of the qualified project to maintain the housing in compliance with housing quality standards established by the Secretary for housing assisted under section 8 of the United States Housing Act of 1937;

(B) provide that the provisions of section 8(h)(10) of such Act shall apply to the qualified project, except that in the case of a qualified project—

(i) any reference in such section to a public housing agency shall be construed to refer also to the Secretary; and

(ii) any reference in such section to assistance under section 8 shall be construed to refer to assistance under a new contract; and

(C) provide that upon a request by the owner, the Secretary shall provide for a review of any determination of a serious noncompliance of the project with such housing quality standards, which review shall—

(i) determine whether (I) a serious noncompliance has occurred, (II) the owner was permitted a reasonable period of time to correct the noncompliance, and (III) the owner has the responsibility to correct the noncompliance;

(ii) be conducted by an officer or employee of the Department of Housing and Urban Development who is not the officer or employee who made the initial determination of the noncompliance and is not subject to the supervision of such officer or employee; and

(iii) include a written decision of the finding pursuant to the review.

Page 200, strike lines 3 through 19, and insert the following new paragraph:

(8) MAXIMUM MONTHLY RENTS.—A new contract shall provide that the maximum monthly rents for the project under the contract shall be the amount determined under section 156 (or, in the case of a new contract entered into under paragraph (3) or (4) of section 153(b), the amount determined under such paragraph) upon entering into the contract, and shall be adjusted annually as provided under such section (or paragraph (3) or (4) of section 153(b), if applicable), except that—

(A) the maximum monthly rents shall be redetermined in the manner provided under sections 153(b) and 156 upon each renewal of the contract;

(B) the owner of the project may, at any time, submit a written request to the Secretary for a redetermination of the maximum monthly rents for the project using the procedure under section 156(b) and, after such request, the rents shall be determined using such method for the remainder of the term of the contract; and

(C) in the case of a project that is subject to a mortgage insured by the Secretary and for which the maximum monthly rents under the new contract are determined and adjusted under section 156(a), if at any time the

Secretary determines that such rents are not sufficient to provide for the sound operation of the project while maintaining payment of debt service for the project, the Secretary may require redetermination of the maximum monthly rents for the project using the procedure under section 156(b) and, after such request, the rents shall be determined using such method for the remainder of the term of the contract and the provisions of section 159(b) shall apply to the project.

Page 201, line 14, strike "The" and all that follows through line 20 and insert the following new sentence: "The Secretary shall also conduct such an inspection or review of a project when requested by the unit of general local government for the jurisdiction in which the project is located or by a petition signed by not less than 10 percent of the tenants of occupied units in the project.".

Page 202, strike lines 8 through 14 and insert the following new paragraph:

(2) RENT ADJUSTMENTS.—

(A) IN GENERAL.—The maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be adjusted annually by applying the annual adjustment factor established by the Secretary under subparagraph (B) to the entire amount of the maximum monthly rents.

(B) ANNUAL ADJUSTMENT FACTOR.—The annual adjustment factor shall—

(i) measure the annual change for a market area in the prevailing unsubsidized market rents for various sizes and types of dwelling units and shall be based solely on such measure;

(ii) provide for decreases and increases in the maximum monthly rents; and

(iii) not provide for adjustment in the maximum monthly rents based on any factor other than the factor described in clause (i). The Secretary shall establish market areas for purposes of establishing annual adjustment factors under this paragraph.

Page 203, line 1, strike "support" and insert "cover the sum of".

Page 203, line 24, strike "Operating" and insert "The operating".

Page 204, line 4, strike "Adequate" and insert "An amount for adequate".

Page 204, strike line 18 and all that follows through page 205, line 2, and insert the following new subparagraph:

(E) DISTRIBUTION TO OWNER.—An allowance for a distribution to the owner of the qualified project, which shall be an amount for each dwelling unit in the project equal to the higher of—

(i) $350 per year; or

(ii) 6 percent of the fair market rental for dwelling units of the applicable size and type in the relevant metropolitan market area.

Page 206, lines 1 and 2, strike "market area in which the qualified housing is located" and insert "relevant metropolitan market area".

Page 206, strike lines 16 through 22, and insert the following:

(A) IN GENERAL.—The maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be adjusted annually by applying the operating cost adjustment factor established by the Secretary under subparagraph (B) to the entire amount of the maximum monthly rents.

(B) OPERATING COST ADJUSTMENT FACTOR.—The operating cost adjustment factor for any 12-month period shall be equal to—

(i) the percent increase or decrease, if any, in the Consumer Price Index published for the 6th month preceding the beginning of such period over such index published for the 18th month preceding such period, adjusted to the nearest 1/10 of 1 percent; or

(ii) any other equivalent measure of change in operating costs determined by the Secretary.

For purposes of this subparagraph, the term "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, United States City Average, Housing Component, prepared by the Bureau of Labor Statistics of the Department of Labor.

Page 206, line 23, strike "(B)" and insert "(C)".

Page 208, lines 15 and 16, strike "market area in which the project is located" and insert "relevant metropolitan market area".

Page 211, strike line 15 and all that follows through page 212, line 7.

Page 212, line 8, strike "(f)" and insert "(e)".

Page 212, line 16, strike "of" the 1st place it appears and insert "occurring 12 months before".

Page 213, line 2, strike "may" and insert "shall".

Page 215, line 6, after the period insert the following new sentence: "The authority of the Secretary under this section to restructure or refinance mortgages shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided for such costs in appropriation Acts for such fiscal year.".

Page 215, line 11, before "meets" insert ", in the determination of the Secretary,".

Page 217, strike lines 13 through 19 and insert the following:

(2) EXPEDITED ACQUISITION.—The Secretary may expedite the acquisition of residual receipts for a qualified project by entering into an agreement with the owner of the project that provides—

(A) for the owner to retain a portion of any residual receipts accumulated for the project, which shall not to exceed 15 percent of such accumulated receipts;

(B) for the Secretary to acquire the portion of the accumulated residual receipts for the project not retained by the owner not less than 12 months before the expiration of the expiring contract for the project, unless the Secretary provides otherwise; and

(C) for any residual receipts accumulated for the project after the date of the acquisition under subparagraph (B) to be distributed to the owner and the Secretary, and to be acquired periodically by the Secretary, in the same percentages as the residual receipts for the project are distributed pursuant to subparagraphs (A) and (B).

Page 218, strike lines 3 and 4 and insert the following (and conform the table of contents accordingly):

SEC. 161. SUPPORTIVE SERVICES AND TECHNICAL ASSISTANCE.

(a) PROVISION OF SERVICE COORDINATOR.—

(1) REQUIREMENT.—Each

Page 218, line 7, strike "subsection (b)" and insert "paragraph (2)".

Page 218, strike line 15 and insert the following:

(2) PAYMENT OF COSTS.—Notwithstanding any other

Page 218, after line 20 insert the following new subsection:

(b) TECHNICAL ASSISTANCE.—

(1) REQUIRED ASSISTANCE.—Using a portion of any amounts in an account for residual receipts established for a qualified project and any amounts made available for new contracts under this subtitle, the Secretary shall (subject to the availability of such amounts) provide for technical assistance for tenants of the project (including any resident councils), nonprofit organizations, nonprofit developers of affordable housing, and State and local governmental agencies to the extent necessary to—

(A) develop the capacity and ability of such entities to carry out activities pursuant to this subtitle; and

(B) assist such entities in preparing submissions, proposals, and such other documents and entering into contracts, agreements, and other arrangements involved in such activities.

(2) USE OF EXISTING PROGRAM FOR DELIVERY.—The Secretary may provide technical assistance under this subsection with respect to qualified projects through the program and procedures established under subtitle C of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (as added by section 312 of the Housing and Community Development Act of 1992) for technical assistance with respect to eligible low-income housing.

Page 219, line 8, strike "(4)(A)" and insert "(7)(A)".

Page 220, line 8, strike "(f)(2)(B)" and insert "(e)(2)(B)".

Page 220, line 9, strike "153(b)(3)" and insert "153(b)(5)".

Page 220, after line 19, insert the following new paragraphs:

(8) the term "relevant metropolitan market area" means, with respect to a qualified project, a standard metropolitan area established by the Director of the Office of Management and Budget or a portion of such an area determined appropriate by the Secretary for purposes of this subtitle, in which a project is located or, in the case of a project not located in a standard metropolitan area, which is the nearest such area to the project;

(9) the term "remaining useful life" means, with respect to a qualified project, the period during which the physical characteristics of the project remain in a condition suitable for occupancy, assuming normal maintenance and repairs are made and major systems and capital components are replaced as becomes necessary, as determined on the record after opportunity for a hearing, in accordance with standards for determining when the useful life of an eligible low-income housing project has expired that are established by the Secretary by rule under section 553 of title 5, United States Code;

Page 220, line 20, strike "(8)" and insert "(10)".

Page 220, line 23, strike "(9)" and insert "(11)".

Page 222, line 2, after the period insert the following new sentence: "Such amounts shall also be available for implementation grants under title III of the United States Housing Act of 1937, except that not more than $25,000,000 may be used for the purpose under this sentence and such amounts may only be used for implementation grants to applicants who have successfully completed planning grants under such title.".

Page 238, line 8, after "entities" insert "(including local community action agencies receiving assistance under the Community Services Block Grant Act)".

Page 239, line 18, after "entities" insert "(including local community action agencies receiving assistance under the Community Services Block Grant Act)".

Page 256, line 16, strike "appropriated" and insert "available, or that the Secretary is authorized to use,".

Page 257, after line 5, insert the following: Any other provision of law enacted before or after the date of the enactment of the Housing and Community Development Act of 1994

that limits the authority of the Secretary to use amounts to carry out this chapter upon the apportionment of such amounts in a manner not provided for in this subsection shall not be effective.

Page 258, line 8, strike "$400,000,000" and insert "$358,000,000".

Page 267, line 23, after "for," insert "any provision of the Internal Revenue Code of 1986, or".

Page 268, line 17, strike "$1,775,000,000" and insert "$1,700,000,000".

Page 268, after line 8, insert the following new section (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly):

SEC. 188. CERTAIN REVITALIZATION AND RELOCATION ASSISTANCE.

There is authorized to be appropriated for revitalization and relocation activities for the Windsor Park Subdivision in Las Vegas, Nevada, such sums as may be necessary for fiscal year 1995.

Page 273, line 24, before the first comma insert "or for which the homebuyer is assisted".

Page 293, line 20, before "The" insert "(a) EXTENSION.—".

Page 293, after line 23, insert the following new subsection:

(b) BUDGET COMPLIANCE.—Section 221(g)(4)(C) of the National Housing Act (12 U.S.C. 1715l(g)(4)(C)) is amended by adding at the end the following new clause:

"(ix) This subparagraph shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided in appropriation Acts for such fiscal year.".

Page 313, strike line 16 and all that follows through page 314, line 15 (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly).

Page 357, line 18, after "no tax" insert "of any State, county, municipality, or local taxing authority".

Page 368, strike "The" in line 17 and all that follows through the first period in line 20 and insert the following: "The Secretary shall pay a uniform rate of interest on escrowed amounts. The interest rate to be paid on such amounts shall be determined by the Secretary based on the interest earned less an amount not to exceed 1 percent to be used to offset expenses in carrying out the provisions of this title.".

Page 369, strike "Deferred" in line 20 and all that follows through the first period in line 22 and insert the following: "Deferred amounts shall not exceed 25 percent of the amount of the payment due at 1 percent interest and shall be subject to recapture.".

Page 370, line 9, after "shall" insert ", subject to the availability of amounts for assistance under this title,".

Page 371, line 3, after the period insert the following new sentence: "The authority of the Secretary under this subsection to modify loans shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided for such costs in appropriation Acts for such fiscal year.".

Page 385, line 23, after the period insert the following new sentence: "The authority of the Secretary under this subsection to modify loans shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided for such costs in appropriation Acts for such fiscal year.".

Page 371, line 19, strike "Pinewest" and insert "Pine View West".

Page 399, line 16, after "experience in" insert "or capable of".

Page 405, line 1, after "corporations," insert "local community action agencies receiving assistance under the Community Services Block Grant Act,".

Page 406, line 9, strike "90 percent of" and insert "the total".

Page 407, line 6, after "unless" insert "the housing is acquired by foreclosure (or instrument in lieu of foreclosure) or".

Page 424, strike lines 18 through 20 and insert the following new paragraph:

(2) in paragraph (8)—

(A) by striking "and" after "under this paragraph,";

(B) by striking "fiscal year 1994" and inserting "fiscal years 1994, 1995, and 1996"; and

(C) by inserting before the semicolon at the end the following: ", and except that of any amount of assistance under this title (including program income) to the Cities of Vallejo and Benecia and to Napa County, in California, such cities and county may use not more than 20 percent in fiscal year 1995 and 25 percent in fiscal year 1996 for activities under this paragraph".

Page 425, after line 16, insert the following new section (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly):

SEC. 605. PROHIBITION OF USE OF CDBG ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.

Section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305) is amended by adding at the end the following new subsection:

"(h) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amounts from a grant under section 106 made in fiscal year 1994 or any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

Page 427, line 6, before the first period insert the following new sentence: "Using any amounts appropriated for grants under this subsection for fiscal years 1995 and 1996, the Secretary shall make a grant in the amount of $3,650,000 in each such fiscal year to the Earth Conservancy in Luzerne County, Pennsylvania, which shall be used for carrying out a demonstration of using innovative environmental technologies to reclaim land used for community and economic development purposes that has been damaged by anthracite coal mining activities.".

Page 429, line 1, strike "(f)" and insert "(g)".

Page 429, lines 22 and 23, after "organizations" insert "(including local community action agencies receiving assistance under the Community Services Block Grant Act)".

Page 430, lines 4 and 5, after "organizations" insert "(including local community action agencies receiving assistance under the Community Services Block Grant Act)".

Page 432, after line 7, insert the following new subparagraph:

(c) GENO BARONI RECOGNITION AWARDS FOR NEIGHBORHOOD SELF-HELP ORGANIZATIONS.—Section 4 of the HUD Demonstration Act of 1993 is amended by inserting after subsection (e) (as so redesignated by subsection (b) of this section) the following new subsection:

"(f) GENO BARONI RECOGNITION AWARDS FOR NEIGHBORHOOD SELF-HELP ORGANIZATIONS.—

"(1) AUTHORITY.—The Secretary shall establish an award to be known as the Geno Baroni Recognition Award for Neighborhood Self-Help Organizations, and shall select community-based organizations and capacity-building organizations for such award annually pursuant to the criteria under paragraph (3).

"(2) PURPOSE.—The purpose of the awards under this subsection shall be—

"(A) to focus attention on and provide monetary compensation to successful self-help organizations that have established and implemented effective strategies to restore economic vitality to neighborhoods in the United States; and

"(B) to facilitate training and other forms of capacity-building assistance to improve and expand the ability of community-based organizations to carry out activities referred to in subparagraph (A).

"(3) CRITERIA.—The Secretary shall prescribe criteria for the selection of community-based organizations and capacity-building organizations for the award as the Secretary considers appropriate, which shall include the extent to which the activities of an organization meet the criteria under subsection (d) and the extent to which an organization has—

"(A) promoted, implemented and supported self-help neighborhood activities that integrate poorer, inner-city neighborhoods into the greater metropolitan region;

"(B) furthered sustainable community development by expanding fair housing opportunities, furthering economic revitalization, reducing economic isolation of income groups within communities, expanding housing, education, and employment opportunities for persons of low or moderate income, and providing other amenities in low-income neighborhoods;

"(C) promoted and supported neighborhood leadership and responsibility;

"(D) leveraged private contributions to support a wide variety of community development initiatives on a long-term basis; and

"(E) established and enhanced the managerial, financial, and administrative capacity of the organization.

"(4) MONETARY AWARD.—In connection with each award made under this subsection to a community-based organization or capacity-building organization, the Secretary shall, to the extent amounts are available pursuant to paragraph (6), provide a monetary award to the organization in the amount of $50,000.

"(5) USE OF FUNDS FOR ADMINISTRATIVE PURPOSES.—The Secretary may use amounts made available to carry out this subsection to defray the costs of the Secretary in connection with making awards under this section, including costs for—

"(A) printing and disseminating information;

"(B) holding conferences;

"(C) holding competition for awards, including travel and per diem costs; and

"(D) travel costs of award winners to attend follow-up conferences endorsed by the Secretary and to provide peer-to-peer assistance to other appropriate individuals and entities.

"(6) FUNDING.—

"(A) IN GENERAL.—Of any amounts appropriated for fiscal year 1995 to carry out this section 4, 10 percent shall be used to carry out this subsection. Of any amounts appropriated for fiscal year 1996 to carry out this section, such sums as may be necessary shall be used to carry out this subsection. The provisions of subsection (c) shall not apply to any amounts used to carry out this subsection.

"(B) SET-ASIDE FOR ADMINISTRATIVE PURPOSES.—Of amounts available for any fiscal year to carry out this subsection pursuant to subparagraph (A), not more than 2 percent may be used for the purposes in paragraph (5).".

Page 441, after line 17, insert the following new paragraph:

"(3) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of this section, no grant amounts under this section may be used for any activity (including any infrastructure improvement) that is intended, or likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.

Page 446, after line 7, insert the following new subsection:

(e) BINGHAMTON, NEW YORK.—Notwithstanding any other provision of law, the City of Binghamton, New York, may retain amounts provided under an urban development action grant under section 119 of the Housing and Community Development Act of 1974 for Project No. B–88–AA–36–0535 and use such funds for the High Technology Center project, if such project is commenced not later than 6 months after the date of the enactment of this Act.

Page 446, line 8, strike "(e)" and insert "(f)".

Page 455, line 19, strike "(a)IN GENERAL.—".

Page 457, strike line 16 and all that follows through page 458, line 19.

Page 460, after line 9, insert the following new paragraph:

(3) ELIGIBLE HOUSING.—Section 1011 of the Housing and Community Development Act of 1992 (42 U.S.C. 4852) is amended—

(A) by striking subsection (a) and inserting the following new subsection:

"(a) AUTHORITY AND ELIGIBLE HOUSING.—

"(1) AUTHORITY.—The Secretary may provide grants to eligible applicants to evaluate and reduce lead-based paint hazards in housing that meets the requirements under paragraphs (2) and (3) and is not federally assisted housing, federally owned housing, or public housing, in accordance with the provisions of this section.

"(2) ELIGIBLE HOUSING.—Housing that meets the requirements under this paragraph is the following housing:

"(A) RENTAL HOUSING.—In the case of rental housing, housing in which at least 50 percent of the dwelling units are occupied by or available to households with incomes not exceeding 50 percent of the median income for the area, as defined by the Secretary, and the remainder of the dwelling units are occupied by or available to households with incomes not exceeding 80 percent of the median income for the area, as defined by the Secretary. .

"(B) OWNER-OCCUPIED HOUSING.—In the case of owner-occupied housing, a dwelling that is the principal residence of a household with an income not exceeding 80 percent of the median income for the area, as defined by the Secretary.

"(3) LIMITATIONS ON USE OF AMOUNTS.—

"(A) RENTAL HOUSING.—In the case of rental housing for which lead hazard reduction activities are conducted using grant amounts under this section—

"(i) notwithstanding paragraph (2)(A), for housing with 5 or more dwelling units, not more than 20 percent of such remaining dwelling units may be occupied by households with incomes exceeding 80 percent of the median income for the area, as defined by the Secretary; and

"(ii) all vacant dwelling units for which such activities have been conducted shall be made available only to households with a child or children under 6 years of age, and among such households priority shall be given to households with incomes not exceeding 50 percent of the median income for the area, as defined by the Secretary.

"(B) OWNER-OCCUPIED HOUSING.—In the case of owner-occupied housing for which lead hazard reduction activities are conducted using grant amounts under this section, 90 percent of the dwelling units for which such activities are conducted shall be dwelling units occupied by a household with a child or children under 6 years of age or dwelling units in which a child of such age regularly spends a substantial portion of his or her time.

"(4) EXCEPTION TO ELIGIBLE HOUSING REQUIREMENTS.—Notwithstanding paragraph (2), housing that qualifies as affordable housing under section 215 of the Cranston-Gonzalez National Affordable Housing Act (including housing that receives assistance under section 8 of the United States Housing Act of 1937) and for which activities assisted under this section are to be conducted using amounts made available to carry out this section for fiscal year 1993 shall be considered housing that meets the requirements of paragraph (2) and shall not be subject to the requirements of paragraph (3), but only if the recipient of such assistance elects, before commencing such activities with such assistance, to be subject to the provisions of this paragraph and the Secretary approves such election. Any such recipient making such an election may not use such assistance to carry out activities under this section with respect to housing that meets the requirements of paragraphs (2) and (3)."; and

(B) by striking "priority housing" each place it appears and inserting "housing that meets the requirements under subsection (a)".

Page 461, after line 12, insert the following new subsection:

(c) DEFINITIONS.—Section 1004 of the Housing and Community Development Act of 1992 (42 U.S.C. 4851b) is amended—

(1) by striking paragraph (20); and

(2) by redesignating paragraphs (21) through (27) as paragraphs (20) through (26), respectively.

Page 478, line 23, after the first period insert the following new sentence: "Notwithstanding any other provision of law, user fees collected by the Financial Management Services incident to sections 9304 through 9309 of this title shall be credited to the appropriation of that agency and may be retained without fiscal year limitation to carry out the provisions of such sections.".

Page 478, after line 23, insert the following new section (and conform the table of contents accordingly):

SEC. 723. INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION ACCESS TO FEDERAL HOME LOAN BANK ADVANCES.

(a) IN GENERAL.—Section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended by adding at the end the following new subsection:

"(k) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION ACCESS TO ADVANCES.—Any insured community development financial institution (as defined in section 3(e) of the Community Development Banking and Financial Institutions Act of 1993) which meets the requirements of subparagraphs (A) and (B) of section 4(a)(1) may obtain advances from the appropriate Federal home loan bank in accordance with this section in the same manner and to the same extent as members of such bank without regard to any stock purchase requirement imposed on members under this Act.".

(b) INCREASE IN LENDING CAP.—

(1) IN GENERAL.—Paragraph (2) of the 1st subsection (e) of section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430(e)(2)) is amended by striking "30 percent" and inserting "40 percent".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply after October 1, 1995.

Page 481, line 13, strike "$635,000,000" and insert "$735,000,000".

Page 481, line 16, strike "$786,620,000" and insert "$925,000,000".

Page 483, line 3, after "area" insert ", or a consortium of such entities,".

Page 484, line 3, after "area" insert ", or a consortium of such entities,".

Page 499, after line 12, insert the following:

"(d) PROHIBITION OF SUBSTITUTION OF FUNDS.—Assistance provided under this subtitle may not be used to replace other public funds previously used, or designated for use, to assist persons who are homeless.".

Page 499, line 13, strike "(d)" and insert "(e)".

Page 508, after line 23, insert the following:

"(3) MINIMUM STATE ALLOCATION.—Notwithstanding paragraph (2), if, in allocating amounts for States under paragraph (1) for any fiscal year, the amount allocated for the year for a State is less than $2,000,000, the allocation for the State shall instead be $2,000,000 and the increase shall be deducted pro rata from the allocations of other States.

Page 517, line 1, after "establish" insert "and provide support for the operation of"

Page 519, line 8, after "shall" insert "be members of the board that represent homeless individuals and families, homeless advocates, or nongovernmental entities that provide assistance to homeless individuals and families. They shall".

Page 540, strike line 24 and all that follows through page 541, line 24.

Page 544, after line 10, insert the following:

"SEC. 437. INNOVATIVE HOMELESS INITIATIVES.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) establishing innovative programs to demonstrate methods of undertaking comprehensive strategies for assisting homeless individuals and families (including homeless individuals who have the disease of acquired immunodeficiency syndrome or who are infected with HIV), through cooperative efforts in partnership with other levels of government and the private sector (including nonprofit organizations, foundations, and communities) and through a variety of activities, including the coordination of efforts and the filling of gaps in available services and resources; and

"(2) to obtain technical assistance in establishing a program for providing homeless assistance in accordance with the provisions of this subtitle, except that not more than 10 percent of the amount provided to a recipient under this subtitle for a fiscal year may be used under this paragraph.

"(b) REQUIREMENTS.—A recipient may use grant amounts to establish an innovative program under subsection (a)(1) only if—

"(1) the existing public and private systems for homelessness prevention, outreach, assessment, shelter, services, transitional

services, transitional housing, and permanent housing available within the jurisdiction of the recipient would benefit from additional resources to achieve a comprehensive approach to meeting the needs of individuals and families who are homeless, or who are very low-income and at risk of homelessness;

"(2) the recipient works cooperatively with the Department of Housing and Urban Development, nonprofit organizations, foundations, other private entities, and the community, to the extent feasible, to design and implement the program; and

"(3) the recipient obtains a commitment from the jurisdiction to make necessary changes in policy and procedure to provide sufficient flexibility and resources as necessary to implement and sustain the program.".

Page 544, line 11, strike "437" and insert "438".

Page 545, strike "Of" in line 12 and all that follows through line 20.

Page 546, line 20, strike "$206,000,000" and insert "$200,000,000".

Page 560, line 9, strike "$32,197,800" and insert "$30,000,000".

Page 560, line 10, strike "$33,163,734" and insert "$30,000,000".

Page 561, after line 2, strike the item relating to section 437 and insert the following:

"Sec. 437. Innovative homeless initiatives.

"Sec. 438. Other approved activities.

Page 562, strike line 3 and all that follows through page 563, line 10, and insert the following new section (and conform the table of contents accordingly):

SEC. 831. FHA SINGLE FAMILY PROPERTY DISPOSITION.

Section 1407 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 4034) is amended by adding at the end the following new subsection:

"(d) DEMONSTRATION PROGRAM FOR IMMEDIATE AVAILABILITY.—

"(1) AUTHORITY.—Notwithstanding subsections (a) and (b), in carrying out the program referred to in subsection (a) in each of 3 States selected by the Secretary of Housing and Urban Development, during the 18-month period beginning on the date of the enactment of the Housing and Community Development Act of 1994 the Secretary shall make any eligible property available for lease under such program without listing and making such property generally available for sale for any intervening period.

"(2) DISCOUNT.—Any property made available for sale pursuant to this subsection under the program referred to in subsection (a) shall be made available at a price equal to the fair market value of the property less a 20 percent discount.

"(3) STATE AND LOCAL TAXES.—The provisions of subsection (c) shall apply to the demonstration program under this subsection.

"(4) REPORT.—Upon the expiration of the 18-month period referred to in paragraph (1), the Secretary of Housing and Urban Development shall submit a report to the Congress analyzing the extent to which single family properties are made available for use by the homeless under the program referred to in subsection (a), as carried out under subsections (a) and (b) and as carried out under this subsection. The report shall also analyze the effect of carrying out the program under each of such provisions on the Mutual Mortgage Insurance Fund.".

Page 563, after line 10, insert the following new section (and conform the table of contents accordingly):

SEC. 833. STRATEGY TO ELIMINATE UNFIT TRANSIENT FACILITIES.

Section 825(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11301 note) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(4) that States and units of general local government shall eliminate the use of unfit transient facilities as housing for homeless families with children not later than July 1, 1997, in the manner provided under the strategy.".

Page 565, line 10, strike "$193,186,800" and insert "$130,000,000".

Page 565, line 11, strike "$198,982,404" and insert "$130,000,000".

Page 565, after line 11, insert the following new subtitle (and conform the table of contents accordingly):

Subtitle D—Availability of Property at Military Bases for Redevelopment and Homeless Use

SEC. 861. AVAILABILITY OF PROPERTY AT MILITARY BASES FOR REDEVELOPMENT AND HOMELESS USE.

(a) AVAILABILITY OF MILITARY PROPERTY TO ASSIST THE HOMELESS.—Title V of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411 et seq.) is amended by adding at the end the following new section:

"SEC. 503. SPECIAL PROCEDURES GOVERNING AVAILABILITY OF PROPERTY AT CLOSED OR REALIGNED MILITARY BASES TO ASSIST THE HOMELESS.

"(a) SOLE AUTHORITY FOR AVAILABILITY OF PROPERTY.—(1) Property at a military installation closed or realigned under a base closure law shall not be available for use to assist the homeless except as provided by this section.

"(2) Until after the appropriate time periods set forth in this section have expired, the Secretary of Housing and Urban Development shall neither request information concerning buildings or property covered by paragraph (1), nor identify such buildings or property as suitable for use to assist the homeless pursuant to section 501(a), other than under the procedures set forth in this section.

"(3) For purposes of this section:

"(A) The term 'base closure law' means the Defense Authorization Amendments and Base Closure and Realignment Act (title II of Public Law 100–526; 10 U.S.C. 2687 note) and the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

"(B) The term 'community' means the political jurisdictions that comprise the redevelopment authority established with respect to a military installation to be closed or realigned under a base closure law.

"(b) IDENTIFICATION AND NOTIFICATION OF PROPERTY FOR REDEVELOPMENT.—(1) Not later than the date on which the Secretary of Defense completes the final determination under a base closure law regarding whether another department or agency of the Federal Government has identified a use for any portion of a military installation to be closed or realigned under such base closure law, the Secretary of Defense shall—

"(A) complete any determinations or surveys necessary to identify whether any building or property described in paragraph (2) at such installation is excess property, surplus property, or unutilized or underutilized property;

"(B) submit to the Secretary of Housing and Urban Development written notice containing information on such buildings or property and specifying the redevelopment authority that exists with respect to the installation; and

"(C) submit to the redevelopment authority with respect to the installation written notice of the properties available for use in developing a reuse plan pursuant to subsection (d).

"(2) The buildings and property referred to in paragraph (1)(A) are any buildings or property located at the installation involved for which no use is identified, or of which no Federal department or agency will accept transfer, pursuant to the final determination of transferability referred to in paragraph (1).

"(3) Notice submitted to the Secretary of Housing and Urban Development under paragraph (1)(B) regarding excess property, surplus property, or unutilized or underutilized property at a military installation shall be available only for the purpose of permitting the redevelopment authority with respect to the installation to develop a reuse plan for the property that makes available a reasonable amount of property or assistance to the homeless in the community.

"(4) Within 60 days after receiving a written notice under paragraph (1)(B), the Secretary of Housing and Urban Development shall publish in the Federal Register information regarding the property described in the notice and available for use to develop a reuse plan pursuant to subsection (d) and information specifying the redevelopment authority responsible for preparing the reuse plan under subsection (d).

"(c) PERIOD FOR DEVELOPMENT OF REUSE PLAN.—(1) The Secretary of Defense shall give each redevelopment authority that receives a written notice under subsection (b)(1)(C) a one-year period from the date of the receipt of the notice in which to develop a reuse plan under subsection (d) for the buildings and property identified in the notice.

"(2) The Secretary of Defense may extend the period provided under paragraph (1) for not more than an additional 6 months to permit a redevelopment authority to complete its reuse plan.

"(d) REUSE PLAN TO MEET THE NEEDS OF THE HOMELESS.—(1) Not later than the end of the period provided under subsection (c) to a redevelopment authority, the redevelopment authority shall submit in writing to the Secretary of Defense and the Secretary of Housing and Urban Development a reuse plan for the buildings and property identified in the written notice submitted to the redevelopment authority under subsection (b)(1)(C) at the military installation for which the redevelopment authority is established. The reuse plan may be a part of, or a supplement to, the redevelopment plan otherwise authorized under a base closure law for a military installation.

"(2) The reuse plan shall include provisions for use to assist the homeless, shall enumerate homeless providers and public agencies consulted regarding the plan, and shall include a commitment to enter into legally binding agreements to make available a reasonable amount of property or assistance to the homeless in the community. Such property may consist of buildings and property located at the military installation to be closed or realigned or off of the installation.

"(e) REVIEW OF REUSE PLAN BY SECRETARY OF HOUSING AND URBAN DEVELOPMENT.—(1) The Secretary of Defense shall consider a

reuse plan submitted under subsection (d) for purposes of disposal of property at the military installation for which the reuse plan is developed unless the Secretary of Housing and Urban Development, within 60 days of receipt of the reuse plan, determines under paragraph (2) that the reuse plan does not make available a reasonable amount of property or assistance to the homeless in the community involved.

"(2) The Secretary of Housing and Urban Development shall determine that a reuse plan makes available a reasonable amount of property and assistance to the homeless within the community involved if—

"(A) the reuse plan includes a commitment to enter into legally binding agreements to provide assistance to the homeless within the community;

"(B) the reuse plan balances the need for providing property and assistance to the homeless with the overall reuse plan for the military installation;

"(C) the reuse plan was developed in consultation with local representatives of the homeless, including representatives of the applicable homeless assistance planning board established under section 411(b) and representatives of local nongovernmental homeless providers;

"(D) the reuse plan is consistent with the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; and

"(E) the reuse plan specifies the manner in which property or assistance will be made available for homeless assistance.

"(3) In making a determination under paragraph (2) with respect to a reuse plan, the Secretary of Housing and Urban Development shall—

"(A) consider the population of homeless in the community involved, the extent of current services to assist the homeless within the community, the extent of the commitment of resources by local governments in the community to assist the homeless within the community, the need for additional services to assist the homeless within the community, and the suitability of the property for serving the needs of the homeless; and

"(B) solicit and consider comments on the reuse plans from homeless persons or their representatives in the community.

"(f) EFFECT OF FAILURE TO MEET THE NEEDS OF THE HOMELESS.—If the Secretary of Housing and Urban Development determines under subsection (e) that a reuse plan does not make available a reasonable amount of property or assistance to the homeless in the community involved, the Secretary shall submit to the redevelopment authority submitting the reuse plan and to the Secretary of Defense a report containing the reasons for the determination. The Secretary of Housing and Urban Development shall submit the report within 30 days of making the determination.

"(2) A redevelopment authority shall have an additional 6 months from the date of receipt of a report under paragraph (1) to resubmit to the Secretary of Housing and Urban Development and the Secretary of Defense a final reuse plan which will reasonably address the needs of the homeless, as identified by the Secretary of Housing and Urban Development under paragraph (1).

"(3) If the Secretary of Housing and Urban Development determines that a final reuse plan submitted under paragraph (2) fails to reasonably address the needs of the homeless, the Secretary shall, within 30 days of making such determination, identify those buildings and other property covered by the reuse plan that are suitable and available for use to assist the homeless. The Secretary shall make such identification according to section 501(a). Buildings and property identified as suitable and available for use to assist the homeless under this paragraph shall be made available for such purposes under section 501.

"(g) EFFECT OF ABSENCE OF REDEVELOPMENT AUTHORITY OR EXCLUSION FROM REUSE PLAN.—In the case of buildings or property to be disposed under a base closure law, but for which no reuse authority is identified by the Secretary of Defense or which are not included in a final reuse plan submitted by a reuse authority, the Secretary of Housing and Urban Development shall determine the suitability of such buildings or property for use to assist the homeless according to section 501(a). Buildings and property identified as suitable and available for use to assist the homeless under this paragraph shall be made available for such purposes under section 501.

"(h) APPLICATION OF SECTION.—(1) Except as provided in paragraph (2), this section shall apply only with respect to property, at a military installation to be closed or realigned under a base closure law, that has not been included, as of July 1, 1994, in a list published by the Secretary of Housing and Urban Development under section 501(c)(1)(A).

"(2) In the case of the military installations specified in paragraph (3), this section shall apply with respect to the disposal of all property at the installations regardless of the date on which property at such installations was included in a list published by the Secretary of Housing and Urban Development under section 501(c)(1)(A).

"(3) The military installations referred to in paragraph (2) are as follows:

"(A) Cameron Station Military Garrison, Alexandria, Virginia.

"(B) Manhattan Beach, New York, New York.

"(C) Naval Station New York.".

(b) CONFORMING AMENDMENT TO BASE CLOSURE LAWS.—(1) Section 204(b)(6) of the Defense Authorization Amendments and Base Closure and Realignment Act (title II of Public Law 100-526; 10 U.S.C. 2687 note) is amended by adding at the end the following new subparagraph:

"(H) This paragraph shall apply only with respect to buildings and property at a military installation to be closed or realigned under this title that has been included, before July 1, 1994, in a list published by the Secretary of Housing and Urban Development under section 501(c)(1)(A) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411(c)(1)(A)). This paragraph shall not apply to property at an installation specified in section 503(h)(3) of such Act.".

(2) Section 2905(b)(6) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended by adding at the end the following new subparagraph:

"(H) This paragraph shall apply only with respect to buildings and property at a military installation to be closed or realigned under this part that has been included, before July 1, 1994, in a list published by the Secretary of Housing and Urban Development under section 501(c)(1)(A) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411(c)(1)(A)). This paragraph shall not apply to property at an installation specified in section 503(h)(3) of such Act.".

Mr. GONZALEZ (during the reading). Madam Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GONZALEZ. Madam Chairman, the en bloc amendment, which I offer on behalf of myself, Mr. LEACH, and Mrs. ROUKEMA, represents a bipartisan effort of the committee to provide refining, clarifying, and other technical changes to the committee bill. I would like to thank Mr. LEACH and Mrs. ROUKEMA for their cooperation in this effort, and also for the assistance of those other Members who agreed to have their amendments consolidated into this amendment so that we might expedite consideration of this bill.

Among the principal changes made by the en bloc amendment are refining changes to subtitle D of the bill—the Renewal of Expiring Contracts for Section 8 New Construction and Substantial Rehabilitation. I particularly want to thank Mr. KENNEDY for his work on this important provision of the bill.

Other changes include an amendment to the Federal surplus property provisions of the McKinney Homeless Assistance Act as it relates to closure of military bases. The en bloc amendment establishes a collaborative process between the community and homeless providers in determining the use of military bases after closure to ensure that the best use of these bases is made for housing and community development.

The en bloc amendment also includes an amendment initially proposed by Mr. BARRETT, that would add an antipiracy provision to the CDBG and the Empowerment Zones and Enterprise Communities Grant Program established by the bill, and thereby prohibit the use of Federal funds to take jobs away from areas where those jobs are critically needed.

The amendment also includes a proposal by Mr. RUSH to enable PHA's to leverage modernization funds for moderization and replacement housing. This should greatly enhance the PHA's ability to finance housing for the thousands of families living in run-down public housing and on public housing waiting lists.

Finally, the amendment provides for modest reductions in the authorizations of various programs, and a modest increase in the authorization for the homeless consolidated grant program established by the bill. However, let me assure Members that our authorization levels for HOME, preservation and property disposition remain well above appropriated levels despite the reductions.

Mrs. ROUKEMA. Madam Chairman, I rise in support of the leadership amendment.

Madam Chairman, I once again want to commend the chairman for his willingness to work with the many Members who have brought these proposals to our committee's attention.

While many of the provisions in this amendment are technical in nature, I do want to single out just a few.

The first is the provision offered by our colleague from Georgia [Mr. COLLINS] which further adds to the public housing rent reform proposals included in the bill.

A second provision was offered by our colleagues Messers. RIDGE and KENNEDY, which clarifies that community action agencies may participate in the family self-sufficiency program through partnerships with PHA's.

A third provision offered by Mr. RUSH of Illinois would permit PHA's with severe vacancy problems to leverage a portion of their modernization funds to raise additional funds for the purpose of replacing units which are too old or obsolete to renovate.

A fourth amendment offered by Mr. BARRETT and Mr. KLECZKA would prohibit communities from using their CBDG funds to pirate businesses from other communities if such a move would result in large-scale unemployment in the affected area.

A provision offered by Ms. KAPTUR would provide funds for Geno Baroni Recognition Awards for outstanding community development activity.

Mr. BEREUTER for his efforts on surplus military property relative to the McKinney Homeless Act.

Again, Madam Chairman, these amendments are welcome additions to the base text and should be adopted.

□ 1910

Mr. SCHUMER. Madam Chairman, I move to strike the last word.

Madam Chairman, I rise in support of the en bloc amendments and the whole bill. Let me say the en bloc amendments touch on many different issues. They affect many communities, including my own, and I am appreciative to the chairman and the staff, as well as the ranking member and the staff, for dealing with the particular problem we have there.

But I would also like to talk a little bit about the bill which the en bloc amendment modifies, because time had run out here.

I am in strong support of this bill. In 1937, the Congress passed for the first Federal housing legislation, and today, in 1994, Congress has the opportunity to pass the best housing legislation in a very long time.

This important bill has wide support on both sides of the aisle. The gentleman from Texas [Mr. GONZALEZ], and the gentlewoman from New Jersey [Mrs. ROUKEMA], deserve a lot of credit, because they put together a bill that will do more for working families and more to rebuild public housing than any housing bill since I have come to Congress.

Over the past decade and a half, to put it bluntly, much of public housing has gone to the dogs. The projects have become a place of terror for their residents. Some projects have become an American Bosnia, where senseless, random, capricious violence strikes at any given instance. They have become a place of last resort for the perpetually unemployed.

Consider this: In 1983, 49 percent of the families in New York City public housing were employed; in 1993, only 32 percent were occupied by working families.

So, H.R. 3838 tries to reverse this ugly slide. There are new programs to help working families in public housing and keep working families in public housing. The new rent reform provisions will allow working families to keep 10 percent of their earned income, instead of forking it over to HUD. Unemployed families will have their rents frozen for 18 months once they find a job, giving greater incentive for families to struggle out of welfare and into employment. In high rent areas, like New York, San Francisco, Chicago, and Los Angeles, public housing rents will be capped at fair market level, so that families that do succeed will not have to pay more rent than somebody in fair market housing, in nonsubsidized housing, which is what has happened up to now in certain instances. And we do not want successful working families to leave public housing. Public housing has always succeeded when there has been a mix. We lost that vision in the eighties, and we are here to restore it.

I again want to thank the chairman and the gentlewoman from New Jersey for their leadership and vision in this. It is something we have worked for for a long time.

I am particularly proud of the new Community Partnership Act Against Crime. That is going to help fight crime in public housing. It could use more funding and the formula could be a little better for public housing authorities in high crime areas, but it is a lot better than the program we have now.

Other new programs in the bill will waive many PHA's from onerous laws, regulations, and paperwork.

Madam Chairman, it took many years to create the problems that public housing has. It is going to take many years to bring it back. Today we take the first and most important step. The bill encourages work and responsibility, with compassion and fairness. H.R. 3838 is a turning point for Federal housing programs, and deserves the support of every Member in the House.

Mr. BEREUTER. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, this Member rises in support of the en bloc leadership amendment and commends the distinguished chairman of the Banking Committee, Mr. GONZALEZ, and the distinguished ranking member of the Housing Subcommittee, Mrs. ROUKEMA, for their efforts in bringing H.R. 3838 and this amendment before the House today. This en bloc amendment includes this Member's proposed amendment to the McKinney Act. This Member's amendment would create a new section to the McKinney Homeless Act to govern military base closing redevelopment. This Member believes this amendment will provide greater benefit to the local community, the economy and the homeless than is currently available under the McKinney Act.

As many of this Member's colleagues know, under current provisions, the homeless providers are given priority for redeveloping all facilities made available by a base closure. While providing for the homeless is an honorable and needed mission, the current McKinney Act ignores the extreme economic hardship thrust upon a community when the military targets a base for closure.

With the passage of this amendment, communities and local redevelopment authorities will be given the first priority and the initial opportunity to develop a plan which accommodates all interests in the reuse of a military base facility. This amendment will provide an opportunity for local communities to renew the local economy, create jobs, provide for the homeless, and survive the economic devastation of a military base closing.

If the goals of this Member's amendment are met, the military bases which are closed by the Department of Defense will never be screened under the McKinney Act and instead will be placed into a reuse plan developed by the local community which will be to the benefit of all, instead of concentrating all available resources on one segment of the community—the homeless.

This Member's amendment reserves the property of a closing military base for 1 year while the local community develops a comprehensive reuse plan for the property which will include a reasonable level of property or other assistance to the homeless in the community. The plan is then submitted to the Department of Defense and the Department of Housing and Urban Development for approval.

HUD then has 30 days to determine if the needs of the homeless are reasonably met. If HUD determines that the plan does not adequately meet the needs of the homeless, the local redevelopment authority then has 6 months to alter the plan so that it does meet the needs of the homeless. The Department of Defense will then use this plan as the preferred redevelopment plan for a local community.

Once the successful reuse plan is in place and operating, the property will

be transferred to the local entities designated under the reuse plan, completely eliminating the Federal Government from interfering with local development. Yet, this Member's amendment preserves the spirit of the McKinney Act. Local providers of homeless assistance will be guaranteed a role in the redevelopment plan which will provide for homeless assistance based upon the needs of the community. This Member believes this amendment will bring a fair, rational, and economically realistic approach to military base redevelopment and asks for your support of H.R. 3838.

Mr. VENTO. Madam Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Minnesota.

Mr. VENTO. Madam Chairman, I was going to commend the gentleman for his work on this, and I appreciate him withdrawing the amendment at the committee level, because it was very confusing. It was late in the day.

I want to thank the Committee on Armed Services and the Committee on Government Operations as well as our own staff and members for their work on it. I thank the gentleman for his positive contribution.

Mr. BEREUTER. Madam Chairman, I thank the gentleman. Because of the gentleman's history of working on homeless issues, his commendations are particularly appreciated.

Madam Chairman, I would like to engage in a colloquy with the chairman and the ranking member relating to the Durbin amendment that will be part of the en bloc.

The Durbin amendment kind of took this gentleman by surprise. It does relate to the direct loan program, the 515 program, for multi-unit housing, which is the only 515 program that exists. But also under this en bloc amendment is this gentleman's proposal to create a demonstration 2-year loan guarantee program under the 515 program.

Now, the gentleman from Illinois, Chairman DURBIN, properly pointed out that the abuses which were highlighted during the study that the Appropriations Subcommittee took only looked at the 515 program, and that is the direct loan program. That is the only one that exists at this point.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BEREUTER] has expired.

(By unanimous consent, Mr. BEREUTER was allowed to proceed for 2 additional minutes.)

Mr. BEREUTER. Madam Chairman, I am concerned that if the eligibility requirements which will be put in place through his amendment go into effect on the 515 demonstration program for the direct loan guarantee program, it will not permit the demonstration program to work.

It is my expectation, given short resources, that under the Durbin amendment, almost all of the existing 515 program will go only to low-income areas. That is appropriate, I suppose, given short resources. But it does seem to me the loan guarantee program, if we can show it works well in 2 years, can properly be then delegated to other areas of the country that are not economically depressed, since we will not be making a significant outlay of Federal funds, but will only be covering any defaults. And based upon the experience of the 502 program, the loan guarantee program, that default rate is only 1.58 and going down.

So I would ask the chairman, would it be his understanding that the Durbin amendment would not apply to the demonstration program that is also now being created by the same en bloc amendment?

□ 1920

That is my understanding, that it does not. And whatever difficulties the gentleman, who let me say has considerable expertise in this area, feels, there is no problem that I can see we cannot work out.

Mr. BEREUTER. Madam Chairman, I thank the gentleman for that assurance.

Mrs. ROUKEMA. Madam Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Madam Chairman, I would be happy to concur with the chairman. That certainly is not the intention. The gentleman is quite correct in the point that he has made concerning the potential for conflict there. But it is my understanding that the language is such that that conflict would not come about. I would be happy to work with the gentleman in the future, if there should be any loophole. But I do not believe, I know for a certainty that that should not be a problem.

Mr. BEREUTER. I thank the gentlewoman for her assurances. Since the 515 Durbin amendment and this, an original initiative in the bill are being created now, they should be simultaneous and not affected.

Ms. KAPTUR. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the Housing and Community Development authorization bill on the floor today and commend the gentleman from Texas for bringing forward this measure which addresses the housing and community development needs of our Nation.

Included in the en bloc amendment offered by the gentleman from Texas is an amendment which establishes Geno Baroni Recognition Awards. This amendment pays tribute to Msgr. Geno Baroni, a man of firsts.

Msgr. Geno Baroni, former Assistant Secretary to the Department of Housing and Urban Development, was the first Catholic priest ever to hold such an office in the Federal Government.

Msgr. Geno Baroni was also the first Catholic priest to march in the 1965 Selma, AL, civil rights demonstration.

Msgr. Baroni was a fighter for ordinary people, who believed passionately that real change begins with the people working at the community level. It was in the neighborhoods of America that he committed his life's work. Working with blacks, ethnics, Hispanics, and other groups, Msgr. Baroni urged people to celebrate their differences and work together to form coalitions to pursue their common agenda—creating a livable and sustainable community. His vision equated the possibility for urban revitalization with localizing efforts to preserve and revitalize America's neighborhoods. Msgr. Baroni well understood what the vital centers of our country were and are—America's neighborhoods. Involving neighborhood residents, in partnership with the public and private sectors, was essential in his community improvement vision—1994 marks the 10 year anniversary of his death. In commemoration of his lifetime commitment to working to preserve and improve America's urban communities, the establishment of the Geno Baroni Recognition Awards recognize and support organizations committed to Msgr. Baroni's vision of urban revitalization.

The Geno Baroni Recognition Awards in memory of their namesake would fund and facilitate neighborhood self-help. These awards would build upon the existing capacity building program under section IV of the HUD Demonstration Act of 1993. Capacity building funds currently provide direct assistance to community-based organizations, enabling them to enhance their technical and administrative capabilities. Building upon the goals of capacity building, the Geno Baroni Recognition Awards will recognize and commend the successes of nonprofit organizations who have been instrumental in community development. By providing $50,000 awards to selected community development organizations, the Geno Baroni Recognition Awards will implement the dual goals of Msgr. Baroni: First, facilitating neighborhood self-help; and second, supporting organizations who know best how to tackle neighborhood revitalization by involving the people who live in them.

A need does exist for urban neighborhoods and rural areas to become self-sustaining parts of a productive economy. And the Geno Baroni Recognition Awards will bring national attention and monetary compensation to successful self-help organizations that have not only addressed that need, but are working toward effective strategies to restore economic vitality to America's neighborhoods. The Geno Baroni Recognition Awards will facilitate training and other forms of capacity

building assistance to improve and expand the ability of community organizations to carry out housing, economic development, youth development, family support, community service, and other eligible activities by people living in those neighborhoods.

Msgr. Geno Baroni was instrumental in drawing national attention to the plight of America's neighborhoods. He spent a lifetime working to build new self-help initiatives to ameliorate the intractable problems that stifle human potential in many of America's neighborhood communities. It is the value and needs of these neighborhoods that have long been neglected, and that neglect has resulted in neighborhoods and people who have been both alienated and unorganized. Msgr. Baroni challenged Government while at HUD "to work for and with people." He believed and asserted that "neighborhoods are the building blocks of cities and towns." I urge my colleagues to honor the vision of the this remarkable man to further open the door to neighborhood self-help, by recognizing those groups who work at the source of urban revitalization—those in the neighborhoods themselves. I urge you to support the passage of the en bloc amendment.

Mr. BAKER of Louisiana. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise to speak briefly to an important amendment included in the leadership provision which has been of extreme concern to me and to those who are involved in a relationship with the Federal Home Loan Bank System. The Federal Home Loan Bank is a credit window for many thrift savings and loans and small banks across the country who serve the credit needs of many rural communities and inner cities as well.

Under current regulatory provisions, there is a law which blocks the expansion of banking participation in the Federal Home Loan System. Simply stated, unless some regulatory relief is granted, there is the potential that access to credit important to those in need in rural and inner-city areas may be inhibited by the unfortunate effect of this regulatory provision.

Through the leadership of the chairman and the ranking member, an important amendment has been provided in this leadership proposal which will ensure that over the coming months, that this credit allocation will not occur. Further, the gentleman from California [Mr. MCCANDLESS] has counseled with me on this important matter and pointed out some concerns about the effective date of the original Baker proposal.

Accordingly, we have made changes in that date to accommodate his observations and concerns.

With the effective change now made by the McCandless modification, I am confident that we are moving in the right policy direction, that the adoption of the Baker amendment will ensure continued access to credit in rural communities and inner cities, and I wish to commend the leadership for their cooperation and courtesies in making this procedural change necessary.

Mr. BISHOP. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the en bloc amendments and in support of the bill.

I would like to thank the chairman, the ranking member, the members of the committee for an outstanding work product in the form of H.R. 3838. I certainly support their efforts.

We often hear from persons who are working hard and doing the right things, yet somehow they cannot seem to get ahead. This is often caused by disincentives and unintended consequences that are built into the very systems that are designed to help those who need a hand up.

A few months ago, I met a woman in Georgia named Judy who told me of her frustrating experience with our Nation's system of public housing. In an attempt to improve herself, Judy earned her GED. She completed job training in the JPTA Program, and she completed the Georgia PECH Program, our Positive Employment in Community Help Program designed to help give job training to those on welfare.

She was thrilled when she began to work at a job after completing all of those programs. She was taking pride in her accomplishments, but unfortunately, when she went to work, her rent in public housing doubled. When it came time to pay the bills, she found that her paycheck did not come close to making up the rent increase and the other losses of benefits because she had started to work.

Judy was angry and discouraged. She was, not to mention, upset because of her difficulty in being able to pay the rent. She is not alone. Thousands of families are forced to remain in a cycle of dependence because the system not only fails to encourage but actually penalizes their choice of work.

Judy's story inspired me to join with the gentlewoman from California, Ms. WATERS, to introduce legislation that would remove one of the disincentives to work that is present in our public assistance system.

□ 1930

Our legislation will restructure public housing rent schedules so working people like Judy will not suffer for their initiatives, and the funding agencies will begin to benefit from the savings that will be produced.

We would like to thank the committee, the chairman, and the ranking member for incorporating the provisions of this legislation into H.R. 3838.

Instead of the current system, which rewards unemployment with an unearned income credit, this proposal will give working families an earned income deduction of 20 percent of their rent. An additional 10 percent deduction will be given to two-parent working families, encouraging family stability.

There will also be ceilings on rent to keep them closer to fair market rates, and income exclusions for working children under 21 who live at home.

Finally, there is a provision for working families to set aside a portion of their earnings to save for a down payment on a home of their own.

In addition to empowering people, this proposal will save money at the local, the State, and the Federal levels, and provide benefits to the private sector as well. At the Federal level alone, savings resulting from an AFDC family taking a minimum wage job will be $801 a month and will affect many different programs. The cost will be only $44 a month, resulting in a savings-to-cost ratio of 18.2 to 1.

If residents of public housing are encouraged to work, it logically follows that there will be more working families in public housing. This is good for neighborhoods and communities, including the businesses that are located there.

In addition, Madam Chairman, rent paid by working people decreases the burden of public support for operation of our public housing authorities, a projected savings of $2 billion at the Federal level.

Without rent reform, this subsidy is expected to skyrocket in the coming years. Residents of public housing need empowerment, not penalties.

This proposal is the kind of reform that goes a long way toward erasing the image and the reality of welfare as we know it. This legislation provides a hand up and not a handout, but it is only one part of the puzzle.

We thank the committee, the chairman, for taking this and moving forward this very, very important piece of rent reform legislation.

Mr. MORAN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I want to thank the chairman of this committee, the gentleman from Texas [Mr. GONZALEZ] for doing a terrific job; and also the new staff director of the Subcommittee on Housing and Community Development, Nancy Libson, who has done a wonderful job in responding to the Members' concerns; and the gentlewoman from New Jersey [Mrs. ROUKEMA], who I also had the privilege of working with when I was on the Subcommittee on Housing and Community Development of the Committee on Banking, Finance and Urban Affairs; and the gentleman from Nebraska [Mr. BEREUTER] too, if he is in listening distance. I want him to know I appreciate

particularly the amendment he included in this bill, and the specific amendment the chairman has included with regard to title 5 of the McKinney Act.

Alexandria, VA, currently provides homeless shelters at a rate of four times what the average is for other jurisdictions in the Washington Metropolitan Area. Yet, title 5 of the McKinney Act would have usurped the local jurisdiction's authority over the land within their boundary, and have required them to accept any amount of homeless beds, even for organizations that proposed a project that was grossly disproportional to what Alexandria should have been expected to accept, and what its resources could have accommodated.

Madam Chairman, what will happen now is that the plan that the citizens of Alexandria have worked on for three years, which is a mixed use development, will be able to be implemented without interference, and it is clearly the kind of plan that is consistent with the objectives of the Federal Government and its deference to local prerogatives.

I am very pleased, Madam Chairman, that this is respected in this law, and particularly that Alexandria was specifically accommodated.

I want to thank the committee also for raising the FHA loan limits. That is going to provide more homes for thousands more families. There are some other changes, too, that deserve mentioning.

Broadening the income range under which the working poor may continue to reside in publicly assisted housing is important. I support the changes that were made to expand the grounds for eviction for criminal activity to any activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents and public housing employees.

We had a specific situation in Alexandria when I was mayor where we lost a police officer tragically because of the prevalence of drug dealing in public housing, and it is something I am going to continue to push for, to clamp down on that. In fact, while we are addressing that, I wish we could address it to a greater extent.

I would hope that perhaps we could expand it to include publicly assisted housing, and also drop the language that restricts the application only to property that is on or near the premises, because drug dealers will find what those geographic boundaries are and then simply move across the street and deal drugs.

I understand the concerns that we have for civil rights, and we want to be fair, but it is an area where good, progressive people have very legitimate concerns that too often public housing is a haven for drug dealers, and it is not fair to the other residents.

In fact, I would hope maybe we could even have a field hearing sometime in Northern Virginia, which might not be too expensive. It is certainly accessible. Maybe we could hear from some people who are impacted, particularly by some of the publicly assisted housing, and get some of their recommendations and hear their concerns and frustrations.

Madam Chairman, this is a good bill. It does the right thing. It reflects the commitment of its chairman to good quality, safe and sanitary housing for who deserve it and more in need of it. I thank the gentleman from Texas [Mr. GONZALEZ] very much.

Mr. GONZALEZ. Madam Chairman, will the gentleman yield?

Mr. MORAN. I yield to the gentleman from Texas.

Mr. GONZALEZ. The gentleman will recall that the subcommittee went to Alexandria at the time he was a mayor and had a very extensive, all-day hearing, and we were just waiting to get an invitation. We will be there again.

Even though we have lost the membership of this very valuable member of the Subcommittee of Housing and Community Development of the Committee on Banking, Finance and Urban Affairs, he has never ceased to be most cooperative and helpful, and constructive in his help.

Mr. MORAN. Mr. Chairman, I greatly appreciate those words.

I also appreciate the commitment to have a field hearing in Alexandria, VA. I thank the Chairman very much, and particularly for exempting Alexandria from Title 5 of the McKinney Act.

Mr. BARCIA of Michigan. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the en bloc amendments to the bill. Madam Chairman, I rise to discuss some of the problems that we are having with the operation of the Section 8 housing program, problems that I know that the distinguished chairman of the Committee on Banking, Finance and Urban Affairs, the gentleman from Texas [Mr. GONZALEZ], has tried to address in this bill.

In the City of Saginaw, there are Section 8 housing complexes known as the Bancroft and Eddy Buildings. They have been in service to their tenants since the early 1980s, and represent a deal that looked good at the time, but since have turned into a tremendously bad investment.

The people who live in these buildings live in conditions that no one should have to live in. Repairs and basic maintenance have been sorely lacking, and the attention that news reports have brought to this matter has enabled the Department of Housing and Urban Development and the Michigan State Housing Development Authority to take some action to correct these problems.

However, these buildings also charge rents that, while meeting the economic conditions that existed when the buildings were developed, require the taxpayer today to subsidize exorbitant rents at nearly three times the average in Saginaw County, three times the average rent for buildings that people would not live in if they had a choice.

The chairman of the committee and Deputy Assistant Secretary for Multi-Family Housing, Helen Dunlop, have been most understanding of our situation.

□ 1940

They have worked with me to try to find a solution to the problem that we have in Saginaw, that I dare say exists in other section 8 programs around the Nation.

This bill contains provisions that will require mortgages on section 8 properties to be refinanced at today's lower rates when such refinancing is in the best interests of the taxpayer. This will help reduce rents in section 8 properties. It remains to be seen whether this provision will help Bancroft-Eddy. I certainly am hopeful, but we need to continue to monitor and work with the committee on this matter.

The situation in Saginaw is so unacceptable to the public that the city of Saginaw has begun work on a proposal to buy out the complex and to run it themselves at a lower monthly rental rate. I have submitted the city's proposal to the committee and to HUD to find a way to make it happen. I am encouraged by the cooperation provided through Assistant Secretary Dunlap's leadership and am very encouraged by her willingness to meet with the appropriate State and local officials in the near future.

Madam Chairman, we have many programs that are well intended. Some work the way we want and others fail to effectively accomplish our goals. We have to admit these failures and move on. That is what I want to see happen with Bancroft-Eddy in my district and that is the goal towards which I will continue to work with HUD, local officials, the gentleman from Texas [Mr. GONZALEZ], the distinguished Chair of the Committee on Banking, Finance and Urban Affairs and the members of the House Committee on Banking, Finance and Urban Affairs. I would like to take a moment to express my gratitude to the gentleman from Texas [Mr. GONZALEZ], the distinguished Chair, for his sensitivity to our problem in the fifth district of Michigan and for the language which has been included in the en bloc amendments, which will help us address the exorbitant rent situation that we have in Michigan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. GONZALEZ].

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. GONZALEZ

Mr. GONZALEZ. Madam Chairman, I offer several amendments which combine six of the amendments which would have been offered separately. They are noncontroversial.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. GONZALEZ:

AMENDMENT OFFERED BY MR. DURBIN

Page 387, after line 3, insert the following new subsections:

(g) REPEAL OF PROHIBITIONS.—Section 515 of the Housing Act of 1949 is amended by striking subsection (z).

(h) LOCATION OF PROJECTS.—Section 532 of the Housing Act of 1949 (42 U.S.C. 14901) is amended—

(1) in subsection (a), by inserting "other than assistance under section 515" after "in making assistance"; and

(2) by adding at the end the following new subsection:

"(c) ALLOCATION OF SECTION 515 LOANS.—

"(1) PROCEDURE.—The Secretary shall make assistance under section 515 available pursuant to an objective procedure established by the Secretary, under which the Secretary shall identify counties and communities having the greatest need for such assistance and designate such counties and communities to receive such assistance. Under such procedure, the Secretary shall use objective measures to determine the need for rental housing assistance, which may include the incidence of poverty, substandard housing, lack of mortgage credit, lack or insufficient amount of affordable housing, and other factors demonstrating a need for affordable housing.

"(2) INFORMATION.—The Secretary shall use information from the decennial censuses of the United States, relevant comprehensive affordable housing strategies under section 105 of the Cranston-Gonzalez National Affordable Housing Act, and other reliable sources obtained by the Secretary which demonstrate the need for affordable rental housing in rural areas.

"(3) DESIGNATION.—A designation under paragraph (1) shall not be effective for a period of more than 3 years, but may be renewed by the Secretary under the procedure under paragraph (1). The Secretary shall cause to be published in the Federal Register a list of areas designated under paragraph (1) and a reasonable timetable for submission of preapplications. The Secretary shall take such other reasonable actions as the Secretary considers appropriate to notify the public of such designations.".

AMENDMENT OFFERED BY MR. ORTON

Page 291, after line 7, insert the following new section (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly):

SEC. 405. CALCULATION OF DOWNPAYMENT.

Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended—

(1) by striking subparagraph (B) and inserting the following new subparagraph:

"(B) except as otherwise provided in this paragraph (2), not in excess of—

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

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

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

"(iv) notwithstanding clauses (ii) and (iii), in the case of a mortgage for a property with an appraised value in excess of $50,000 and which is located in a State for which the average closing cost exceeds 3.25 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property,

plus the amount of the mortgage insurance premium paid at the time the mortgage is insured.";

(2) in the 1st sentence of the matter following subparagraph (B), by inserting before the period at the end the following: ", and the term 'average closing cost' means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages";

(3) by striking the 2d sentence of the matter following subparagraph (B); and

(4) in penultimate undesignated paragraph—

(A) in the 2d sentence, by striking "the preceding sentence" and inserting "this subsection"; and

(B) by striking the 1st sentence.

AMENDMENT OFFERED BY MS. SHEPHERD

Page 423, after line 20, insert the following new section (and redesignate subsequent sections and any references to such sections, and conform the table of contents, accordingly):

SEC. 602. DEFINITION OF METROPOLITAN CITY.

Section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) is amended—

(1) in the second sentence, by striking "2 years" and inserting "1 year after September 30, 1989,"; and

(2) by striking the fifth sentence and inserting the following new sentence: "Notwithstanding that the population of a unit of general local government was included, after September 30, 1989, with the population of an urban county for purposes of qualifying for assistance under section 106, the unit of general local government may apply for assistance under section 106 as a metropolitan city if the unit meets the requirements of the second sentence of this paragraph.".

AMENDMENT OFFERED BY MR. TRAFICANT

Page 240, strike line 23 and all that follows through page 241, line 4, and insert the following new subsection:

(d) NOTIFICATION.—Subparagraph (C) of section 106(c)(5) of the Housing and Urban Development Act of 1968 is amended to read as follows:

"(C) NOTIFICATION.—Notification under subparagraph (A) shall not be required with respect to any loan for which the eligible homeowner pays the amount overdue before the expiration of the 45-day period under subparagraph (B)(ii).".

AMENDMENT OFFERED BY MR. GREENWOOD

Page 13, line 7, before the period insert the following: ", except that in the case of any public housing agency whose board of directors or other governing body consists of 5 members, not less than 1 member shall be a resident of a housing unit administered or assisted by the agency".

AMENDMENT OFFERED BY MR. TRAFICANT

Page 478, after line 23, insert the following new section (and conform the table of contents accordingly):

SEC. 723. PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.

(a) IN GENERAL.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with amounts made available under this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using amounts made available under this Act, the head of each Federal agency shall, to the greatest extent practicable, provide to such entity a notice describing the statement of the sense of the Congress under subsection (a).

Mr. GONZALEZ (during the reading). Madam Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GONZALEZ. Madam Chairman, as I was saying, the first of the six is the amendment of the gentleman from Illinois [Mr. DURBIN], chairman of the Subcommittee on Appropriations on Rural Housing or the Farmers Home Administration housing programs, to allow the selection process of the section 515 program.

An amendment by the gentleman from Utah [Mr. ORTON], a very distinguished member of our committee and subcommittee, to simplify the down payment calculation for FHA insurance, a very constructive offer.

An amendment by the gentlewoman from Utah [Ms. SHEPHERD] for the eligibility for CDBG, the Community Development Block Grant Program, after 1 year for a community outside of Salt Lake, West Jordan, UT.

Two amendments by the gentleman from Ohio [Mr. TRAFICANT] one on home ownership counseling which he has long endorsed since his freshman year in the House, and the Traficant amendment known as "Buy American."

The last and sixth, an amendment offered by the gentleman from Pennsylvania [Mr. GREENWOOD] on residents on public housing authority boards.

Madam Chairman, these, as I repeat, are noncontroversial, they are constructive, they add to the strength of our program, and I am quite privileged to offer them en bloc.

Mrs. ROUKEMA. Madam Chairman, I move to strike the last word.

Madam Chairman, I support the en bloc amendments. I thank particularly the individual Members who have made these contributions, those as identified by the chairman: The gentleman from Ohio [Mr. TRAFICANT]; the gentleman from Utah [Mr. ORTON]; the gentleman from Illinois [Mr. DURBIN]; the gentlewoman from Utah [Ms. SHEPHERD]; and the gentleman from Pennsylvania [Mr. GREENWOOD].

Madam Chairman, I would like to make a reference, however, to one of the particular amendments which is the Orton amendment. I have had longstanding concerns about the FHA and the liability and the soundness of the program. I would like to note for the RECORD that Secretary Retsinas has send us a letter. By the way, for background for the Members, the gentleman from Utah [Mr. ORTON] proposed this amendment in committee and it was withdrawn because concerns were expressed about whether or not it would affect the safety and soundness of the Fund, the insurance fund.

Madam Chairman, I have a letter here from Assistant Secretary for Housing, Nicolas Retsinas, that is the basis for my concurrence here. I will continue to be a watchdog and as I know the committee will be on these issues, but with the concurrence with Secretary Retsinas and the concurrence of the advice they receive from Price-Waterhouse.

Madam Chairman, I include the letter from Secretary Retsinas as follows:

U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT,
Washington, DC, July 21, 1994.

Hon. JIM LEACH,
Ranking Minority Member, Committee on Banking, Finance and Urban Affairs,
House of Representatives, Washington, DC.

DEAR MR. LEACH: We have been provided an opportunity by Congressman Orton to review his proposed amendment which sets forth a new method for calculating the loan-to-value ratios for the Department's basic home mortgage insurance program authorized under Section 203(b) of the National Housing Act.

We concur with his assessment that the new proposal will simplify the process for calculating the maximum mortgage amount available on single family properties and fully support it. We are advised by Price Waterhouse that they believe the implementation of these ratios would have no significant impact on capital accumulation in the Mutual Mortgage Insurance Fund and the Department's achievement of the FY 2000 target of two percent.

I have advised Chairman Gonzalez, Mrs. Roukema, and Mr. Orton of our support for this amendment.

Sincerely yours,

NICOLAS P. RETSINAS,
Assistant Secretary for Housing-Federal Housing Commissioner.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. GONZALEZ].

The amendments were agreed to.

Mr. GONZALEZ. Madam Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HOCHBRUECKNER) having assumed the chair, Mrs. THURMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, (H.R. 3838) to amend and extend certain laws relating to housing and community development, and for other purposes, had come to no resolution thereon.

U.S. FOREST SERVICE DELAYS RESCUE IN A PROTECTED WILDERNESS AREA

(Mr. ROHRABACHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. ROHRABACHER. Mr. Speaker, the motto of the Boy Scouts is: "Be prepared." Fortunately one young scout, lost in New Mexico in the wilderness, was prepared because the U.S. Forest Service felt that it was Federal policy not to help him.

After being separated from his group for 2 days, 14-year-old Scout Robert Graham was spotted by a police helicopter. But the Forest Service would not let the helicopter land.

You see, Robert was in a protected wilderness area. And, according to the Forest Service rules, mechanized vehicles are banned from such pristine places.

So, Robert was forced to spend another night abandoned in the wilderness until the Forest Service gave in and let him be rescued.

This from an administration that was elected on a theme of putting people first. Now we know the real priorities of the Clinton administration—environmental correctness first, the Boy Scouts last.

Mr. Speaker, with the atheists trying to force the Scouts to take "God" out of the Scout oath, he was lucky that, after he was rescued, he was not interrogated to see if he was not praying on public grounds.

[From the Washington Times, Wednesday, July 20, 1994]

BE PREPARED. BE VERY PREPARED

Can the U.S. government see the forest for the trees? It's not an idle question. Consider weekend news reports that the U.S. Forest Service actually prevented a helicopter search team from landing in New Mexican wilderness to pick up a teen-age Boy Scout who had been missing two days. The agency subsequently allowed the rescue one day later, but one can't help wondering if the service hasn't lost sight of whom it's serving.

The story goes something like this: A Chicago Boy Scout troop of 14 boys accompanied by eight adults set out for a weeklong wilderness survival hike in the mountains of New Mexico's Santa Fe National Forest. Along the way, three of the scouts somehow got separated from the rest of the pack. Two of the boys were found in short order. But 14-year-old Eagle Scout Robert Bruce Graham II was not.

Two days after Graham disappeared, a police helicopter spotted the missing boy and sought permission to land and pick him up. Back came the astonishing response from Forest Service officials: Request denied.

Why? Well, the "Forest Service decided that it wasn't a life-or-death situation," said a spokesman for the New Mexico Department of Public Safety, "and they wouldn't let us do what we thought we had to do. We treat every call as an emergency. But the Forest Service has its own way of seeing things."

The good news is that young Graham survived the experience, spending a third night alone in the wilderness in near-freezing temperatures with little more than ginger snaps and water, before the Forest Service relented and allowed another helicopter expedition to pick him up. But what exactly was the agency's "own way of seeing things" in this case?

It seems that the area in which the Boy Scouts were hiking is what's called a "wilderness area." According to rules concocted by the agency, that means "mechanized vehicles" are banned from the area unless it's a matter of life or death. The agency's rescue coordinator, Toby Gass, sought permission from her supervisor, Al Defler, to allow the helicopter to land. But a Forest Service spokesman told this editorial page that Mr. Defler was not available at the time. "I don't know where he was," said the spokesman. "You know how things happen."

Or don't happen. At any rate, Ms. Gass subsequently refused to allow the police to land, in part because a ground search party was supposed to be in the vicinity. So police could only drop the boy a note, telling him to stay where he was. But when the search party still could not find him, police called in a second helicopter to pick him up.

What exactly the Forest Service was so worried about isn't clear. Was the agency worried that the helicopter would somehow hurt one of its pristine trees or emit fumes into one of its pristine watersheds? Imagine another scenario: that the boy could have fallen down one of the agency's pristine ravines or been attacked by one of its pristine animals while the agency dallied. The situation is all the more ludicrous when one considers that if it had been a parent, rather than the federal government, who had left the boy in harm's way, everybody from Janet Reno on down would now be dragging the culprit into court on child-abuse charges.

Spokesmen for the Forest Service's parent agency, the Department of Agriculture, say the matter is being reviewed. In the meantime, lessons abound here. Hikers should be under no illusion about where they stand on their government's great chain of being: at the bottom. So, as Boy Scouts like to say, be prepared. Second, lawmakers who pass feel-good legislation that gives sweeping authority to federal agencies to "protect the environment" may not fully understand the mischief to which that authority may be put. Presume nothing. Get it in writing. Last, taxpayers who don't like the non-service they get for their money should expect more. If not, elections are a good time to ask for a refund.

DISARMAMENT IS A RISKY MISSION

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, I want to draw all of my colleagues' attention to an article in the Washington Post this morning entitled "If U.S. Invades, Plan Calls for Disarming Haitians."

According to this article by Daniel Williams of the Washington Post, Mr. Speaker, there would be an effort to go door to door in Haiti, gathering weapons from both the Haitian military and

powerful military groups. It says, "Disarming soldiers and paramilitary groups in particular can be a daunting task. It sometimes requires searches in maze-like urban confines and risks hostilities. The administration expects the size of the U.S. intended force will be large enough to accomplish the deed."

Let me say there is no moral justification for this administration to risk a single American life by invading Haiti. Haiti is not morally superior to Cuba, to China, to Syria. The human rights problems are not greater than Rwanda, Angola, Sudan. The fact is that for domestic political reasons the Clinton administration is considering risking the lives of American men and women, and this article should alarm every Member of the Congress:

IF U.S. INVADES, PLAN CALLS FOR DISARMING HAITIANS

(By Daniel Williams)

If U.S. troops land in Haiti, they will disarm the Haitian army and paramilitary groups such as the Tons-tons Macoutes to pacify the country, according to the administration's current plans.

Disarmament would take place whether Haiti's military rulers step down voluntarily or are forced out by American invaders.

The program would be designed to avoid the kind of problems that erupted in Somalia, where competing militias were permitted to keep their weapons even after U.S. troops arrived to safeguard relief supplies. The guns were eventually trained on the Americans by followers of a militia leader whose quest for power was threatened by U.S. plans to rebuild the Somali government.

The disarmament plan was raised during talks between Undersecretary of State Peter Tarnoff, United Nations Ambassador Madeleine K. Albright and U.N. Secretary General Boutros Boutros-Ghali Tuesday. The U.S. officials were launching an effort to win U.N. Security Council blessing for U.S. forces to take "all necessary measures" to restore Haiti's exiled President Jean-Bertrand Aristide.

No deadline has been set for Haiti's military rulers, led by Lt. Gen. Raoul Cedras, to step down. A published interview with special envoy William H. Gray III, in which he said he expected the dictatorship to be out by October, was not meant as an ultimatum, Gray and other officials said yesterday.

"We think it is time for the military leaders to leave now," White House press secretary Dee Dee Myers said. "Not six months from now, not three months from now. We'd like to see them leave now."

Nevertheless, administration officials said pressure for a quick invasion has eased with the drop since early July in the numbers of refugees leaving Haiti by boat. No boat people were picked up at sea yesterday; the chance seems to be fading that the U.S. naval base at Guantanamo Bay, Cuba, where more than 16,000 refugees are living, will soon be overwhelmed.

Boutros-Ghali is already convinced that an initial American force ought to pacify Haiti before a U.N. peacekeeping force is sent in to keep order, protect Aristide and revamp the Haitian military and police force, one U.S. official said. Boutros-Ghali, too, wants to avoid the debacle of Somalia. He had urged the Bush administration to disarm the Somalis when troops first went in but was ignored.

"Unlike Somalia, in this case we will be saying it is our mission to disarm the Haitians. That will make it much easier to turn the country over to U.N. peacekeepers. One of the lessons we learned in Somalia is that it is easier to do such a thing earlier rather than later," said the U.S. official. He and other who discussed the peacekeeping operation spoke on condition of anonymity, on grounds that the topic was the subject of sensitive diplomatic consultations.

Disarming soldiers and paramilitary groups in particular can be a daunting task. It sometimes requires searches in maze-like urban confines and risks hostilities. The administration expects that the size of the intended U.S. force will be large enough to accomplish the deed and that the Haitian population, largely supportive of Aristide's return, will cooperate in uncovering arms caches and fingering renegades.

The plan may raise the anxiety not only of the Haitian army, but also the Haitian well-to-do who fear that Aristide's return will unleash a wave of retribution by angry mobs of the poor.

The decision to seek a U.N. resolution is designed both to display international support for what would look to be a traditional American intervention in the Caribbean, and to scare Cedras. The administration would prefer that the military regime step down without violence, and hopes a crescendo of invasion preparations and rhetoric may persuade it to go into exile.

No deadline has been set, but one could be proposed in the U.N. resolution, as happened in the lead-up to the liberation of Kuwait by American and allied forces during the Persian Gulf War. Albright, the U.S. ambassador at the United Nations, began to recruit support for a resolution among France, Venezuela, Canada and Argentina, a group informally known as the Friends of Haiti.

The administration holds back on setting a deadline because it is not yet prepared to be held to one. Gray said. "We believe when a deadline is set, you must be prepared to totally enforce it, to have credibility," he said. "We are working multilaterally, and it is agreed by all to continue on the course of diplomacy and economic pressure, at this time."

Gray said his comments on a deadline, in an interview with USA Today, were misunderstood. Calling Cedras and two other top Haitian military officials "the three stooges," Gray said in the interview, "By October, we expect them to be gone."

Instead, Gray said yesterday, the administration hope is that the three will step down as soon as possible, and October is not a formal deadline.

During a recent television interview, Gray indicated that the military had to leave within six months. He also said then that he had been misunderstood.

It appears that the administration will be able to follow the methodical approach it prefers for resolving the Haitian crisis without the added pressure of handling thousands of refugees picked up at sea. For a while the outflow seemed destined to make invasion both inevitable and something that would have to be considered soon.

But administration officials regard the dropoff in the numbers of boat people in recent days as no fluke. Rather, they said, the decision to keep Haitians at Guantanamo until they can be sent to temporary safe havens in other countries—in effect keeping them until they can be returned to Haiti when Aristide is restored—has deterred boat people from leaving Haiti because they no longer can hope for eventual emigration to the United States.

□ 1950

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. HOCHBRUECKNER). Under the Speaker's announced policy of February 11, 1994, June 10, 1994 and under a previous order of the House, the following Members will be recognized for 5 minutes each.

JULY 13 INTENTIONAL SINKING OF CUBAN REFUGEE BOAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. MENENDEZ] is recognized for 5 minutes.

Mr. MENENDEZ. Mr. Speaker, last Wednesday, July 13, 1994, a group of approximately 72 people tried to escape from Cuba on the tug boat "13 de Marzo" 13th of March. Just after sailing from dock 06 at the Port of Havana, they were discovered and chased by the Castro regime's coast guard about 7 miles from the port. They were sunk by the regime's forces.

What follows that I want to share with my colleagues is testimony, living testimony of Janet Hernandez Gutierrez, 19 years of age, a survivor of the intentional sinking of the tug boat "13 de Marzo" that took place before dawn on July 13, 1994. She said:

When we set sail everything was going very well. There was no one, nothing in our way, no obstacle. When we were coming out of the bay we saw two tugboats at the mouth of the bay. They let us through.

When we reached the seven miles the cannons of water were high pressure, a terrible force. We were holding the children, fearful that they would fall. The men were with us, fearful that we would fall. But so that they would see that there were women and children aboard, we had to come out on deck, so that they would be certain of that and would not commit murder.

When we were at 7 miles, we see that they speed up and they pull up alongside of us. And then we could not see the Cuban coast, because we could see nothing; not the lights of the Malecon [Havana seawall] or of the lighthouse, nothing. They start hitting our boat, the tugboat "13 de Marzo". We were afraid, not for ourselves, but for the children.

Children from 5 months of age and up. When we lifted the children, they saw them—because they did see them—we started to scream, "please, please don't do this", but they did not listen. Even a young man who was with us, Roman, who is currently in prison, yelled at one of the ones in the other tugboat, "Chino, don't do that. Look, we have children", and he showed his three-year-old step-daughter. If he does not lower the child at that moment the little girl would have been killed with the cannon of water.

They simply let us exit the bay and they attack us at seven miles where there would be no witnesses. You know that in the open sea there are no witnesses, she says. "When they continue to hit our boat, a second tugboat comes up from behind. The biggest one

of the tugboats. It was green with a red stripe, a red line. He hits us and breaks half of our boat from behind.

It was sinking, with all of its weight in the middle from all those people who were in the hold. There were around 72 people, most of them women and children. Men made up the least fatalities. Then the whirlpool created by the tugboats swallowed them up. My sister-in-law, Pilar Almanza Romero and her son Yasel Perodin Alamanza were there. Uncle Gayol, Manuel Gayol, was in the hold of the boat. Those are three of my family that I lost.

When my husband saw this, you can imagine, he went mad. My brother-in-law too, but he was trying to save the other boy. Then we both tried to reach the other boy. But when I tried to move I feel that my nephew, the one who drowned, is holding me by the foot. When I reach for him, he was clinging to my tennis shoe, and he was swept away. I could not reach him. It was terrible.

When I boarded the "grifin" [The Cuban coast guard which subsequently came] I insulted them. I told them they were murderers, I told them everything I could think of. I told them they have no mercy with children, because here in Cuba they say that there are many privileges for children and the old. But they even let old people drown there. And many children. Nearly 23 children dead there.

The town is in an uproar she is back in Cuba mind you with the will and courage to talk about this. People are desperate for a bit of information, anything that is known about the corpses that remain captive in the hold of that boat. Roberto Robaina [Cuba's Minister of Foreign Relations who lied to the world press about this tragedy], he says that we knew the boat had a malfunction when we left port. Do you really think that we would have risked the lives of children and women knowing there was a malfunction? Knowing that there is so much sea to cross?

They called me every kind of name * * * "Worm, counterrevolutionary." And I accepted that because I am against this government. And I will say that anywhere. I know that I will be persecuted, because all of the survivors are under intense surveillance* * * But I asked them in Villa Marista," The National Headquarter for State Security "that what will become of those responsible for sinking us, the murderers of our children and relatives."

There is no answer.

Ladies and gentlemen, this is her lingering question. To those who want to lift the trade embargo against the Castro regime, those who want to do away with the Radio and TV Marti to those who want to do business with the Castro government, I say answer Janet Hernandez Gutierrez's question: What will become of the murderers of those children and relatives?

It is time to break the silence. It is time for those who stand up for human rights in this Congress to speak out, and it is time for the entire national and international press to end their deadly silence about the atrocities of Castro's Cuba.

INTENTIONAL SINKING OF CUBAN REFUGEE BOAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. DIAZ-BALART] is recognized for 5 minutes.

Mr. DIAZ-BALART. Mr. Speaker, precisely on the subject that my colleague, the gentleman from New Jersey [Mr. MENENDEZ] was speaking about, I have a further portion of the transcript of the telephone conversations with Janet Hernandez Gutierrez, one of the survivors of the intentional sinking of the tug boat, which I think is very important, as is her entire conversation.

"The captain of this tug boat is Jesusito," the Polargo 5, that is the name of the tug boat. "He was the one who rammed us from behind and cracked the boat, then came to the front and sank us. This man [Jesus Martinez] coming with this horror, this cynicism, with that murder he committed, that he provoked, they call him the hero at his company, the Navegación Caribe," government's navigation, maritime company, that is the state, Castro's government navigation, maritime company. "They call him the hero. Then this Polargo 5," she goes on saying, and this is the tug boat that sank the vessel with the refugees, "this Polargo 5, they want to take it to Nuevistas," in another port, "to wait for everything to calm down, but what they don't known is that this isn't going to calm down." That is Janet Hernandez Gutierrez, and she is correct, this is not going to calm down.

I read today a press report of triple hearsay that supposedly a relative of a survivor had heard that a judge in Cuba has said that now Castro, or in other words the dictatorship apparently feeling the condemnation of the Pope, and perhaps other condemnations, despite the silence of the international press, even with that, apparently Castro now, according to this triple hearsay, is questioning whether it is in his interest to continue to consider Mr. Jesus Martinez a hero. He may very well put Jesus Martinez before the firing squad tomorrow and say that the hero is now in front of the firing squad because that is the nature of the due process that exists in the country where a vessel full of refugees is purposely sunk while the surrounding vessels are shooting high-pressured water with hoses on the women and children in the vessel. And they laugh while after having sunk the vessel the refugees are drowning. That is the nature of that regime.

□ 2000

That is the nature of that regime.

I do not understand. I do not understand the reasons for the lack of attention given this tragedy by the international press. I do not understand that.

But I do not understand the lack of attention to so many other incidents, and my plea is to the American people: What can we do to see if the media can obtain somewhat of a conscience and exercise its responsibility of objectivity with regard to the tragedy that is occurring in Cuba? What can we do?

There is a free press, but when a free press obviously has an agenda with regard to an issue, in this case an entire people oppressed by a regime that has clearly become a regime committed to genocide; when the media has an agenda with regard to that regime, what can we in a free society do to convince the media to exercise its requirements of objectivity?

Because this is not the only incident, this incident of the vessel that was sunk last week.

In Guantanamo Bay, where the American naval base is, in June of 1993, it was seen by eyewitnesses that Castro's thugs machine-gunned swimmers repeatedly who attempted to reach the American base, and then with fishhooks, after having thrown hand grenades at the swimmers, with fishhooks would pick up the cadavers.

Where was the reporting in the national networks with regard to that?

I ask the American people; perhaps I did not see it and you did. I did not see reporting, not only with regard to last week's tragedy, but the fishhooks and hand grenades at the swimmers in Guantanamo. I did not see that either.

When armed attacks occurred by the dictatorship on the people of the town of Cojimar in July of 1993, I did not see any reporting on that, of armed attacks on unarmed civilians in the town of Cojimar or Regla. I did not see that. Obviously there are many things that are occurring that we are simply not seeing because there is an agenda.

We need to continue speaking about this, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. TUCKER (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of official business.

Mr. FORD of Michigan (at the request of Mr. GEPHARDT), for today, on account of business in the district.

Ms. ROS-LEHTINEN (at the request of Mr. MICHEL), for today, on account of her daughter's illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. MENENDEZ, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Ms. ROYBAL-ALLARD.
Mr. LANTOS.
Mr. LIPINSKI.
Mr. MANN.
Ms. ESHOO.
Ms. SCHENK.
Mr. HAMILTON in two instances.
Mr. MURTHA.
Mr. FAZIO.
Ms. KAPTUR.
Mr. VENTO.
Mr. HOYER.
Mr. ACKERMAN.
Mr. MCCURDY.
Mr. CLYBURN in four instances.
Mr. MOAKLEY.
Mr. VALENTINE.
Ms. MARGOLIES-MEZVINSKY.
Mr. MCDERMOTT.
Mr. BERMAN.
Mrs. MALONEY.
Mrs. COLLINS of Illinois.

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. CLINGER.
Mr. SOLOMON.
Mr. LEWIS of California.
Mr. WELDON.
Mr. EMERSON.
Mr. HORN.
Ms. MOLINARI.
Mr. LUCAS.
Mr. GINGRICH.
Mr. CRANE.
Mr. SCHIFF.

(The following Members (at the request of Mr. DIAZ-BALART) and to include extraneous matter:)

Mr. BURTON of Indiana.
Mr. ROHRABACHER.
Mr. PRICE of North Carolina.
Mr. ENGEL.

ADJOURNMENT

Mr. DIAZ-BALART. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 3 minutes p.m.), the House adjourned until tomorrow, Friday, July 22, 1994, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3560. A letter from the Chairman, Federal Reserve System, transmitting its monetary policy report for 1994, a pursuant to 12 U.S.C. 225a; to the Committee on Banking, Finance and Urban Affairs.

3561. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting a copy of Presidential Determination No. 94-29 on the eligibility of South Africa to be furnished defense articles and services under the Foreign Assistance Act and the Arms Export Control Act, pursuant to 22 U.S.C. 2753(a); to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLER of California: Committee on Natural Resources. H.R. 3433. A bill to provide for the management of portions of the Presidio under the jurisdiction of the Secretary of the Interior; with an amendment (Rept. 103-615). Referred to the Committee of the Whole House on the State of the Union.

Mr. LAFALCE: Committee on Small Business. H.R. 4801. A bill to amend the Small Business Act, and for other purposes; with amendments (Rept. 103-616). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee of Conference. Conference report on H.R. 2243. A bill to amend the Federal Trade Commission Act to extend the authorization of appropriations in such Act, and for other purposes (Rept. 103-617). Ordered to be printed.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of Rule X the following action was taken by the Speaker:

Referral to the Committee on Ways and Means of H.R. 4003 extended for a period ending not later than July 28, 1994.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MCDERMOTT (for himself, Mr. APPLEGATE, Mr. FIELDS of Texas, Mr. GUTIERREZ, Mr. HORN, Mr. HUGHES, Mr. KING, Mrs. MINK of Hawaii, Mrs. MORELLA, Ms. PELOSI, Mr. ROMERO-BARCELO, Mr. SWIFT, and Mr. WASHINGTON):

H.R. 4809. A bill to amend title XVIII of the Social Security Act to provide for coverage of prostate cancer screening and certain drug treatment services under part B of the Medicare Program, to amend chapter 17 of title 38, United States Code, to provide for coverage of such screening and services under the programs of the Department of Veterans Affairs, and to expand research and education programs of the National Institutes of Health and the Public Health Service relating to prostate cancer; jointly, to the Committees on Energy and Commerce, Ways and Means, and Veterans' Affairs.

By Ms. SCHENK (for herself and Mr. LEHMAN):

H.R. 4810. A bill to amend title XIX of the Social Security Act to prohibit the Secretary of Health and Human Services from granting a waiver under the Medicaid Program to permit a State to require children enrolled in the program to receive medical assistance under the program through managed care plans unless such assistance is provided through an integrated child health care network, and for other purposes; to the Committee on Energy and Commerce.

By Mr. TRAFICANT:

H.R. 4811. A bill to provide for an additional temporary and permanent district court judgeship for the northern district of Ohio; to the Committee on the Judiciary.

By Mr. MINETA (for himself and Ms. PELOSI):

H.R. 4812. A bill to direct the Administrator of General Services to acquire by transfer the Old U.S. Mint in San Francisco, CA, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. HUFFINGTON (for himself, Mr. CALVERT, Mr. TORKILDSEN, Mr. DELAY, Mr. KNOLLENBERG, Mr. GREENWOOD, Mr. GOODLATTE, Mr. MCCOLLUM, Mr. BONILLA, Mr. POMBO, Mr. CUNNINGHAM, Mr. KINGSTON, Mr. LEWIS of California, Mr. GRAMS, Mr. PORTMAN, Mr. CONDIT, Mr. EVERETT, Mr. WALKER, Mr. KYL, Mr. MCKEON, Mrs. FOWLER, Mr. STENHOLM, Mr. BARCIA of Michigan, Mr. HERGER, Ms. DUNN, Mr. MCCANDLESS, and Mr. ARMEY):

H. Con. Res. 270. Concurrent resolution expressing the sense of Congress with respect to the use of racially based quotas designed to thwart the implementation of the death penalty; to the Committee on the Judiciary.

By Mr. GIBBONS:

H. Res. 486. Resolution returning to the Senate the bill S. 729; considered and agreed to.

H. Res. 487. Resolution returning to the Senate the bill S. 1030; considered and agreed to.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SHAW introduced a bill (H.R. 4813) to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Big Dad*; which was referred to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 148: Mr. HANCOCK.
H.R. 465: Mr. STEARNS.
H.R. 803: Mr. ACKERMAN, Mr. BOEHLERT, Mr. ENGEL, Mr. FISH, Mr. FLAKE, Mr. GILMAN, Mr. HINCHEY, Mr. HOCHBRUECKNER, Mr. HOUGHTON, Mr. KING, Mr. LAFALCE, Mr. LAZIO, Mr. LEVY, Ms. LOWEY, Mrs. MALONEY, Mr. MANTON, Mr. MCHUGH, Mr. MCNULTY, Ms. MOLINARI, Mr. NADLER, Mr. OWENS, Mr. PAXON, Mr. QUINN, Mr. RANGEL, Mr. SCHUMER, Mr. SERRANO, Ms. SLAUGHTER, Mr. TOWNS, Ms. VELAZQUEZ, and Mr. WALSH.
H.R. 883: Mr. STEARNS.
H.R. 1627: Mr. WELDON.
H.R. 1921: Ms. MARGOLIES-MEZVINSKY.
H.R. 2147: Mr. HAMBURG.
H.R. 2227: Mr. WILLIAMS and Mr. TRAFICANT.
H.R. 2708: Mr. BOEHLERT.
H.R. 3261: Mr. HEFNER, Mr. KOLBE, Mr. BLACKWELL, Mr. LUCAS, Mr. MOORHEAD, Mr. KING, and Mr. SARPALIUS.
H.R. 3271: Mr. ANDREWS of New Jersey.
H.R. 3293: Ms. MOLINARI.

H.R. 3397: Mr. DIAZ-BALART, Ms. MARGOLIES-MEZVINSKY, Mr. ENGEL, and Mr. CLAY.
H.R. 3811: Mr. CALVERT.
H.R. 3846: Ms. MARGOLIES-MEZVINSKY.
H.R. 3871: Mr. ROHRABACHER.
H.R. 3951: Mr. GUNDERSON.
H.R. 3971: Mrs. VUCANOVICH and Mr. GINGRICH.
H.R. 3987: Ms. PELOSI.
H.R. 4050: Mr. BOUCHER.
H.R. 4088: Mr. BISHOP.
H.R. 4114: Mr. ROMERO-BARCELÓ and Mr. FARR.
H.R. 4115: Mr. ACKERMAN.
H.R. 4118: Mr. WILLIAMS.
H.R. 4124: Mr. BREWSTER.
H.R. 4183: Mr. RAHALL, Mr. FROST, and Mr. THOMPSON.
H.R. 4184: Mr. RAHALL, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. FROST, and Mr. THOMPSON.
H.R. 4371: Mr. PETERSON of Florida and Mr. KING.
H.R. 4384: Mr. FISH and Mr. FIELDS of Louisiana.
H.R. 4386: Mr. LINDER, Mr. TORRICELLI, Mr. CALVERT, and Ms. FURSE.
H.R. 4394: Mr. FRANKS of New Jersey, Mr. BEVILL, and Mr. TORRICELLI.
H.R. 4404: Mr. BERMAN, Mr. FILNER, Mr. DELLUMS, Ms. ESHOO, Mr. MATSUI, and Mr. SANDERS.
H.R. 4412: Mr. KINGSTON and Mr. STRICKLAND.
H.R. 4507: Mr. CONYERS, Mrs. UNSOELD, and Mr. ABERCROMBIE.
H.R. 4520: Mr. STEARNS, Mr. PARKER, and Mr. FINGERHUT.
H.R. 4565: Mr. PORTMAN, Mr. HOAGLAND, Mr. PENNY, Mr. BEILENSON, and Mr. MCDERMOTT.
H.R. 4585: Mr. SMITH of Michigan, Mr. LINDER, Mr. YOUNG of Alaska, Mr. BARTLETT of Maryland, Mr. DOOLITTLE, Mr. ROTH, and Mr. BURTON of Indiana.
H.R. 4616: Mr. FRANKS of New Jersey, Mr. BEVILL, and Mr. TORRICELLI.
H.R. 4643: Mr. CALVERT and Mr. KIM.
H.R. 4675: Mr. OBERSTAR and Mr. ROTH.
H.R. 4713: Mr. SWIFT, Mr. KREIDLER, and Mr. MCDERMOTT.
H.R. 4724: Mr. BISHOP.
H.R. 4734: Mr. YOUNG of Alaska, Mr. HOCHBRUECKNER, Mr. YATES, Mr. MEEHAN, Ms. PELOSI, Ms. ESHOO, Mr. MILLER of California, and Mr. EVANS.
H.R. 4768: Mr. BISHOP.
H.R. 4776: Mr. BISHOP.
H.J. Res. 90: Mr. SHARP, Mr. EDWARDS of Texas, Mr. TUCKER, Mr. SCHAEFER, Mr. STENHOLM, Mr. RIDGE, Mr. HOKE, and Mr. HALL of Ohio.
H.J. Res. 160: Mr. TALENT.
H.J. Res. 327: Mr. ABERCROMBIE.
H.J. Res. 363: Mr. YOUNG of Florida and Mr. FRANKS of New Jersey.
H.J. Res. 374: Mr. PICKLE, Mr. LEVIN, Mr. HALL of Ohio, Mr. KANJORSKI, Mr. DINGELL, Mr. DIXON, Mr. CLAY, Mr. HILLIARD, Mr. LAZIO, Mr. OXLEY, Mr. EHLERS, Mr. LANTOS, Mr. HOEKSTRA, Mr. FRANK of Massachusetts, Miss COLLINS of Michigan, Mr. MEEHAN, Mr. EVERETT, Mr. SMITH of Michigan, Mr. MAZZOLI, Mr. DE LA GARZA, and Mr. DICKS.
H.J. Res. 378: Mr. SHAYS.
H.J. Res. 381: Mr. CALLAHAN, Mr. RANGEL, Mr. WALSH, and Mr. WHEAT.
H.J. Res. 388: Mr. ANDREWS of New Jersey, Mr. SMITH of New Jersey, Mr. NEAL of Massachusetts, Mr. HASTINGS, Mr. MEEHAN, and Mr. BEILENSON.
H. Con. Res. 148: Mr. COLEMAN.
H. Con. Res. 166: Mr. FISH, Mrs. MEEK of Florida, Mr. TOWNS, and Ms. EDDIE BERNICE JOHNSON of Texas.
H. Con. Res. 179: Mr. REGULA and Mr. DEFAZIO.
H. Con. Res. 223: Mr. OWENS and Ms. VELÁZQUEZ.
H. Con. Res. 227: Mr. ARMEY.
H. Con. Res. 257: Mr. FRANK of Massachusetts, Mr. EVANS, Mr. GENE GREEN of Texas, Mr. KENNEDY, Mr. RAHALL, Mr. KREIDLER, Mr. HILLIARD, Ms. PELOSI, Ms. KAPTUR, Mr. OWENS, and Mr. GORDON.
H. Con. Res. 269: Mr. RAMSTAD, Mr. GALLEGLY, Mr. ROHRABACHER, Mr. SOLOMON, Mr. GEKAS, Mr. ROYCE, and Mr. BUYER.
H. Res. 430: Mr. BROWN of Ohio, Mr. MEEHAN, Mr. HOCHBRUECKNER, and Mr. JOHNSON of South Dakota.
H. Res. 434: Mr. MINGE and Mr. GINGRICH.
H. Res. 451: Mr. PORTMAN, Mr. HOAGLAND, Mr. SKAGGS, Mr. STRICKLAND, Mr. BARCIA of Michigan, Mr. DEAL, Mr. PENNY, Mr. BEILENSON, and Mr. MCDERMOTT.
H. Res. 485: Mr. ZIMMER.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3222: Mrs. FOWLER.