SENATE—*Wednesday, January 10, 1996*

(Legislative day of Monday, January 8, 1996)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, the one great need we all have in common is for a profound spiritual awakening. Stir our somnolent souls wide awake to experience Your presence. We praise You that You have created us to know, love, and serve You and have placed a longing within all of us for a deep relationship with You. We are astonished that even before we ask, You offer Your forgiveness. In spite of everything, You draw us closer to Your heart and offer us fresh grace.

Thank You, dear God, for Your intervention to help us in these days of budget negotiations. May this time of respite lead us to resolution of the issues that still divide us. We want to be as quick to thank You for progress as we have been to ask for Your help in our problems. We face the future with renewed confidence in Your involvement in our human struggles as we seek to lead this Nation. We ask for the infilling of Your spirit into our minds so we may think Your thoughts, discover Your solutions, and act on Your guidance. Flood our hearts with Your affirmation of Your love so that we may cherish the privilege of knowing and enjoying those who work with, for, and around us. Thank You for rejuvenating us with this time of prayer. In the name of our Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator DOLE, is recognized.

SCHEDULE

Mr. DOLE. Mr. President, leader time has been reserved, and there will be a period for morning business until the hour of 12:30 p.m.

Following morning business, it is hoped that the Senate could turn to the adjournment resolution from the House, House Concurrent Resolution 133, calling for adjournment of both Houses until Monday, January 22. I have been asked if votes are anticipated during that week. I would not think so.

We will have the State of the Union Message on Tuesday, the 23d. I do not know of any votes that would occur that week, and it would be very unlikely, in my view. I have not talked with the Democratic leader about that.

We are reminded that we have the continuing resolution which expires on the 26th. I hope that would be resolved without votes. I am not certain of that.

TRIBUTE TO MIKE SYNAR

Mr. DOLE. Mr. President, not far from the floor of the House of Representatives is a statue of that great son of Oklahoma, Will Rogers. Rogers, of course, delighted in making fun of politics and politicians—but he believed in democracy, and he loved America.

Another Oklahoman who believed in democracy and loved America was former Congressman Mike Synar, who passed away this weekend after a brave fight against brain cancer.

Mike served in the House of Representatives with great energy from 1979 to 1995. Since we represented neighboring States, we worked together on a number of issues—especially those relating to agriculture.

Since Mike was a staunch Democrat, there were many other issues on which we found ourselves on opposite sides.

But Mike knew that you could disagree with someone without being disagreeable.

And I never doubted for a minute that Mike was standing up for what he believed.

He was, in the words of our former colleague David Boren, truly a "person of principle."

I know I speak for all Members of this Chamber in extending our condolences to Mike's family, and to his many friends.

STEALTH VETO OF WELFARE REFORM

Mr. DOLE. Mr. President, in the State of the Union Address President Clinton delivered nearly 1 year ago, he said—and I quote—"Nothing has done more to undermine our sense of common responsibility than our failed welfare system."

In just a few weeks, President Clinton will deliver another State of the Union Address.

And he will do so with the knowledge that he bears total responsibility for the continuation of that failed welfare system.

America heard a great deal of rhetoric in 1992 from candidate Clinton, and a great deal of rhetoric since then from President Clinton about "ending welfare as we know it."

But all the words in the world cannot obscure President Clinton's action of last night.

Given his promises, it is no wonder President Clinton used the cover of darkness to veto the truly revolutionary welfare reform bill which would have kept his commitments.

This bill was, of course, the result of almost a year of hard work by a bipartisan group of Members of Congress, Senators, and, very importantly, our Nation's Governors.

The President may have tried to hide his stealth veto by doing it late at night, but he can not hid the message he is sending to the American people: a loud and clear message that he will stand in the way of fundamental change, and, instead, will fight for the status quo.

The President's veto means that American taxpayers will enter 1996 continuing to pour countless millions into a system that has failed, according to everyone. The system failed, and failed, and failed. And those who are served by the system will enter a new year with little or no hope for escaping from a future of welfare.

What a different 1996—and a different future—it would have been had the President backed his words up with action by signing the legislation.

Instead of the status quo where all authority resides in Washington, we would have shifted power to our State capitals, and given our Governors the ability to create a system that meets the unique needs of their States.

Instead of the status quo, where welfare often becomes a way of life, and where some receive Federal; cash benefits just because they choose not to work, we would have a system where people are required to work after 2 years, and one with a 5-year limit on the receipt of Federal benefits.

Instead of the status quo, where children are rewarded for having children and for moving away from home, we would have one which recognizes the importance of family—one that discourages illegitimacy, and encourages personal responsibility.

Instead of the status quo, which often allows deadbeat dads to escape their financial responsibilities, we would have a system that streamlined paternity establishment, that established State registries, that made child

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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support laws uniform across State lines, and that required States to use the threats of denying drivers licenses to parents who refuse to pay child support.

Instead of the status quo which wastes billions of taxpayer dollars, we would have a system that gives our States the authority and responsibility to crack down on fraud and abuse.

I am not claiming that our welfare reform legislation was perfect. Nor would it have magically solved our Nation's many social problems.

But it did put an end to a failed system.

It was a sharp departure. It was a fundamental change.

It was a big, big, step in the right direction.

It did return power to our States and cities, and to our people.

It did offer hope and opportunity to millions of Americans.

And we did want to stress work, and not welfare.

But instead of beginning in 1996 by signing this legislation, the President has chosen to begin it by keeping the status quo intact.

I suspect that in this year's State of the Union Address, the President will again talk about how he wants to end welfare as we know it.

But they are words that will sound very hollow to many in this Chamber, and to all Americans who pay for, or who are served by, the status quo: And that is a failed system that remains intact thanks to the President's actions of last evening.

It seems to me that here is a bill that passed the U.S. Senate by a vote of 87 to 12. If one absentee, Senator HATFIELD, had voted "aye," it would have been 88 Senators—good, bipartisan, strong bipartisan support.

The bill went to conference, and we came back with a fundamental Senate bill. And by then it had become politicized again, and it was more of a party-line vote, with one exception on the other side.

We have discussed welfare reform in all of the meetings we have had at the White House. But I do not see how the President could veto a bill that we were so close to coming together on, one that he praised when it passed the Senate, one that he said he can support. I must say, if there are any sharp differences in those two bills—our bill and the bill that came from conference—they were not major.

So we will try again. We will try again in 1996. It seems to me, and it seems to most of my colleagues—at least the 87 who voted for welfare reform—that system has failed. We need fundamental change.

We are willing to trust the Governors. We are willing to send power back to States. Therein lies the problem. Therein lies the problem, because I do not think the President of the United States wants that to happen, unless the Federal Government determines eligibility and determines who is going to be covered and everything else. If you put all those regulations on Governors, they will say, "No, thank you. If you don't give us flexibility, we can't save the money."

We are talking about saving somewhere in the neighborhood of $60 billion over 7 years. And $60 billion is a lot of money to the American taxpayers. We believe it can be done. We believe it can be done, and we can still preserve the benefits for those who need the benefits.

There will always be some who need help, and we understand that. But we will also tighten up the system so those who should be working will be working, and the alternative will not be receiving benefits.

So we regret that the bill has been vetoed. I guess you can say it came as no surprise. But in our view we had a good product that should have been signed. It seems to me that we will have to take our case to the American people and let them make the final decision.

PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THE CONGRESS

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to consideration of House Concurrent Resolution 133, calling for an adjournment of both Houses of Congress until January 22, that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER (Mr. MURKOWSKI). Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 133) was agreed to, as follows:

H. CON. RES. 133

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the calendar day of Tuesday, January 9, 1996, it stand adjourned until 2 p.m. on Monday, January 22, 1996, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns on the calendar day of Wednesday, January 10, 1996, pursuant to a motion offered by the Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, January 22, 1996, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The PRESIDING OFFICER. The minority leader is recognized.

EXPECTATION OF VOTES

Mr. DASCHLE. Mr. President, let me say that I am pleased with the majority leader's remarks about the expectations for votes for the next couple of weeks. In case Senators are not clear, as I understand it, unless some significant unforeseen development arises, we do not anticipate votes for the next couple of weeks. The next week and the week following are weeks within which votes will not be likely.

TRIBUTE TO CONGRESSMAN MIKE SYNAR

Mr. DASCHLE. The majority leader talked about someone for whom I feel a great deal of affection. Mike Synar and I came to the Congress together in 1978. He was the very first person I met in the House of Representatives. He was the first Member of Congress I accompanied to his district. He was the first Member of Congress I brought to South Dakota. We got to be very, very close friends. Over the years that friendship grew, and our affection for one another grew with it.

As most people remember, Mike Synar was awarded the Profiles In Courage Award just last year for the remarkable display of courage he demonstrated on a whole range of issues. Whether one agreed with him or not, one would have to say that when it came to standing up for his convictions, when it came to his belief that you either come to Congress to do something or be something, he chose to do something. You could not deny that that is exactly what he was here to do, to make what he could out of an opportunity to be a Member of Congress from a conservative district in the State of Oklahoma.

Mike Synar stood up for what he believed. The antithesis of the perception of a modern-day politician, he stood up to the special interests. Whether you agreed with him or not, he stood up and fought for everything he could in the time he was here—campaign finance reform, grazing fee reform, tobacco issues that span the spectrum, a whole range of issues that he felt and cared very deeply about.

So, Mr. President, America has lost a fine public statesman today. America has lost somebody who came here for all the right reasons. America has lost somebody who I was fortunate to call a very close and special friend.

We will miss him. Along with Senator DOLE, I send my condolences to his family, and to all of those who have had the good fortune to know him, to love him, and to count him as their friend, too.

THE PRESIDENT'S VETO OF THE WELFARE REFORM BILL

Mr. DASCHLE. The majority leader talked about his disappointment at the

decision of the President to veto the welfare bill. Let me say, Mr. President, that I am very pleased with the action taken by the President yesterday.

The majority leader characterized the conference report as virtually similar to the Senate-passed bill. The majority leader did not note that the President said he could support the Senate-passed bill prior to the time it went to conference. He did not mention that there was a significant level of bipartisan support for that bill as it left the Senate, controversial in many ways as it was.

We all recognize the need for reform. We all recognize that we have to build upon the reforms that we enacted over the last 10 years. We all recognize that we want to find ways to make work pay. But we also ought to recognize that we should not be punishing children as we attempt to do that. We also ought to recognize that in the name of flexibility we should not simply give carte blanche to States to renege on the responsibilities that every State must have to ensure that there is a welfare system that works.

No mention was made in the majority leader's remarks of the fact that there was no requirement in the conference report on welfare for the States to actually use for welfare purposes the Federal dollars that they are being provided for welfare. Under the provisions in the conference report, if they wanted to use them for infrastructure, they would be able to do that. If they wanted to use them for any other purpose they might have in their State budgets, there would be no prohibition on doing that.

You can talk about maintenance of effort. We actually reduced the level of maintenance of effort with no other requirement. By maintenance of effort we are simply asking the States, in coming years, to live up to the level of benefits they now provide.

Not only are they not required to live up to 100 percent of the benefits that they are now providing, the help that they are providing in whatever ways to children, the people who are attempting to break out of poverty, out of welfare, but the conference report would actually give them a license to drop from 100 percent down to 25 percent with no expectation in the future of how they will meet the requirements that they already have noted and have accumulated in their welfare budgets today.

There is no requirement in the conference-passed version of the bill to tell a welfare recipient who is waiting for some form of assistance that they will be receiving assistance at a certain time. In current law that time limit is 45 days. A State or county has to respond within 45 days. There is no such requirement in the current bill.

A prospective recipient of some form of assistance would have to wait 6 months, maybe have to wait 9 months, a year, 2 years. There is no limit on the extent to which recipients would have to wait for help.

So there are a significant number of very major differences between what we proposed in the work-first legislation, what we even passed in the U.S. Senate, and what came back as a conference report.

We want to make work pay. We want to ensure that children are not punished. We want to ensure that there is adequate funding for the kinds of things that we know we must do. Frankly, the higher we go in welfare savings, the more concerned I am that all we are really doing is creating the pool of resources necessary to pay for the huge tax cut that Republicans continue to insist be a part of any budget.

I do not know how we can do more in all the areas that we have agreed upon in the budget negotiations, whether it is in child care, whether it is in providing adequate nutrition, whether it is in providing real skilled opportunities for those who are on welfare today, job skills and training skills and the things that would make them more employable, how we can do all of that, and still save $60 billion, which coincidentally just happens to be an amount that would be very helpful in creating the pool necessary to make the tax cut work in current budget deliberations.

So, Mr. President, what the President vetoed is a far cry from what Democrats had proposed. It is a significant departure from what the Senate had gone on record in support of. I must say, were we to bring the bill back in its current form, we would have more than enough votes necessary to sustain the veto the President demonstrated yesterday.

So we are prepared—because we are not satisfied with the status quo either—to go back to work to find ways to address the significant deficiencies that currently exist in this bill. Let us make sure that we can find a bipartisan way to address welfare reform prior to the end of the year. But let us do it right. Let us ensure that the guarantees for children are there. Let us ensure that we find a way to make work pay. Let us ensure that we are able to provide the child care necessary so that parents can leave their homes for work. Let us ensure that—as much as we want to provide flexibility to the States—that they are not going to renege on their responsibility they have to make sure we have the infrastructure in place to ensure that this is more than just a piece of paper that we all feel good about on the day we vote again.

I yield the floor.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business until 12:30 p.m., with Senators permitted to speak therein for not to exceed 5 minutes.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

THE PRESIDENT'S VETO OF H.R. 4

Mr. MOYNIHAN. Mr. President, as he had indicated he would do, the President has now vetoed H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995. As the bill passed the Senate, December 22, 1995, with a margin of only 5 votes, 52–47, there can be no question of a veto override. Hence, the judgment of Robert Pear of the New York Times that "The President's action concludes a 4-year drama that began when Mr. Clinton, as a Presidential candidate in 1992, promised to 'end welfare as we know it.'"

Last September 19, essentially the same bill, indeed H.R. 4, passed the Senate 87–12, with only 11 Democrats opposed. In the interval Elizabeth Shogren of the Los Angeles Times and Judith Havemann and Ann Devroy of the Washington Post reported that the Department of Health and Human Services had submitted an analysis of the bill to the White House. Owing largely to the 5-year time limit, it would throw some 1.5 million children into poverty. No one could have wished this, and Democrats were especially bound to take into account this assessment of a Democratic administration. And so, in the end, 45 of 46 Democrats voted against the measure, Republican Senators CAMPBELL and HATFIELD joined us.

On the day of the final Senate vote, the 11 Democratic Senators who had been opposed from the first, wrote President Clinton to warn against including any "broad welfare measure * * * in the end of session budget agreement." This was not something, we judged, to be concluded in a matter of days by a small group under great pressure.

However, we now learn that on Saturday, January 6, as part of a balanced budget proposal offered by the President in those talks, a section "Welfare Reform Savings"—$46 billion over 7 years—includes this:

> Cash Assistance: AFDC would be terminated and replaced by a new conditional entitlement of limited duration. There would be a 5-year maximum time limit with a state option for vouchers at the end of that period to assist children.

Thus, the administration seemingly proposes to deliver the same 1.5 million children into poverty.

Why is this happening? I can think of two partial explanations.

First, it is widely assumed that AFDC is a Federal entitlement that the Federal Government can restrain without relinquishing. It is not. There

is no Federal entitlement to welfare for individuals. Each State devises its own program. The Federal Government provides a matching grant. Abolish the matching grant and you can reasonably expect a race to the bottom.

Second, even as we deplore welfare dependency, we do not seem to grasp just how serious it really is. A quarter—24 percent—of American youth just turned 18 have been on AFDC. Half—46 percent—of the children in Chicago will be on AFDC in the course of a single year. Of children on AFDC, three-quarters are there for more than 5 years. Hence, a 5-year limit invites chaos and ruin.

In particular, liberal-minded persons must proceed with care. For decades now there has been a liberal tendency to understate, even to deny the welfare problem. Now, of a sudden, a liberal administration proposes a repeal measure that would have been unthinkable just a few years back. Both positions have the common fault of underestimating how serious and dangerous this problem really is.

Even so, let us all be ready for a careful, bipartisan exploration of the issue in the 105th Congress. It was, I think, a close call. But as Churchill remarked, there is nothing so exhilarating as to be shot at and missed.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

THE BUDGET NEGOTIATIONS

Mr. SPECTER. Mr. President, I compliment the distinguished majority leader, Senator DOLE, and all parties to the budget negotiations and urge them to continue their talks after hopefully only a brief suspension. It seems to me likely that an agreement can be reached since the parties are reportedly $100 billion apart. While that is a large sum of money in absolute terms, it is relatively a small percentage of the more than $12 trillion of a 7-year budget. It is eight-tenths of 1 percent. If an agreement cannot be reached, it is my strong view that the Government should not be closed because of gridlock. We should not try to run Government by blackmail. If an agreement cannot be reached, I suggest, as strongly as I can, that we should keep the Government running and crystallize the issues and present them to the American people for their decision in the 1996 Presidential and congressional elections.

During the first week of the shutdown—actually, on the second day, back on November 14 of last year, I urged this course of action. It is a fundamental principle of U.S. constitutional government that the Congress and the President are partners, really equal partners, unless each House of Congress has a two-thirds majority to override a Presidential veto. And if we can get a two-thirds majority by appealing to the centrists on both sides of the aisle, then we can structure a budget agreement without the President and without closing the Government. But, absent that, it is my strong view that we ought to keep the Government running and crystallize the issue for the 1996 election.

I understand those in my party who seek to enact our agenda through the political pressure of gridlock and shutdown. I agree with the majority leader, Senator DOLE, who has rejected that approach. I remain totally committed to a balanced budget within 7 years with genuine Congressional Budget Office figures. Since my first vote for the balanced budget amendment in 1983, I have stood fast for this important principle. But it is time to acknowledge that it is a failure with the American people to try political pressure through gridlock and shutdown. It is like Supreme Court Justice Potter Stewart said about obscenity, that he could not define it, but he knew it when he saw it. The American people, similarly, know the difference between Government by blackmail and legitimate political pressure.

Had there been any doubt about the difference, it was reduced to plain arithmetic by last night's NBC poll, which showed that 50 percent of the American people approved the President's handling of the budget crisis with 46 percent against, compared with 22 percent who support the Republican handling of the budget crisis with some 78 percent against.

One further word on blackmail versus legitimate political pressure. I urge my colleagues not to try to use the debt ceiling to bludgeon the settlement on the budget dispute. I personally have grave legal reservations about the procedures currently being used by the administration to avoid exceeding the debt limit, and I have said that directly to the Deputy Secretary of the Treasury. If they have violated the law by keeping the Government running without raising the debt limit, let them be impeached or subjected to other appropriate legal procedures.

When Treasury Secretary Jim Baker borrowed from the Social Security trust fund in the mid-1980's, I spoke up on this floor and objected to the conversion of trust funds for an unintended purpose. If any other person violated the trust fund, they would be subjected to criminal prosecution for fraudulent conversion. But I suggest that is a fundamentally different proposition for Congress to use that kind of a nuclear weapon in the budget battle. It is not proportionate and I suggest it is not proper.

The full faith and credit of the United States would be damaged worldwide. So I hope my colleagues will reject that approach.

EXTENSION OF MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that the period for morning business be extended until the hour of 1:30 p.m. with Senators permitted to speak therein for not more than 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. FORD. Reserving the right to object. At 1:30, do you intend on going out?

Mr. LOTT. It is the leader's intent to go out at that time.

Mr. FORD. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, with the time extended, I ask consent to speak for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOUTH AFRICA AND MIDEAST TRIP

Mr. SPECTER. In accordance with my practice to report on foreign travel, this floor statement summarizes a trip which Senator SHELBY and I took from December 28, 1995, through January 4, 1996, to South Africa and the Mideast, focusing on Intelligence Committee matters and the Mideast peace process with a stop at the International Criminal Court in The Hague en route back to Washington. Our itinerary was condensed and our trip was cut short to be able to return to Washington on January 4 in anticipation of possible Senate votes.

A key purpose was to evaluate the PLO's compliance with the provisions of the Specter-Shelby amendment, enacted in 1994, conditioning United States aid on a change in the PLO charter striking language calling for the destruction of Israel and requiring ending of terrorism by the PLO.

We met with PLO Chairman Yasser Arafat in Gaza on January 2, 1996, for approximately 1 hour. He explained his lateness saying he was out campaigning for other candidates. When we commented that he must have felt secure in his own election to be campaigning for others, he responded: "Who Knows?"

We were told the PLO election procedure had been modified because the number of seats had been expanded from 83 to 88 to accommodate late candidacies of members of Hamas. We then heard that the Hamas candidacies had been withdrawn due to pressure from Hamas leaders abroad.

We urged Arafat not to change election procedures at the last minute which looked like rigging the election.

When we asked about changing the PLO charter, Arafat said that would be

accomplished within 2 months after the election scheduled for January 20, 1996. We emphasized the importance of eliminating the charter language calling for the destruction of Israel.

Later on January 2, when we met with Prime Minister Peres, we asked him what he thought of the United States conditioning aid to the PLO on changes in the PLO charter and curtailing terrorism. Mr. Peres responded positively saying those provisions of United States law were supportive of Israeli interests. After our meeting with Mr. Peres, we told Likud leader Benjamin Netanyahu of Arafat's promise to change the charter. Mr. Netanyahu said it was good that United States law had such a requirement, because Israeli law did not.

Referring back to the Arafat meeting, we asked him what had happened to the Arabs wanted by Israel on charges of terrorism. The Israeli-PLO agreement required the PLO to turn over such Arabs to Israeli authorities. We had pressed Chairman Arafat on that subject last August 31 when Senator HANK BROWN and I met with him in Gaza. Arafat said some such terrorists had been prosecuted in PLO courts and some had been turned over to Israel. Finding that answer insufficient, we urged Arafat to do more on that subject.

It was generally agreed by our Embassy that there had been marked improvement on terrorism in Israel during the past several months.

Arafat talked at some length about his warnings to Prime Minister Rabin on the assassination risks Mr. Rabin faced.

Arafat spoke about his efforts to aid in the Israeli-Syrian negotiations. He referred to a letter he had written to President Assad whom he described as a friend since 1963 when Assad was an Air Force officer. Arafat said he urged Assad to cooperate in the peace process.

When asked about Iran, Arafat responded that he thought dialog was possible. He said he had complained to Rafsanjani about Iranian interference in the Israeli-PLO peace process and had told Rafsanjani that he—Arafat—would make internal trouble for Iran if Iranian interference continued.

We also questioned Arafat about the PLO's hassling the Palestinian press about unfavorable news coverage. The PLO had detained an editor in custody. Arafat said the press had to respect the Government. We commented that Arafat couldn't get away with that in the United States. Arafat responded that he wasn't in the United States. He added that if he didn't take forceful actions, he would be undercut like the Government was in Algiers.

Arafat complained that some donor nations had not fulfilled their commitments to aid the PLO. When asked, "who?", he replied that he preferred not to say, but "instead to thank those who had not given as well as those who had given."

Arafat appeared poised, in good humor, and in good health.

Our meeting later the same day with Prime Minister Peres and Likud leader Netanyahu presented a sharp contrast in style, content, and perspectives. The 1996 Israeli election, the first with the Prime Minister elected separately from the Knesset, will present diametrically opposed approaches to this nation's future. It would be hard to conceive of a more important election historically for any nation—especially a nation where survival is jeopardized by a single mistake.

Mr. Peres articulated a vision for the future: peace, while facing substantial risks, with economic development and prospective prosperity as the glue to hold the region together. He said he saw more value in 100 hotels than 100 weapons.

Mr. Netanyahu said he and his party were firmly opposed to expanded PLO authority which would lead to sovereignty and a Trojan Horse threat within Israeli borders. He decried any deal with Syria and President Assad, saying the Syria keeps only those commitments it cannot get away with breaking.

Prime Minister Peres had a different approach saying that it was hard to make a deal with Syria, but once made, Syria kept its commitments. He approached the peace process with ideas as opposed to a concrete plan. He looked to building up rapport with the discussion of ideas before either side could defeat the process by seeing a proposal it felt compelled to reject.

It is obvious that the assassination of Prime Minister Rabin has had more than a sobering effect on the region. Chairman Arafat's condolence call on Mrs. Leah Rabin was a symbolic statement that Israel has suffered too much from terrorism—although the ultimate blow came, not from the hand of an Arab, but a Jew. Whatever doubt President Assad had about a real division in Israel, no other proof could have been more persuasive.

So, the currently visible battle lines being drawn in Israel are for its 1996 election. My view is the outcome will be determined more by events than personalities, policies, or programs.

Throughout our trip, we assessed intelligence missions and capabilities. Terrorism was a dominant topic of conversation. In one African city, we were told of a plan to locate an Iraqi rocket launcher on a hotel roof in 1991 to take out the United States Embassy and our Ambassador. As we looked out the conference room window in the Embassy we could see the hotel roof, the proposed launching site. A vigilant intelligence operation produced information which prevented the attack.

We were told that the 1986 U.S. Terrorist Protection Act has provided needed protection for U.S. personnel overseas. That legislation provided extra-territorial U.S. jurisdiction to provide for indictment in our courts for anyone who assaults, murders, or maims a U.S. citizen anywhere in the world.

In another African capital, we discussed the recent reign of terror in Nigeria. We discussed the pending legislative proposals to impose sanctions on Nigeria with the consensus that such action would be successful only if supported by united international action.

In Cape Town we met with Parliamentarians from the newly formed South African Intelligence Committee. They had many tough questions on the interaction between the Executive and Congress on legislative oversight. They asked bluntly if the CIA had too much power because of the perception that the CIA controlled the world. We responded by detailing our specific oversight actions to curtail excesses without unduly interfering with intelligence initiatives.

When our turn came for questions, we asked the opinion of the South African parliamentarians on whether the Government of South Africa would cooperate by imposing sanctions against buying Nigerian oil. They said yes, providing everyone else did. When advised that South Africa bought its oil from Iran, we asked the substitute question as to whether they would join in international sanctions by stopping buying oil from Iran. This question came too close for comfort and the parliamentarians made no commitment on the possibility of South African sanctions against Iran.

Wherever we went, there was constant talk about the danger Iran posed by its terrorism and spread of fundamentalism. The discussion frequently boiled down to whether Iran had to be totally ostracized with maximum sanctions to prevent Iran from developing nuclear weapons on whether some dialog was possible or even a combination of both.

The suggestion was made that if Israel could make peace with the PLO and Arafat, then it was worthwhile to undertake similar efforts with Iran. That point of view argued that no one would have suspected a few years ago that Yasser Arafat could be a partner for peace with Israel. Who would have expected that Arafat would be honored at the White House in 1993 after being implicated in the murder of the United States chargé in the Sudan in 1974 and the murder of Mr. Leon Klinghoffer in the hijacking of the *Achille Lauro*.

Iran probably poses the greatest threat to world peace today. There was general agreement on our travels that more attention needs to be focused on the Iranian threat.

En route back to the United States, we stopped at The Hague in the Netherlands to meet with the U.N. team preparing for criminal prosecutions in the

War Crimes Tribunal for the former Yugoslavia. This tribunal could make the greatest contribution of the decade—or perhaps the century—by establishing a deterrent to wars of aggression, genocide and crimes against humanity by bringing the perpetrators to justice.

Several weeks ago, I had met with Justice Goldstone, the tribunal's chief prosecutor, when he was in Washington, DC. At that time, Justice Goldstone mentioned certain evidence, which might be in the hands of U.S. intelligence agencies, which could be useful and perhaps instrumental in the war crimes prosecution. In meeting with the staff in The Hague we discussed the specific evidence and its importance in their prosecutions. We advised we would pursue their requests with U.S. intelligence agencies. We have discussed these issues with ranking officials of U.S. intelligence agencies who advised that they will cooperate to the maximum extent practical.

In addition we discussed the issue of witness protection, because of the obvious dangers posed for the witnesses who remain in that war-torn area. We discussed U.S. procedures for protecting witnesses both before trial and the possibility of creating new identities after trial to best guaranty witness security and obtain their testimony. Several members of the prosecution team were on loan from the FBI. We agreed to take up the issue of witness protection with appropriate officials of the FBI.

We also had an extensive discussion about their limited budget and the fact that a number of their investigative team had to delay going into the field because of a limited budget. Concern was also expressed about the adequacy of U.S. participation in the war prosecution team and the problems which might arise if replacements were not obtained for personnel from the Departments of Justice, Defense, and State. We committed to take those issues up with the appropriate department heads.

We observed the new courtroom which breaks ground in an international criminal trial. The trial proceedings will be conducted with three judges without a jury and there are booths for simultaneous translation in a number of languages.

We commended the prosecution team on their historic efforts and promised to follow through to be of assistance in this most important venture. I ask unanimous consent that the indictments of Dusan Tadic a/k/a "Dule" Goran Borovnica and also Radovan Karadzic and Ratko Mladic be printed in the CONGRESSIONAL RECORD at the conclusion of this statement to demonstrate the importance of these criminal proceedings. Dusan Tadic is in custody and is scheduled to be tried sometime in the spring. Radovan Karadzic is the President of the Bosnian Serb Administration in Pale, and Ratko Mladic is the commander of the Army of the Bosnian Serbs.

Mr. President, the trip was very useful along a number of lines, especially with conversations which Senator SHELBY and I had with PLO Chairman Yasser Arafat on the Specter-Shelby amendment which conditions $500 million in United States aid to the PLO curtailing terrorism and changing their charter to eliminate references to the obliteration of Israel.

The visit we had at the Hague, in the Netherlands, with the United States prosecution team for the former Yugoslavia, I think, poses a historic event later this spring with the trial of Dusan Tadic.

I ask unanimous consent the indictment against Tadic be printed in the RECORD at conclusion of my presentation, and the pending indictment also as to Radovan Karadzic, who is the President of the Bosnian Serbs, and Ratko Mladic, who is the commander of the Bosnian Serb Army, which really has the potential to establish a historic international precedent for the rule of law.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPECTER. There is a great deal that the United States can do to make a success of that venture by pressure to bring those not in custody into custody, with the obligations of Croatia and Serbia to turn them over, once they are observed in those countries, to the United Nations for trial, and with cooperation from our intelligence agencies on corroborative evidence and help from the FBI on protecting the witnesses.

I yield the floor.

EXHIBIT 1

THE INTERNATIONAL CRIMINAL TRIBUNAL FOR THE FORMER YUGOSLAVIA—THE PROSECUTOR OF THE TRIBUNAL AGAINST DUSAN TADIC A/K/A "DULE" AND GORAN BOROVNICA

INDICTMENT

Richard J Goldstone, Prosecutor of the International Criminal Tribunal for the former Yugoslavia, pursuant to his authority under Article 18 of the Statute of the International Criminal Tribunal for the former Yugoslavia ("The Statute of the Tribunal"), charges:

1. From about 25 May 1992 Serb forces attacked Bosnian Muslim and Croat population centers in the opština of Prijedor, Bosnia-Herzegovina, forcing most Muslims and Croats from their homes and confining many thousands, including more than 3,000 who were held in the Omarska camp, a former mining complex. The accused Dusan Tadic a/k/a "Dule" a/k/a "Dusko", participated in the collection and mistreatment, including killings, of Bosnian Muslims and Croats in opština Prijedor within Omarska camp and outside Omarska camp, as set forth below. The accused Goran Borovnica participated with Dusan Tadic in killings outside of Omarska camp, as set forth below:

Background:

2.1. In May, 1992, intensive shelling of Muslim areas in the opština Prijedor caused the Muslim residents to flee their homes. The majority of them then surrendered or were captured by Serb forces. As the Serb forces rounded up the Muslims and any Croat residents, they forced the Muslims and Croats to march in columns bound for one or another of the prison camps that the Serbs had established in the opština. The Serb forces pulled many of the Muslims and Croats from the columns and shot or beat them on the spot.

2.2. On about 25 May 1992, about three weeks after Serbs forcibly took control of government authority in the opština, and two days after the start of large scale military attacks on Muslim population centers, the Serb forces began taking prisoners to the Omarska camp.

2.3. During the next several weeks, the Serb forces continued to round up Muslims and Croats from Kozarac, Prijedor town, and other places in the opština and interned them in the camps. Many of Prijedor's Muslim and Croat intellectuals, professional and political leaders were sent to Omarska. There were approximately 40 women in the camp, and all the other prisoners in the camp were men.

2.4. Within the area of the Omarska mining complex that was used for the camp, the camp authorities generally confined the prisoners in three different buildings: the administration building, where interrogations took place and most of the women were confined; the garage or hangar building; the "white house," a small building where particularly severe beatings were administered; and on a cement courtyard area between the buildings known as the "pista". There was another small building, known as the "red house", where prisoners were sometimes taken but most often did not emerge alive.

2.5. Living conditions at Omarska were brutal. Prisoners were crowded together with little or no facilities for personal hygiene. They were fed starvation rations once a day and given only three minutes to get into the canteen area, eat, and get out. The little water they received was ordinarily foul. Prisoners had no changes of clothing and no bedding. They received no medical care.

2.6. Severe beatings were commonplace. The camp guards, and others who came to the camp and physically abused the prisoners, used all manner of weapons during these beatings, including wooden batons, metal rods and tools, lengths of thick industrial cable that had metal balls affixed to the end, rifle butts, and knives. But female and male prisoners were beaten, tortured, raped, sexually assaulted, and humiliated. Many, whose identities are known and unknown, did not survive the camp. After the collection of thousands of Bosnian Muslims and Croats in later May, 1992, groups of Serbs including the accused later entered villages in which Muslims and Croats remained, at which time they killed some villagers and drove others from their homes.

THE INTERNATIONAL CRIMINAL TRIBUNAL FOR THE FORMER YUGOSLAVIA—THE PROSECUTOR OF THE TRIBUNAL AGAINST RADOVAN KARADZIC AND RATKO MLADIC

INDICTMENT

Richard J. Goldstone, Prosecutor of the International Criminal Tribunal for the former Yugoslavia, pursuant to his authority under Article 18 of the Statute of the International Criminal Tribunal for the former Yugoslavia ("The Statute of the Tribunal"), charges Ratko Mladic and Radovan Karadzic with genocide, crimes against humanity, and violations of the laws or customs of war, as set forth below:

"Safe Area" of Srebrenica

1. After war erupted in the Republic of Bosnia and Herzegovina, Bosnian Serb military forces occupied Bosnian Muslim villages in the eastern part of the country, resulting in an exodus of Bosnian Muslims to enclaves in Gorazde, Zepa, Tuzla, and Srebrenica. All of the events referred to in this indictment took place in the Republic of Bosnia and Herzegovina.

2. On 16 April 1993, the Security Council of the United Nations, acting pursuant to Chapter VII of its Charter, adopted resolution 819, in which it demanded that all parties to the conflict in the Republic of Bosnia and Herzegovina treat Srebrenica and its surroundings as a safe area which should be free from any armed attack or any other hostile act. Resolution 819 was reaffirmed by Resolution 824 on 6 May 1993 and by Resolution 836 on 4 June 1993.

3. Before the attack by Bosnian Serb forces, as described in this indictment, the estimated Bosnian Muslim population in the safe area of Srebrenica, was approximately 60,000.

Attack on the Safe Area of Srebrenica

4. On or about 6 July 1995, the Bosnian Serb army shelled Srebrenica and attacked United Nations observation posts that were manned by Dutch soldiers and located in the safe area. The attack on the Srebrenica safe area by the Bosnian Serb army continued through 11 July 1995, when the first units of the attacking Bosnian Serb forces entered Srebrenica.

5. The Bosnian Muslim men, women and children who remained in Srebrenica after the beginning of the Bosnian Serb attack took two courses of action. Several thousand women, children and some mostly elderly men fled to the UN compound in Potocari, located within the safe area of Srebrenica, where they sought the protection of the Dutch battalion responsible for the compound. They remained at the compound from 11 July 1995 until 13 July 1995, when they were all evacuated by buses and trucks under the control of and operated by Bosnian Serb military personnel.

6. A second group of approximately 15,000 Bosnian Muslim men, with some women and children, gathered at Susnjari during the evening hours of 11 July 1995 and fled, in a huge column, through the woods towards Tuzla. Approximately one-third of this group consisted of armed Bosnian military personnel and armed civilians. The rest were unarmed civilians.

Events in Potocari

7. On 11 July 1995 and 12 July 1995, Ratko Mladic and members of his staff met in Bratunac with Dutch military officers and representatives of the Muslim refugees from Potocari. At these meetings, Ratko Mladic informed them, among other things, that Bosnian Muslim soldiers who surrendered their weapons would be treated as prisoners of war according to the Geneva Conventions and that refugees evacuated from Potocari would not be hurt.

8. On or about 12 July 1995, Bosnian Serb military forces burned and looted Bosnian Muslim houses in and around Potocari.

9. On or about 12, July 1995, in the morning hours, Bosnian Serb military forces arrived at the UN military compound in Potocari and its environs.

10. On or about 12 July 1995, Ratko Mladic arrived in Potocari, accompanied by his military aides and a television crew. He falsely and repeatedly told Bosnian Muslims in and around Potocari that they would not be harmed and that they would be safely transported out of Srebrenica.

11. On or about 12 July 1995, at the direction and in the presence of Ratko Mladic, approximately 50–60 buses and trucks arrived near the UN military compound in Potocari. Shortly after the arrival of these vehicles, the evacuation process of Bosnian Muslim refugees started. As Muslim women, children and men started to board the buses and trucks, Bosnian Serb military personnel separated the men from the women and children. This selection and separation of Muslim men took place in the presence of and at the direction of Ratko Mladic.

12. The Bosnian Muslim men who had been separated from other refugees were taken to diverse locations in and around Potocari. On or about 12 July 1995, Ratko Mladic and Bosnian Serb military personnel under his command, informed some of these Muslim men that they would be evacuated and exchanged for Bosnian Serbs being held in Tuzla.

13. Most of the Muslim men who had been separated from the other refugees in Potocari were transported to Bratunac and then to the area of Karakaj, where they were massacred by Bosnian Serb military personnel.

14. Between 12 July 1995 and 13 July 1995, Bosnian Serb military personnel summarily executed Bosnian Muslim men and women at diverse locations around the UN compound where they had taken refuge. The bodies of those summarily executed were left in fields and buildings in the immediate vicinity of the compound. These arbitrary killings instilled such terror and panic amongst the Muslims remaining there that some of them committed suicide and all the others agreed to leave the enclave.

15. The evacuation of all able-bodied Muslim refugees concluded on 13 July 1995. As a result of the Bosnian Serb attack on the safe area and other actions, the Muslim population of the enclave of Srebrenica was virtually eliminated by Bosnian Serb military personnel.

Surrender and Executions

16. Between the evening of 11 July 1995 and the morning of 12 July 1995, the huge column of Muslims which had gathered in Susnjari fled Srebrenica through the woods towards Tuzla.

17. Bosnian Serb military personnel, supported by armoured personnel carriers, tanks, anti-aircraft guns and artillery, positioned themselves along the Bratunac-Milici road in an effort to interdict the column of Bosnian Muslims fleeing towards Tuzla.

18. As soon as the column reached Bosnian Serb held territory in the vicinity of Buljim, Bosnian Serb military forces attacked it. As a result of this and other attacks by Bosnian Serb military forces, many Muslims were killed and wounded and the column divided into several smaller parts which continued towards Tuzla. Approximately one-third of the column, mostly composed of military personnel, crossed the Bratunac-Milici road near Nova Kasaba and reached safety in Tuzla. The remaining Muslims were trapped behind the Bosnian Serb lines.

19. Thousands of Muslims were captured by or surrendered to Bosnian Serb military forces under the command and control of Ratko Mladic and Radovan Karadzic. Many of the Muslims who surrendered did so because they were assured that they would be safe if they surrendered. In many instances, assurances of safety were provided to the Muslims by Bosnian Serb military personnel who were with other Bosnian Serb soldiers wearing stolen UN uniforms, and by Muslims who had been captured and ordered to summon their fellow Muslims from the woods.

20. Many of the Bosnian Muslims who were captured by or surrendered to Bosnian Serb military personnel were summarily executed by Bosnian Serb military personnel at the locations of their surrender or capture, or at other locations shortly thereafter. Incidents of such summary executions include, but are not limited to:

20.1 On or about 13 July 1995, near Nezuk in the Republic of Bosnia and Herzegovina, a group of 10 Bosnian Muslim men were captured. Bosnian Serb soldiers summarily executed some of these men, including Mirsad Alispahic and Hajrudin Mesanovic.

20.2 On or about 13 July 1995, on the banks of the Jadar River between Konjevic Polje and Drinjaca, Bosnian Serb solders summarily executed 15 Bosnian Muslim men who had surrendered or been captured. Amongst those killed were Hamed Omerovic, Azem Mujic and Ismet Ahmetovic.

20.3 On or about 13 July 1995, in the vicinity of Konjevic Polje, Bosnian Serb soldiers summarily executed hundreds of Muslims, including women and children.

20.4 On or about 17 July 1995 or 18 July 1995, in the vicinity of Konjevic Polje, Bosnian Serb soldiers captured about 150–200 Bosnian Muslims and summarily executed about one-half of them.

20.5 On or about 18 July 1995 or 19 July 1995, in the vicinity of Nezuk, about 20 groups, each containing between 5–10 Bosnian Muslim men, surrendered to Bosnian Serb military forces. After the men surrendered, Bosnian Serb soldiers ordered them to line up and summarily executed them.

20.6 On or about 20 July 1995 or 21 July 1995, near the village of Meces, Bosnian Serb military personnel, using megaphones, urged Bosnian Muslim men who had fled Srebrenica to surrender and assured them that they would be safe. Approximately 350 Bosnian Muslim men responded to the entreaties and surrendered. Bosnian Serb soldiers then took approximately 150 of them, instructed them to dig their own graves and then summarily executed them.

20.7 On or about 21 July 1995 or 22 July 1995, near the village of Meces, an excavator dug a large pit and Bosnian Serb soldiers ordered approximately 260 Bosnian Muslim men who had been captured to stand around the hole. The Muslim men were then surrounded by armed Bosnian Serb soldiers and ordered not to move or they would be shot. Some of the men moved and were shot. The remaining men were pushed into the hole and buried alive.

21. Many of the Muslims who surrendered to Bosnian Serb military personnel were not killed at the locations of their surrender, but instead were transported to central assembly points where Bosnian Serb soldiers held them under armed guard. These assembly points included, among others, a hangar in Bratunac; soccer fields in Kasaba, Konjevic Polje, Kravica, and Vlasenica; a meadow behind the bus station in Sandici and other fields and meadows along the Bratunac-Milici road.

22. Between 12 July 1995 and 14 July 1995, at various of these assembly points, including the hangar in Bratunac and the soccer stadium in Kasaba, Ratko Mladic addressed the Bosnian Muslim detainees. He falsely and repeatedly assured them that they would be safe and that they would be exchanged for Bosnian Serb prisoners held by Bosnian government forces.

23. Between 12 July 1995 and 14 July 1995. Bosnian Serb military personnel arbitrarily

selected Bosnian Muslim detainees and summarily executed them.

Mass Executions Near Karakaj

24. On or about 14 July 1995, Bosnian Serb military personnel transported thousands of Muslim detainees from Bratunac, Kravica and other locations to an assembly point in a school complex near Karakaj. At this assembly point, Bosnian Serb military personnel ordered the Muslim detainees to take off their jackets, coats and other garments and place them in front of the sports hall. They were then crowded into the school building and adjacent sports hall and held under armed guard.

25. On or about 14 July 1995, at this school complex near Karakaj, Ratko Mladic conferred with his military subordinates and addressed some of the Muslims detained there.

26. At various times during 14 July 1995, Bosnian Serb military personnel killed Bosnian Muslim detainees at this school complex.

27. Throughout 14 July 1995, Bosnian Serb military personnel removed all the Muslim detainees, in small groups, from the school building and sports hall and loaded them on trucks guarded and driven by Bosnian Serb soldiers. Before boarding the trucks, many of the detainees had their hands tied behind their backs or were blindfolded. They were then driven to at least two locations in the vicinity of Karakaj.

28. Once the trucks arrived at these locations, Bosnian Serb military personnel ordered the bound or blindfolded Muslim detainees off the trucks and summarily executed them. The summary executions took place from approximately noon to midnight on 14 July 1995.

29. Bosnian Serb military personnel buried the executed Bosnian Muslim men in mass graves near the execution sites.

30. On or about 14 July 1995, Ratko Mladic was present at one of the mass execution sites when Bosnian Serb military personnel summarily executed Bosnian Muslim men.

31. The summary executions of Bosnian Muslim males, which occurred on 14 July 1995 in the vicinity of Karakaj, resulted in the loss of thousands of lives.

THE ACCUSED

32. Radovan Karadzic was born on 19 June 1945 in the municipality of Savnik of the Republic of Montenegro. From on or about 13 May 1992 to the present, he has been president of the Bosnian Serb administration in Pale.

33. Ratko Mladic was born on 12 March 1943 in Kalinovik municipality of the Republic of Bosnia and Herzegovina. He is a career military officer and holds the rank of general in the Bosnian Serb armed forces. From on or about 14 May 1992 to the present, he has been the commander of the army of the Bosnian Serb administration.

SUPERIOR AUTHORITY

Radovan Karadzic

34. Radovan Karadzic was a founding member and president of the Serbian Democratic Party (SDS) of what was then the Socialist Republic of Bosnia and Herzegovina. The SDS was the main political party among the Serbs in Bosnia and Herzegovina. As president of the SDS, he was and is the most powerful official in the party. His duties as president include representing the party, coordinating the work of party organs and ensuring the realisation of the programmatic tasks and goals of the party. He continues to hold this post.

35. Radovan Karadzic became the first president of the Bosnian Serb administration in Pale on or about 13 May 1992. At the time he assumed this position, his de jure powers, as described in the constitution of the Bosnian Serb administration, included, but were not limited to, commanding the army of the Bosnian Serb administration in times of war and peace and having the authority to appoint, promote and discharge officers of the army. As president, he was and is a position of superior authority to Ratko Mladic and every member of the Bosnian Serb army and all units and personnel assigned or attached to the Bosnian Serb army.

36. In addition to his powers described in the constitution, Radovan Karadzic's powers as president of the Bosnian Serb administration are augmented by Article 6 of the Bosnian Serb Act on People's Defence. This Act vested in him, among other powers, the authority to supervise the Territorial Defence both in peace and war and the authority to issue orders for the utilisation of the police in case of war, immediate threat and other emergencies. Article 39 of the same Act empowered him, in cases of imminent threat of war and other emergencies, to deploy Territorial Defence units for the maintenance of law and order.

37. Radovan Karadzic's powers are further augmented by Article 33 of the Bosnian Serb Act on Internal Affairs, which authorised him to activate reserve police in emergency situations.

38. Radovan Karadzic has exercised the powers described above and has acted and been dealt with internationally as the president of the Bosnian Serb administration in Pale. In that capacity, he has, inter alia, participated in international negotiations and has personally made agreements on such matters as cease-fires and humanitarian relief, and these agreements have been implemented.

Ratko Mladic

39. Ratko Mladic was, in 1991, appointed commander of the 9th Corps of the Yugoslav People's Army (JNA) in Knin in the Republic of Croatia. In May 1992, he assumed command of the forces of the Second Military District of the JNA which then effectively became the Bosnian Serb army. He holds the rank of general and from about 14 May 1992 to the present, has been the commander of the army of the Bosnian Serb administration. In that capacity, he was and is in a position of superior authority to every member of the Bosnian Serb army and all units and personnel assigned or attached to that army.

40. Ratko Mladic has demonstrated his control in military matters by negotiating inter alia, cease-fire and prisoner exchange agreements; agreements relating to the opening of Sarajevo airport; agreements relating to access for humanitarian aid convoys; and anti-sniping agreements, all of which have been implemented.

GENERAL ALLEGATIONS

41. At all times relevant to this indictment, a state of armed conflict and partial occupation existed in the Republic of Bosnia and Herzegovina in the territory of the former Yugoslavia.

42. In each paragraph charging genocide, a crime recognized by Article 4 of the Statute of the Tribunal, the alleged acts or omissions were committed with the intent to destroy, in whole or in part, a national, ethnical, or religious group, as such.

43. In each paragraph charging crimes against humanity, crimes recognized by Article 5 of the Statute of the Tribunal, the alleged acts or omissions were part of a widespread or systematic or large-scale attack directed against a civilian population.

44. Ratko Mladic and Radovan Karadzic are individually responsible for the crimes alleged against them in this indictment pursuant to Article 7(1) of the Tribunal Statute. Individual criminal responsibility includes committing, planning, instigating, ordering or otherwise aiding and abetting in the planning, preparation or execution of any crimes referred to in Articles 2 to 5 of the Tribunal Statute.

45. Ratko Mladic and Radovan Karadzic are also, or alternatively, criminally responsible as commanders for the acts of their subordinates pursuant to Article 7(3) of the Tribunal Statute. Command criminal responsibility is the responsibility of a superior officer for the acts of his subordinate if he knew or had reason to know that his subordinate was about to commit such acts or had done so and the superior failed to take the necessary and reasonable measures to prevent such acts or to punish the perpetrators thereof.

46. The general allegations contained in paragraphs 41 through 45 are realleged and incorporated into each of the charges set forth below.

CHARGES

Counts 1–2 (Genocide) (Crime Against Humanity)

47. Between about 12 July 1995 and 13 July 1995, Bosnian Serb military personnel, under the command and control of Ratko Mladic and Radovan Karadzic, arrived in Potocari where thousands of Muslim men, women and children had sought refuge in and around the UN military compound. Bosnian Serb military personnel, under the command and control of Ratko Mladic and Radovan Karadzic, summarily executed many Bosnian Muslim refugees who remained in Potocari.

48. Between about 13 July 1995, Bosnian Serb military personnel, under the command and control of Ratko Mladic and Radovan Karadzic, summarily executed many Bosnian Muslim men who fled to the woods and were later captured or surrendered.

49. Thousands of Bosnian Muslim men, who fled Srebrenica and who surrendered or had been captured, were transported from various assembly locations in and around Srebrenica to a main assembly point at a school complex near Karakaj.

50. On or about 14 July 1995, Bosnian Serb Military personnel, under the command, and control of Ratko Mladic and Radovan Karadzic, transported thousands of Muslim men from this school complex to two locations a short distance away. At these locations, Bosnian Serb soldiers, with the knowledge of Ratko Mladic, summarily executed these Bosnian Muslim detainees and buried them in mass graves.

51. Ratko Mladic and Radovan Karadzic, between about 6 July 1995 and 22 July 1995, individually and in concert with others, planned, instigated, ordered or otherwise aided and abetted in the planning, preparation or execution of the following crimes:

(a) summary executions of Bosnian Muslim men and women in and around Potocari on 12 July 1995 and 13 July 1995,

(b) summary executions, which occurred between 13 July 1995 and 22 July 1995, of Bosnian Muslims who were hors de combat because of injury, surrender or capture after fleeing into the woods towards Tuzla.

(c) summary executions of Bosnian Muslim men, which occurred on or about 14 July 1995 at mass execution sites in and around Karakaj.

By their acts and omissions in relation to the events described in paragraphs 13, 14, 20.1–20.7, 23, 26 and 28, Ratko Mladic and Radovan Karadzic committed:

Count 1: Genocide as recognised by Article 4(2)(a) (killing members of the group) of the Statute of the Tribunal.

Count 2: A crime against humanity as recognised by Article 5(b) (extermination) of the Statute of the Tribunal.

Counts 3–4 (Crime Against Humanity) (Violation of the Laws or Customs of War)

52. By their acts and omissions in relation to the summary executions of Bosnian Muslim men and women that occurred in and around Potocari between 12 July 1995 and 13 July 1995, described heretofore in paragraph 13, Ratko Mladic and Radovan Karadzic committed:

Count 3: A crime against humanity as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 4: A violation of the laws or customs of war as recognised by Article 3 (murder) of the Statute of the Tribunal.

Counts 5–18 (Crimes Against Humanity) (Violation of the Laws or Customs of War)

53. By their acts and omissions in relation the summary executions of Bosnian Muslims who fled Srebrenica into the woods between 13 July 1995 and 22 July 1995 as described heretofore in paragraphs 20.1 to 20.7, Ratko Mladic and Radovan Karadzic committed:

Count 5: A crime against humanity (in relation to paragraph 20.1) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 6: A violation of the laws or customs of war (in relation to paragraph 20.1) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 7: A crime against humanity (in relation to paragraph 20.2) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 8: A violation of the laws or customs of war (in relation to paragraph 20.2) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 9: A crime against humanity (in relation to paragraph 20.3) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 10: A violation of the laws or customs of war (in relation to paragraph 20.3) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 11: A crime against humanity (in relation to paragraph 20.4) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 12: A violation of the laws or customs of war (in relation to paragraph 20.4) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 13: A crime against humanity (in relation to paragraph 20.5) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 14: A violation of the laws or customs of war (in relation to paragraph 20.5) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 15: A crime against humanity (in relation to paragraph 20.6) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 16: A violation of the laws or customs of war (in relation to paragraph 20.6) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Count 17: A crime against humanity (in relation to paragraph 20.7) as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 18: A violation of the laws or customs of war (in relation to paragraph 20.7) as recognised by Article 3 (murder) of the Statute of the Tribunal.

Counts 19–20 (Crime Against Humanity) (Violation of the Laws or Customs of War)

54. By their acts and omissions in relation to the summary executions of Bosnian Muslim men at mass execution sites in and around Karakaj, on or about 14 July 1995, as described in paragraph 28, Ratko Mladic and Radovan Karadzic committed:

Count 19: A crime against humanity as recognised by Article 5(a) (murder) of the Statute of the Tribunal.

Count 20: A violation of the laws or customs of war as recognised by Article 3 (murder) of the Statute of the Tribunal.

Richard J. Goldstone, Prosecutor.

The Hague, The Netherlands, 14 November 1995.

The PRESIDING OFFICER. The Senator from Vermont.

TOM RACINE

Mr. LEAHY. Mr. President, I would like to note last week a good friend of mine, and one of the best friends my home city of Burlington has, Tom Racine, died after a courageous battle with cancer.

Tom was one of those very special people who seemed to be involved in everything good with our community. As a motivating force, as the chief volunteer, as the hardest worker, he epitomized everything that we see in one who makes a community go forward, with the possibility of one exception. Tom Racine was the person you never saw in the headlines. You hardly heard of him in the press conferences or anything else. He just did the work. Others, often times, got the credit but Tom did the work.

I know so many times when I would run into him on Church Street in Burlington and I would talk about something that he was intimately involved in that was improving our community, I would tell him I read about others who were involved, but I knew he was doing so much of the work and I had not seen a word about him. He would say, "PAT, you know, that's just the way I am. I just want to get the work done."

Tom and his wife, Jeanette, ran Bertha Church's store on Church Street for years and years. We would see him there in the store. My wife shopped there, as did my mother, my mother-in-law, my daughter and others. It was more than just a store you would go into. It was a place where everybody knew you by name. Everybody was concerned about you and your family.

But more importantly, Tom and Jeanette Racine were concerned about all of us—Vermonters in the truest sense of the word. Our State has lost one of its most valuable citizens.

My wife, Marcelle, and I expressed our sympathy to Jeanette and the family. I had hoped to be at his funeral on Monday. As we all know, everything was closed down as far as air travel from here, and I was unable to go.

Mr. President, I ask unanimous consent to have some editorials and articles from the Burlington Free Press be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Burlington Free Press, Jan. 5, 1996]

CALLED TO SERVE

Every community needs at least one civic leader like the late Tom Racine—more interested in building up community than his own reputation, so dogged in pursuit of a good idea Racine once drove a Park-and-Ride van himself when nobody else would.

Burlington is fortunate to have so many civic-minded leaders like him. None, however, has been quite as self-effacing, persevering or nonpolitical. And few have been as determined to strengthen Burlington's retail economy where it counts most, downtown, or where it's been more fun, Centennial Field, home of Burlington's warmly welcomed minor league baseball franchise, the Vermont Expos.

Racine, who helped found the Church Street Marketplace in the 1980s and bring the Expos here in the 1990s, died Wednesday at age 65. What he brought to Burlington as a person, however, is sure to survive him—his civic work alone an inspiration to those like him to press on, and a nudge to others who, unlike him, might never have felt the need to serve.

Expos' owner Ray Pecor remembers who first put the bug in his ear to bring minor league baseball back to Burlington—and who then bugged him . . . and bugged him . . . and bugged him again until it was done: Tom Racine. Why did that comeback succeed when others had not? Racine, raised during baseball's heyday when players still played for fun, knew to put fans and fun first.

The Marketplace Commission's Molly Lambert remembers how that Park-and-Ride attempt to make downtown more pedestrian-friendly plan failed—but not until Racine had squeezed out the last drop of hope by volunteering to drive himself.

Mayor Peter Clavelle remembers Racine's habit of checking his politics and his ego at the door—the secret of his success with all manner of politicians.

Born in Maine, raised and educated in Brandon, he was, nonetheless, a Burlingtonian through and through—first as a graduate of the University of Vermont, later as a partner in downtown retailing and as president of the Downtown Burlington Development Association, then as chairman of the Burlington Public Works Commission. In all his civic work, he took the unpaid way.

Anyone who thinks Vermonters can afford to lose such old-fashioned civic-mindedness isn't paying attention. As more state and federal aid runs dry, sooner or later all of us will be asked to answer similar calls.

How many of us who do will say a lot about what kind of communities Vermonters build for generations to come.

[From the Burlington Free Press, Jan. 4, 1996]

BASEBALL, DOWNTOWN LEADER DIES

(By Mike Donoghue)

Tom Racine, the man who helped build a new downtown for Burlington and minor league baseball clubs for Vermont, died Wednesday in Fletcher Allen Health Care.

Racine, 65, was general manager for the Vermont Expos for the past two seasons, but

may be better known for helping create the Church Street Marketplace.

Molly Lambert, director of the Church Street Marketplace, noted Racine had done yeoman's work in promoting downtown. She said Racine was president of the Downtown Burlington Development Association when Church Street was turned into an outdoor pedestrian mall in 1981. Two years later the association gave him the Nate Harris award for promoting downtown.

Racine and his wife, Jeanette, bought Bertha Church, an intimate apparel shop on the Marketplace, in 1974.

Racine also served on the Burlington Public Works Commission and was its chairman. The city named the educational wing at the new public works building after him.

He also won sports awards. The New York-Penn League in 1994 named him executive of the year for running the minor league team, which is affiliated with the Montreal Expos.

Racine, who was diagnosed with lung cancer last year, was admitted to the hospital about a week ago for unrelated medical problems, according to his son, Bill Racine. After further complications, he died early Wednesday, his son said. Racine also leaves another son, Robert, and a daughter, Lori.

Lambert said Racine was quick to give a hand to anybody. She said he was one of the first businessmen to befriend socialist Bernie Sanders when he was elected mayor.

Jeanette Racine said it was her husband's friendship with Sanders that helped bring minor league baseball back to the state in 1983 in the form of the Vermont Reds of the Eastern League. The Reds eventually left, but the city later got the Mariners and then the Expos.

Bill Racine said the message that he got from his father is that "we all have a little something to give to our community."

[From the Burlington Free Press, Jan. 4, 1996]

BASEBALL COMMUNITY MOURNS LOSS OF RACINE

(By Patrick Garrity)

Tom Racine was a baseball man.

So say those who knew and worked alongside the Vermont Expos general manager, who died Wednesday morning after a battle with cancer. He was 65.

The man who helped bring baseball back to Burlington should be remembered for his business savvy and his dedication to his work. But most of all, Racine should be remembered for his love for the game.

"He loved his work and loved to come to work," said Kyle Bostwick, Racine's assistant with the New York-Penn League team. "More often that not, he was the first person into the office or the ballpark and the last person to leave."

Racine was involved as a booster for the Vermont Reds and Mariners organizations in the 1980s, then worked feverishly with Burlington businessman Ray Pecor to bring a NY-Penn team to Vermont. Pecor was not available to comment on Racine's passing, but the general manager's work was recognized in a statement prepared by the team:

"Tom Racine was the motivation for bringing baseball back to Burlington. If not for his persistence and encouragement towards the local community, baseball in Burlington may not have happened."

"He always stressed to us to make sure the fans were taken care of, and I think that was because he was one himself," Bostwick said. "Every one of his decisions, be it directly or indirectly, was for the fun of the fan. . . ."

Racine's success with the Expos' organization clearly was evident, as more than 230,000 fans streamed through Centennial Field's turnstiles the past two years. He was named 1994 NY-Penn Executive of the Year after the team set attendance records in its inaugural season.

"He was very well respected by his colleagues in the league," said NY-Penn president Bob Julian. "He was just a real man of the community. He loved Burlington, he loved baseball, and I think he had a ball doing his job. He loved the game."

A season-ticket holder since the days of the Vermont Reds, John Douglas of Essex Junction said Racine developed a rapport with fans and sought to make an Expos' game an enjoyable experience.

"Once, Tom mentioned to me that baseball is a game that is supposed to be enjoyed," Douglas said. "Consequently, he had that in mind when he was setting things up for Mr. Pecor."

"He was a gentleman who was very knowledgeable about the business of baseball. . . . "Mr Pecor lost a very, very trusted, highly competent individual, and we're going to miss him."

[From the Burlington Free Press, Jan. 5, 1996]

THOMAS RACINE

Thomas Racine, 65, died Wednesday, Jan. 3, 1996, following a brief illness.

He was born April 24, 1930, in Brunswick, Maine, the son of Dr. Wilfred and Marion Racine. The family moved to Brandon, Vt., in 1943, where he graduated from Brandon High School in 1948. Following a year in the Army, Tom received his B.A. from UVM in 1953.

Tom worked in the pension department at Connecticut General Insurance in Hartford for five years before returning to Burlington. He was employed as a sales representative for Proctor & Gamble and Maidenform until 1973, when he and his wife, Jeanette, purchased Bertha Church, a retail shop they have managed together ever since.

Always a baseball enthusiast, in 1994 Tom received what for him was an opportunity of a lifetime: a chance to serve as general manager of the newly organized Vermont Expos baseball team of the NY-Penn League. In 1994 he was honored by being voted "Executive of the Year" by his peers in the league. He actively pursued his general manager's duties until the time of his death.

Community issues were a driving force in Tom's life. As co-chair of the Downtown Burlington Development Association from 1978 to 1982 and 1985 to 1987, he was a catalyst behind creation of the Church Street Marketplace. He was a founder of the Transportation and Parking Council and promoted numerous public parking alternatives. In 1983, he received the Nathan Harris Award in recognition of his efforts to improve the economic vitality of the business district. He served on the Public Works Commission from 1987 to 1993, the last three years as chairman. He served as head of the Downtown Middlebury Association from 1992 to 1993, a position from which he helped spread the secrets of Burlington's economic success.

While baseball was his passion and downtown Burlington his consummate interest, he was also devoted to youth activities. He coached Little League and umpired high school and college baseball, filmed South Burlington High School football games for 12 years, volunteered for early morning duty with area youth hockey and served on various Boosters clubs. He also loved golf and the art of joke-telling.

Besides his wife, Jeanette, he is survived by two sons, William of Phippsburg, Maine, and Robert of Rutland; a daughter, Lori MacNeill of Mansfield, Mass.; and eight grandchildren.

SNOW

Mr. LEAHY. Mr. President, we have seen a fair amount of snow here in the last few days. I have sometimes taken the floor of the Senate and been critical of things closing down for 2 or 3 inches of snow, and have said we do not do it that way in Vermont. But I must admit, this would be a significant snowstorm even in Vermont. It would be a welcome one, because of our ski industry, and we would cope, but this would be a lot of snow in any other place.

I do know the distinguished Senator from Vermont, Senator JEFFORDS, had his office open during this time as did I. He is on the floor and, I might ask, Mr. President, my good friend and colleague from Vermont, would he agree with me that this is finally a Washington snowstorm that comes up to the standards of what we expect back home in Vermont?

Mr. JEFFORDS. If the Senator will yield, I would say it is getting close, anyway. It was, I think, an official 17 inches.

I would just comment, before I came down I shoveled off the roof of my house in Vermont. There was almost 4 feet of snow on the roof that I shoveled off. So, when I say it is getting there, it still has a ways to go. On the other hand, I have noted drifts in front of my house here that have totally buried the car, which makes it drifting over 5 feet. I think the drifts are more significant than the snowfall and that has certainly created a lot of problems.

Mr. LEAHY. I would say to my friend from Vermont, Mr. President, I looked out the window. One of my neighbors usually parks a car on the street. I thought it had been stolen until I saw about an inch and a half of antenna sticking out and realized the car was under that.

I know the area where my friend from Vermont lives, one of the most beautiful ones. He at least got his roof shoveled off. We had a little trouble with the roof on my house, I might say, and have had a bit of damage. We have had a lot of snow back home.

I would note that, while the Congress might close down the Government, we would have reopened it, but we found out there was a much higher power, as I am sure the Chaplain would agree, that closed the Government right down again. I hope it will be back open. I know there are so many thousands of good, hard-working men and women who want to get back to work.

Mr. WARNER. Mr. President, could I just ask the Senator to yield for a second?

Mr. LEAHY. Of course.

Mr. WARNER. I have lived in this area all of my life, northern Virginia

and the greater metropolitan area. I do not know that we have ever experienced anything like this, except perhaps the storm of 1979, which I remember very well.

Mr. President I want to say, on a serious note, how in the community here—certainly I can speak to northern Virginia but I am certain it is throughout the metropolitan area—citizens have really rendered help to one another in this crisis, be it shoveling snow or driving. The hospitals have asked for the 4-wheelers, and it is a great credit to the community and those who live in it, how they have reached out a hand to help their fellow citizens who are suffering as a consequence of this very severe storm.

Mr. LEAHY. If the distinguished Senator from Virginia will yield on that point, I absolutely agree with him. I told the distinguished Senator from Virginia I consider him my Senator when I am away from home. Of course, I consider Senator JEFFORDS my Senator when I am at home. But down here I have a home in northern Virginia where I live during the Senate session and I have seen exactly what the Senator from Virginia has said. People working hard, people come by asking elderly neighbors do they need something from the store? They were going to ski to the store, whatever.

When he talks about the hospitals and the 4-wheel drives, I know about that from firsthand experience. My wife is a nurse on a medical surgical floor in this area. She was on the shift that ended Saturday and Sunday and Monday night around midnight. As you know, the snow was coming down pretty hard at that time. Complete strangers were coming into the hospital with 4-wheel drives, people who were working at other jobs, to take nurses and doctors back and forth, pick up medical supplies, to take critically ill people back and forth. Total strangers were bringing her home. We could not get out at first, out of our street, to go ourselves. But they were doing that. There was that sense of cooperation that, frankly—and I mean this as a great compliment to the Senator from Virginia—it is the kind of cooperation we see in our State where we do get hit with heavy snowfalls like this, I know, whether it is in the little town of Middlesex, VT, where my farm is, or Shrewsbury, VT, the beautiful area where Senator JEFFORDS is from.

I yield to the distinguished colleague from Vermont.

Mr. HEFLIN. I wonder if the Senator will yield to the Senator from Alabama?

Mr. JEFFORDS. Mr. President, I will be happy to yield to the Senator from Alabama.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Alabama.

Mr. HEFLIN. Mr. President, I just want to comment on the snow, that it suits the people in Alabama and it suits the Senator from Alabama, that Vermont have most of this snow with the exception, I see as he leaves the chair, the Senator from Alaska is leaving, relative to his State.

They can have all of this snow. We will take 2 inches in Alabama every 3 years and let that suffice. Otherwise, we just want to leave it to Vermont and to Alaska.

Mr. JEFFORDS. I thank the Senator from Alabama for that generous offer, and I assure him that we will take him up on it. We will use every bit that we can.

THE IMPORTANCE OF AMTRAK

Mr. JEFFORDS. Mr. President, I also want to make a couple of other comments which I am sure my senior colleague will agree with. One which proved to me the importance of Amtrak was how I got back here on Sunday night. I came all the way down from basically Vermont on through Massachusetts. The efforts which those crews put on, and how packed that train was when it finally got to New York City, and then on to Washington, emphasized how important that means of travel is in times of crisis like this. Without Amtrak passenger service we would be in trouble.

Mr. LEAHY. Mr. President, if the Senator from Vermont will yield, I might comment on that.

The Senator from Vermont and I have joined together in an awful lot of fights for our State and for our area during the past 21 years. And I think it is the one that I am most proud of and join with him in. He and I throughout those years, with our former colleague, Senator Stafford, joined to keep Amtrak going up in our area. He is absolutely right to praise them. I know he uses the train. It is not just a case of saying, "I want it for others." He uses it as I do on occasion. This is something for which Amtrak deserves that credit.

THE VERMONT FLAG

Mr. LEAHY. Mr. President, I also tell my colleague from Vermont that the distinguished senior Senator from Alabama once noticed a Vermont flag flying here. And the distinguished Senator from Vermont and I have both been to Antarctica and have flown Vermont flags. I commented that that is what has been done with it. It has been flown in Antarctica, the South Pole, the coldest spot on Earth.

The distinguished Senator from Alabama looks up and says, "From what I hear from Vermont, the flag probably felt right at home."

THE IMPORTANCE OF DAIRY

Mr. JEFFORDS. Mr. President, one other item which I would like to point out relative to Vermont and other areas of the country is the importance of dairy.

I did not realize it until I struggled home last Sunday night and went to the convenience store. I found they had adequate food. However, the dairy case had but one quart of milk left. When I arrived again the next morning, it had been replenished, and there was only one gallon of milk left.

I point that out as to how important obviously in our lives dairy is; the dairy industry.

So keep that in mind as we go along and take up the dairy program later this year.

THE DISTRICT OF COLUMBIA

Mr. JEFFORDS. Mr. President, let me also make a couple of comments about the District of Columbia, being the chairman of the subcommittee on District of Columbia appropriations.

This also points out how hard strapped the District is with respect to meeting emergencies such as we have had recently. I know I personally have not seen a single snowplow in the days that I have been walking back and forth. I do know that we have a fleet of 50 snowplows, 8 of which are out of service because of mechanical failure. Usually in the past they have had funds available to be able to hire plows. In fact, 4 years ago over 200 private plows were hired to clear the streets. However, sufficient funds were not available. Only 55 private plows have been able to help out. In addition to that, we have another 30 trucks that are sitting there idle because of the failure of the mechanical parts.

So I think it is important that we keep in mind that for the District that we have to get their physical matters in shape so that we can handle these kind of problems.

I also point out with respect to the District of Columbia that I will be meeting this afternoon with Congressman GUNDERSON in the House, and we will be communicating with subcommittee Chairman WALSH on trying to bring a reconciliation to our difficulties over the changes that are being recommended with respect to the District of Columbia educational system.

I will be proposing to them a hopeful compromise which will on the one hand allow us really to do something substantial to improve the educational capacity of our schools in the District of Columbia but at the same time will make it unlikely that we will have a filibuster in the Senate on the controversial issue of vouchers.

So I am hopeful that we will be able to take care of that. I anticipate that when we come back on the 22d of January that we will have a budget agreement for the House and Senate to vote on.

THE BUDGET IMPASSE

Mr. JEFFORDS. Mr. President, I would like to also comment on the budget negotiations.

Mr. President, I rise today to discuss the state of current budget negotiations. First, I would like to thank Senator DOLE and Senator DOMENICI for their leadership and fortitude in pursuing a balanced budget in the next 7 years. They have been working hard during this past year at finding common ground with the President to reach a budget agreement.

Further, I am pleased that the President has recently agreed to balance the budget during the next 7 years using CBO scoring. I understand the importance that this step has in reaching a final agreement. With this in mind, I remain hopeful that an agreement can be reached quickly.

Mr. President, however, I look on with regret as the current negotiations are under suspension. It is vitally important that both sides quickly resume discussions.

Like many of my colleagues, I am committed to balancing the Federal budget. I have been working with several Senate Members for the past few weeks from both parties to forge a compromise budget that balances in 7 years and uses CBO for scoring. We have recently offered this bipartisan plan to our congressional leaders that is both reasonable and plausible. I was very pleased to see that the Republican budget negotiators have incorporated many of these suggestions from this bipartisan plan in their latest proposal to the President. With these latest proposals it now appears that Congress and the President are close on many items. In many cases the two sides are off by only 1 percent in nominative terms on many budgetary items.

Mr. President, I will continue to work with my colleagues to forge a compromise agreement in the near term. Finally, I believe that during this process of working on a budget agreement Congress and the President must keep the Federal Government fully operating. It is unnecessary and wrong to penalize Federal workers for the Congress' and White House's inability to reach agreement.

I want to again commend, as others have, the majority leader, Senator DOLE, for ensuring that we did not have a breakdown yesterday. There were rumors flying around this city that it was expected that one or the other side would just decide that we ought to end the negotiations.

I conversed with several of my moderate companions who have been moving and trying to get a moderate budget proposal there for others to look at, and I found that such a breakdown of the negotiations would have been a serious, serious mistake. There are issues on both sides from individuals that feel that it would be politically advantageous for each side to have the negotiations break down. I think that would be a horrible mistake. It is for the good of the country. And we are right now in the position that we can really have a breakthrough on what will make the future of this country brighter, and we should work all we can. The same is true on welfare as well.

I also would say that in the negotiations one of the areas of major consideration is Medicare. I hope and urge that both Houses resume negotiations on health care reform because, if we can get the breakthroughs which I know are there in health care reform—to get the cost of Medicare under control so that we do not get all the cost shifting with the fee-for-services system—we can make that almost a nonissue in the near future. If that becomes a nonissue in the sense that it is under control, then the budget reconciliation, budget problems, diminish very substantially.

THE DEATH OF MIKE SYNAR

Mr. JEFFORDS. Mr. President, I would also like to add my comments on the death of Mike Synar, who was a good friend of mine in the House at the time I served there. He and I worked on many controversial projects and programs.

I believe very strongly that there have been few people who have been as dedicated in handling and facing difficult and tough issues as Mike Synar.

I was saddened by his death at a very premature age, and wish to express my condolences to his family.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

THE DEATH OF JUDGE JAMES A. TOMPKINS

Mr. HEFLIN. Mr. President, I want to mention the death of a dear friend of mine, Judge James A. Tompkins. He was known nationally, and attended many national Democratic conventions. He served as probate judge of my home county, Colbert County, and his father before him served as probate judge of Colbert County.

After Judge Tompkins left that office, his wife served as probate judge of our county, and his son is now a circuit judge in Colbert County. I will have more remarks about that later.

MIKE SYNAR

Mr. HEFLIN. Mr. President, I would like to also add my words about Mike Synar. He and I worked together on bankruptcy legislation as well as farm legislation. He was a great Congressman and will be truly missed.

TRIBUTE TO THE SUPREME COURT

Mr. HEFLIN. I want to commend the Supreme Court for its activities during this storm. Monday it met and heard oral arguments. Yesterday, Tuesday, it met and heard oral arguments. It is meeting today. It perhaps has a smaller group of people who would have to gather to meet, but nevertheless they are to be commended for their activity in all of this snowstorm.

I will say that on Monday I was in my office at 3 o'clock when the Senate met. The Presiding Officer now, Senator WARNER, was here, and the Senator from Vermont, Senator JEFFORDS, was here, and one two others. Senator DOLE, of course, was here. I commend them for coming and making the effort. It reminded me of the effort on President's Day in 1979 when we had 24 inches of snow, more snow than we have today.

As has been the custom and the tradition of the Senate, the farewell address of George Washington was delivered. On that occasion the Presiding Officer, Senator WARNER, delivered that address, read it. I happened to have presided. There may have been one other Member of the Senate that was here. Senator WARNER made a real effort, walked some several miles in order to come and finally got here. I remember that quite well, that particular time.

So the Supreme Court of the United States is meeting. They are to be commended for their effort at this time.

I would like to——

Mr. LOTT. Mr. President, would the distinguished Senator from Alabama yield for one comment?

Mr. HEFLIN. I say yes to the Senator.

Mr. LOTT. I just want to commend the Senator for his comments. Being from a neighboring State, Mississippi, I have talked to constituents there this morning. It is 65 and the sun is shining there. They feel like it is a little cool. They do not quite understand what all the fuss is. Their needs go on.

I have been working on a veterans' case and a post office matter. I just want to commend the Senator from Alabama and note that the Senator from Mississippi and southern Senators are here, and I just do not quite understand what all the fuss is about with the snow.

Would the Senator from Alabama share that feeling?

Mr. HEFLIN. Yes, I say to the Senator. I am not saying that I endorse snow. I do not like too much of it. I see my friend from Alaska and Vermont and others who endorse snow. I am not a snow endorser.

But people in various places where the weather is not too bad, they have phoned in; and sometimes their phones are not being answered, and that is because of the problems here.

THE BUDGET NEGOTIATIONS

Mr. HEFLIN. I would like to mention the situation concerning the budget negotiations. As Senator SPECTER said, they are really eight-tenths of 1 percent from reaching agreement in dollars and cents. It constitutes more than $12 trillion over a 7-year period. There is $100 billion in difference now, which is eight-tenths of 1 percent.

There are policy differences involved in this. But many of us have been striving to have a balanced budget for a long time. The first bill I introduced calling for a constitutional amendment requiring a balanced budget, we came close to that amendment being adopted recently. I hope we return to it again. I hope it can be adopted.

I am delighted to know that harmonious relations exist. There is nobody fussing right now about the other pertaining to the recess, as it is being called. But let me say this from the perspective of long-time negotiations of the settlement of lawsuits: You do not do too well with recesses. So my advice, if it is to mean anything, is get back together. You might want to recess a day or 2, or maybe a week at the longest, but recesses allow the reentrenchment of ideas, and therefore you do not have the give-and-take, you come fortified to maintain your position.

It is a matter of trying to be reasonable in getting together. We are mighty close now. So let us not have too long a recess. Let us get back together. Certainly by the time the President makes his State of the Union Address, we ought to, by that time, have an agreement. That ought to be a goal that we should be striving toward, and making every effort.

We are close, but the differences are still major. But we can reach an agreement and produce a balanced budget for 7 years. I urge all participants in the negotiations to get back together and to work and endeavor to be reasonable and to reach an agreement.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER (Mr. JEFFORDS). The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank the Chair.

THE WEATHER CONDITIONS IN WASHINGTON, DC

Mr. MURKOWSKI. I want to comment very briefly on the matter that has been the subject of some discussion, and that is the weather in Washington, DC. Alaskans operate on the theory that you are hardy because you have to be. I might add, that for reasons unknown, perhaps because of the extended atmospheric conditions or warm air or some might conclude hot air emanating from Washington, DC, in this general area, I think we have attracted something, and it has been snow. Much of that perhaps has moved from my State of Alaska where we have virtually no snow.

Our ski resorts in Anchorage have not opened, and in Fairbanks there is not enough snow to go cross-country skiing or snow machining. So I do not know whether that is a blessing in disguise or not. But Alaskans are somewhat concerned, and I might add somewhat confused. But I do not think Alaskans necessarily are the only ones that have made that observation as a consequence of the last several weeks of discussion here in Washington.

HELPING A DRIVER IN THE SNOW

Mr. MURKOWSKI. Mr. President, I might just add for the benefit of my colleagues a little story that occurred the other day when my wife and I were walking over here on Monday and it was pretty scarce around here. The snow plows had not been active at all on the street that we live on even though it is a street that offers bus service. We are only about 6 or 8 blocks away.

We came over and went through the mail and did a few odd things, as we have been doing each day since. Going back I noticed a car was trying to get up a small hill. It was about a two-block hill. They were not having any luck. The more the driver pressed on the throttle, the more the wheels spun.

I said I would be happy to get his car up to the top of the hill for him. So he got out of the car, and I got in the car and put it in drive, and very slowly eased up the hill. I noticed that there was another hill at the end of the first block. I thought, well, the best thing to do is take it up to the corner. And as I crept up the second block, I noticed the gentleman was shaking and beginning to run after the car.

I stopped at the stop sign when I got to the top of the hill, and he said, "I didn't think you were going to stop. I thought you were going to steal my car."

I said, "No. I didn't want to stop at the first stop sign because we were still on a hill and you would have trouble."

He said, "Well, I'm sure glad that you got my car up the hill." But he said, "I was really concerned you were going to run away with it."

To end the story, he got in the car. I left. He went around the corner and got stuck again. I guess it is a hazard that is associated with so many experiences.

THE BUDGET TALKS

Mr. MURKOWSKI. Mr. President, let me make a reference to the state of affairs relative to the suspended budget talks. I think it is fair to say that we have all observed, with some chagrin, finger pointing, the reality that after these endless meetings we are left with a situation where we have not reached an accord. It is undoubtedly a reality that we will not get this thing resolved until after the State of the Union on the 23d of January. It would be perhaps speculative to suggest we will get it resolved at that time. But we certainly hope so.

But I think it is fair to say that the extended discussions covering the major issues of Medicare, Medicaid, welfare, taxes have been thoroughly gone into, but they are still not resolved. The President has stepped forward with a 7-year proposal to balance the budget, but the difficulty with that is most of the cuts are in the 7th year.

In the 7th year the President is not going to be here. It is such a draconian mandate that undoubtedly Congress would find it unacceptable. Clearly it lacks the commitment that is necessary for it to be workable; and that is that we have a proportional cut over each year that is equitable and palatable to the American public. Further, Mr. President, we have not gone into the second-tier issues.

These are issues that are subject to considerable debate, but they are in the reconciliation, and the reconciliation process as we know it is hung up as a consequence of the continued discussion over Medicaid, Medicare, welfare, taxes, and so forth.

As a consequence, we have an emergency not just associated with weather, but in my State concerning resource development on public lands. As an example, we have unresolved the issue of opening up the Arctic National Wildlife Area for oil exploration. That is covered in the reconciliation package. We have a mining piece of legislation, a mining bill in the reconciliation package that will either determine the future of domestic mining or the demise of mining in the United States as we find ourselves in a situation where the industry is no longer able to generate a reasonable return on domestic investments and moves overseas.

So there is much riding on a resolve, and we also have unresolved major appropriations bills affecting my State and the timber industry in the Tongass and the Interior appropriations bill. So it is imperative that judgments be made and that those judgments be made in a timely manner.

As a consequence, Mr. President, I would just like to refer to what I think is the significance of what this debate is all about. It has been suggested that the debate concerns itself with a balanced budget. I think it is more fundamental. I think it is a historic debate about the role and the scope of Washington, DC, whether Washington will continue to tax Americans more, to spend more of America's savings, to regulate Americans more, and to control Americans more, or whether we are going to see a departure that will begin to reduce the size, scope, and power of Washington, DC. I think that

is what this debate is all about. I think that is what we should focus in on. We are at a significant crossroads, Mr. President, and it is appropriate that we recognize it for what it is. It is either doing business as usual or a substantial departure from the status quo.

Finally, Mr. President, I would like to have printed in the RECORD a letter from Kelly R. King. Kelly King is a college student from Alaska. He was formerly an intern in my office. He has written this letter to each Member of the U.S. Senate who chose not to support opening the Arctic National Wildlife Reserve for exploration and, if the oil is there, production. I think it is appropriate that we reflect on the attitudes prevailing concerning whether or not we are going to continue to develop our natural resources in the United States, whether it be on public land for grazing, mining, timbering, oil and gas exploration, or whether we are going to depend on imports.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 5, 1995.

Hon. PAUL WELLSTONE,
U.S. Senator,
Washington, DC.

DEAR SENATOR WELLSTONE: Now that I am of voting age, I have taken a deep interest in the affairs of my nation, and particularly my state. The nation is facing a growing national debt that we must stop. Alaska proposed a solution to help this problem which you voted against, that is, the opening of the Arctic National Wildlife Refuge (ANWR) to oil exploration. I hope that you will reconsider your decision with some information that I hope to bring to your attention. If we opened the 1002 area to drilling, not only would it help to solve the national debt, but it would also decrease our dependence on foreign oil.

In 1980, Congress set aside 1.5 million acres out of a total of 19 million acres in ANWR so that it could be studied and considered for oil exploration and named it the 1002 area. The studies have been done and it is time to open it for drilling. Geologists have found that there is considerable evidence that sizable quantities of oil could be found in the Arctic Oil Reserve and recommend opening the AOR for drilling. Don't believe those that tell you that ANWR is America's last wilderness. In fact, more than 192 million acres of the State of Alaska are already protected as either National Parks, Preserves, Refuges, Marine parks and other federal and state conservation units. The 1002 area is not designated as a wilderness. Studies show that more than 99 percent of ANWR would remain untouched if oil drilling were to take place. A study done by the Office of Technology Assessment found that fewer than 2000 acres of the 1.5 million acres in the 1002, less than 5 percent, would be affected. You can see by that study that drilling will only affect the environment in minute ways. Modern day technologies will allow us to drill for oil safely without hurting the environment.

You may ask how opening ANWR will affect your state and America? Economists are estimating that if ANWR was opened to drilling, that it would create over 700,000 jobs all around the country. Not only would the United States benefit, but over 700,000 Americans would have job security in the oil industry for centuries to come. In a recent survey done around the country, very few people have even heard of ANWR. And when presented with the facts, they supported the idea of drilling in the 1002 Area.

Bi-partisan support for the opening of the Arctic Oil Reserve (1002 Area) is widespread throughout Alaska. Not only is it backed by the Alaska State Legislature, Governor Knowles, and most of Alaskan citizens, but the Alaska Federation of Natives endorses this plan as well. The majority of Alaska Natives feel that development of the reserve can only better their lives. If oil is found, it will eventually provide jobs, water and sewer systems, electric power, and security for their villages, while not sacrificing the wildlife on which they are so dependent. The Porcupine Caribou herd is of concern to Natives and to all Alaskans, but careful regulations were implemented at Prudhoe Bay and the Central Arctic caribou herd grew from 3,000 in 1972 to 18,000 today. This confirms that animals and development can coexist in the Arctic.

I hope that you use some of the facts that I have provided, continue to research the Arctic National Wildlife Refuge, and reconsider your decision. Development can only better the United States and Alaska. I believe there is nothing to lose in opening the Arctic Oil Reserve. If you would like more information, I would urge you to contact the Alaska Delegation. Please carefully decide, based on sound science—the obvious answer being that it is time to open the Arctic Oil Reserve. Americans and Alaskans both know that it is time.

Sincerely,

KELLY R. KING,
College Student.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

THE BUDGET NEGOTIATIONS

Mr. WARNER. Mr. President, first, I thank my distinguished colleague from North Dakota for allowing me to speak for a few minutes. We have had a little discussion about the snowstorm, which I think is all well and good. I want to return to the very serious subject on the negotiations relative to the Nation's budget. It has been my privilege to associate with the distinguished majority leader, the Senator from Kansas [Mr. DOLE], and the distinguished majority whip, the Senator from Mississippi, and others, who in the last 2 weeks have worked on these issues. I must say that I was extremely disappointed yesterday that a further resolution of this matter could not have been achieved by the President in good-faith negotiations on both sides, as characterized by the participants.

I had hoped that perhaps some of the can-do spirit manifested here in the Northeast as we cope individually and collectively with the storm could have been infused in those negotiations. But my concern, however, is over the hiatus between now and the proposed adjournment resolution, which I understand the Senate will soon be taking up. As it relates to my particular area of responsibilities, namely the Commonwealth of Virginia and particularly the adjoining areas in the greater metropolitan area, this geographic area has been severely hit economically as a consequence of this shutdown. First and foremost, the cost has been what I regard as an unfair burden placed upon the shoulders of Government public servants who, in good faith, tried to do their work but were furloughed. They were caught in a crossfire, which I think was totally unjust. Nevertheless, I and many others worked successfully to restore their work status and, indeed, their pay.

But, Mr. President, there is an entire infrastructure that, likewise, has suffered and will receive no restitution as a consequence of this shutdown. Hotel, motel, transportation, restaurants, and a vast array of the private sector, mostly small businesses, have been affected here in the greater metropolitan area, and most severely in northern Virginia and throughout the tidewater area of Virginia, by this shutdown.

My concern is whether, during this period of uncertainty, tourists and travelers will continue to come to the Nation's Capitol while a possible shutdown again hangs in abeyance until Congress returns and the negotiators again attempt to resolve this impasse. Take, for example, a family planning to come to the Nation's Capitol, having invested their hard-earned savings for a trip to see the wonders that we have here; are they still going to come?

I see the distinguished majority whip. I know from working with him and the majority leader that none of us wants to see a further Government shutdown. I hope that in a short colloquy we might convey as best we can, that it is highly unlikely that we would experience another shutdown such that it would impede and adversely affect the plans of people who normally would be visiting this area.

Mr. LOTT. If the Senator from Virginia will yield for a comment and response. First, I want to say how much I appreciate—and I want to make sure that all Members recognize that the distinguished senior Senator from Virginia has been very, very diligent over the past weeks when the Senate has just been in very brief sessions. When most Senators were back in their respective States during the holidays, I would turn on C–SPAN and I would see the Senator from Virginia here with our distinguished majority leader. The majority leader would report on the status of the budget discussions, and the Senator from Virginia was always here. He has made his case very well about not only the need to get a balanced budget and get a control on Washington, DC, but also his concern that the Government be open doing its work, and that the Federal employees, and indeed those that are affected by

that shutdown that we had, the business men and women in Northern Virginia, that their positions be recognized. So he certainly has done an excellent job in that area.

With regard to what may be happening, of course, there are a number of things that may be happening in the next couple of weeks. I note the budget negotiators are senior Members that were there from the Congress, meeting with the administration. They have described this as a recess. In any negotiation you reach a point where you really do sometime need to take a break, get away from each other, assess what the numbers are. I assume the Budget Committee members and staff at the White House will be assessing the latest offers. So there is a possibility that the negotiations to reach an agreement would get back going next week.

I know the majority leader indicated very strongly that, whenever the President feels like there is a need for—a reason to get back and have discussions, that certainly our majority leader and the Speaker of the House and majority leader in the House would honor a request to get back together. So there is a possibility that will happen.

Another option, of course, is that some agreement could be reached. Then, during that week of January 22nd, 23rd, that agreement could perhaps be acted on by the Congress, and if there is an agreement reached I assume it would be approved relatively quickly—I hope so.

Another option is, then, when this continuing resolution to keep the Government operating until January 26—when we reach that point, I do not think there is any intent to have a situation where we would go back to a Government shutdown. That time has past. I feel like the Congress, House, and Senate, would try to take action that would avoid that and I know there would be a coordinated effort, hopefully, with the administration.

Of course there is always the necessity for legislation not only to be passed, but in order for it to be enacted, the President has to sign it. We have not had very good luck, lately, with the President signing measures we have sent to him.

But the intent, I believe, by the leadership on both sides of the aisle, is not to have another situation on January 26 where we would go into some sort of Government shutdown.

A BALANCED BUDGET

Mr. WARNER. Mr. President, I thank my distinguished colleague. Again, I commend him for his leadership throughout this period. That does provide, hopefully, a measure of reassurance.

This Senator is a very strong proponent and adherent to the concept of the 7-year balanced budget using the CBO figures. That is the cornerstone, because it is imperative that we redirect this Nation on a course of less Federal spending.

I shall not go into more philosophical points here. I align myself with the distinguished majority leader and the majority whip. You have led this side of the aisle in working with the other side to reach a resolution of this matter. So I am philosophically attuned and in full agreement with our leadership here. But I am concerned, again, about the economic impact here in the area that I represent.

I also must say, Mr. President, and I say to our distinguished leader, I am concerned about the national financial situation.

Mr. LOTT. Yes.

Mr. WARNER. Our financial markets—stocks, bonds, commodities and the like—are following this debate closely. The continued ability of this country to borrow, both domestically and internationally, at a reasonable rate of interest, depends on the resolution of this matter. So, while two Senators, and perhaps there are others who will join, can give some measure of reassurance at this time, I think only when final action is taken by the Congress and signed by the President of the United States, can we regain the full confidence of the various financial institutions which are keenly aware of the actions taken here in the Congress.

So, I thank my distinguished leader, I thank the Senator from North Dakota. I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

THE SHUTDOWN, THE BUDGET, AND TAX CUTS

Mr. DORGAN. Mr. President, there has been some discussion today about the budget negotiations. I have a couple comments to add to this discussion.

First, with respect to the budget negotiations, there ought not be, under any condition, another Government shutdown. It is, in my judgment, a symbol for the entire country of failure when some people here in the Congress decide that shutting down the Government should be used to accomplish their ends.

A shutdown asks the American taxpayer to pay for work that is not performed. It asks some Federal employees to come to work and accept the promise of pay later, but it deprives them of their paycheck. It sends the other Federal workers home without pay, when they have bills to pay and obligations to meet and want to come to work.

The shutdown dangles Federal workers at the end of a string, saying to them: "You are the ones we will use as pawns in this budget debate."

Those who advocate shutdowns, and there are some, demonstrate that you can have a hard head and a cold heart at the same time. But that advocacy does not show any capacity to think this budget crisis through to a decent conclusion. We ought not have another Government shutdown under any conditions, because it serves no interests except to hurt this country. All of us, it seems to me, in Congress, ought to pledge never to let another Government shutdown happen again on our watch.

Now, about balancing the budget, we should balance the budget. I have said before and I will say again, because it is worth saying, I think the Republicans deserve credit for pushing for a balanced budget. You deserve credit for that. Democrats deserve credit for pushing a balanced budget with the right kind of priorities. We ought to get the best of both rather than the worst of each.

People talk about "families balance their budgets." Can anyone in here think about a family that sits around their table at night and says, "We need to develop a plan to balance our budget, so let's see, we are going to help our oldest son make payments on the Mercedes. We need to send a monthly stipend to rich Uncle Louie over in Nashville. How are we going to pay for all that? Let's cut back on mama's health care and let's pull junior out of college."

Does that sound like a logical approach for a family, in making their decisions about how to deal with their budget situation? Not hardly. Nor is it the right way for Congress to deal with its budget situation.

Interestingly enough, we have come to a point where there is a lot of agreement on the budget-balancing question. There are a number of areas of agreement but there are a couple of large areas of disagreement.

Most people, in assessing this problem, would start by saying you do not balance the budget by cutting your revenue. I think everybody on all sides of the aisle ought to decide to abandon tax cuts at this point until we have honestly balanced the budget, and then come back and assess the question of how you change the tax code and how you cut taxes for middle-income families.

But I say to all parties in these negotiations, it would make sense, it seems to me, to abandon the proposals to cut taxes because I think everyone in this Chamber who thinks about it honestly will understand, every dollar of tax cut during the 7 years will be borrowed and added to the Federal deficit. Every single dollar of tax cut will be borrowed. I say abandon the tax cut. Deal with the spending issues in a real way, and let us balance the budget.

The problem we have at the moment is some are insisting on a tax cut well over $200 billion. In order to make room for that, you have to have deeper

cuts in Medicare. That is where the scales are balanced, or, better said, out of balance. In order to get this tax cut on this side up to $12,000-some, you have to pull down the Medicare costs. You have to cut Medicare to accommodate the tax cut. That is the dilemma.

Abandon the tax cut, balance the budget honestly, reach an agreement, and do it in a way that represents the best interests of the priorities of the American people. Let us make sure we have enough money for education. Let us provide for health care for senior citizens. Let us do the things that are necessary to protect this country's environment. Let us do this the right way. It can be done.

There are good Republicans and good Democrats who think clearly about these things. We ought to be able to come together to reach an agreement, in my judgment.

TWO HEROES

Mr. DORGAN. Mr. President, I would like to just briefly, today, talk about two Americans I wanted to bring to the attention of my colleagues, two heroes of mine.

I never met them. I talked to one fellow on the phone the other day. A fellow named Robert Naegele and his wife Ellis. He started a company called Rollerblade, which some may know about, the largest in-line skate company in America. It was a story I read in the Minneapolis Star Tribune, when I traveled through Minneapolis the other day by plane.

Robert Naegele sold his company 2 months ago. He apparently made an enormous amount of money, ran the company, started it from scratch, brought it to a $250 million company and then sold it a couple months ago. Then, about a week before Christmas, 280 employees of this company began to get letters in the mail from Mr. Naegele and his wife. It turns out he decided to give the people who worked for that company, the people in the factories, the people who made the skates that made him a very wealthy man, a Christmas bonus equal to $160 a month for every month these folks had worked for the company.

For some of them in the factory who had been there all the time he was there it meant up to $20,000, a $20,000 check. Do you know what he had done? He and his wife had prepaid the income taxes, so when these folks opened up this check, totally unexpected, from someone who no longer owned the company, they got a check that was tax free.

What this man was saying to them was "you mattered." You people who worked in the plant and factories and helped make these products, you are the ones who made me successful. You made me some money and I want to share it with you. What a remarkable story. What a hero.

This guy is out of step with the CEO's in our country who now say the way to the future is to downsize and lay off and decide to cut the ground out from under the feet of people who work for a company for 20 years. This fellow says to a factory worker, who the article describes—as their families are weeping with joy about this unexpected benevolence they received in the mail—he says, you matter to me. You made a difference. You made this company successful and I want to share it with you.

What a remarkable man. It seems to me if more CEO's in this country would understand what Mr. Naegele understands, this country would be a better place. Our companies could be better able to compete. You would have more loyalty, more job security for people who have spent 10 and 20 years investing their time in companies.

I read this one day. The next day I read another piece.

It was about a fellow whose company, on December 11, began to burn down—it was in a small town in Massachusetts—a man named Aaron Feuerstein. He was about to go to his 70th birthday party, a surprise party that was being thrown for him. He learned a boiler had exploded at his mill, textile plant, setting off a fire. It injured 27 people and destroyed three of the factory's century-old buildings. That employs 2,400 people in an economically depressed area.

The people who watched that mill burn felt that they were losing their jobs, and losing their future.

When Feuerstein arrived to assess the damage to a business his grandfather had started 90 years ago, he kept himself from crying by thinking back to the passage from King Lear in which Lear promises not to weep even though his heart would "break into a hundred thousand flaws." "I was telling myself I have to be creative. . . ."

And 3 days later:

On the night of Dec. 14, more than 1,000 employees gathered in the gym of Central Catholic High School to learn the fate of their jobs and of the cities of Methuen and Lawrence. Feuerstein entered the gym from the back, and as he shook the snow off his coat, the murmurs turned to cheers. The factory owner, who had already given out $275 Christmas bonuses and pledged to rebuild, walked to the podium. "I will get right to my announcement," he said. "For the next 30 days—and it might be more—all our employees will be paid their full salaries. But over and above the money, the most important thing Malden Mills can do for our workers is to get you back to work. By Jan. 2, we will restart operations, and within 90 days we will be fully operational."

True to his word, Feuerstein has continued to pay his employees in full, at a cost of some $1.5 million a week and at an average of $12.50 an hour—already one of the highest textile wages in the world. And even better than his word, Malden Mills was up and running last week at 80% of its Polartec capacity, thanks to round-the-clock salvage work and the purchase of 15 new machines. "I haven't really done anything," says Feuerstein. "I don't deserve credit. Corporate America has made it so that when you behave the way I did, it's abnormal."

I just want to finally mention that these two men, Robert Naegele, and Aaron Feuerstein, I think are heroes. I think both recognize what a lot of this country have forgotten. A company is its workers. Yes. It is its investors, it is its innovators, it is its scientists, and it is also its workers. Workers matter, and these heroes have done what more American business leaders should do. Too many American businesses now say to those workers, "You are like a wrench. We use it, and we get rid of you when it is over."

What these people are saying is the workers are their business. They determine whether that business is successful. And both of them have said we commit ourselves to you workers. And I say to them that they are American heroes to me, and I wish there were more like them in this country.

Mr. President, I ask unanimous consent to have these two articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Minneapolis Star Tribune]

IT WAS A SURPRISINGLY GREEN CHRISTMAS FOR ROLLERBLADE EMPLOYEES

(By Dee DePass)

Two weeks ago Rollerblade employee Ann Reader, six months pregnant with her third child, called her husband, Tim, from work sobbing. He immediately thought the worst, she said.

But it was good news for Reader and all of Rollerblade's 280 employees. Former Rollerblade co-owner Robert Naegele and his wife, Ellis, played Santa over the holidays, giving each of Rollerblade's employees thousands of dollars in tax-free money, figured at about $160 for each month of service with the company. Sources familiar with the giveaway estimated the combined gifts to be $1.5 million.

Reader, team programs manager, has worked there for more than six years—making her check worth more than $11,000. None of the employees contacted would confirm the amount of their checks.

"It made me cry," said Reader in a shaky voice. "I think it was so generous of them. It was an amazing gesture."

Rollerblade spokesperson Deborah Autrey said, "It was a complete surprise that came out of the blue. People were laughing and crying and hugging. I have never seen people in such a stupor."

Autrey has worked at Rollerblade for four years. More than half of the employees are warehouse workers with most receiving hourly wages.

Naegele, who was chairman during the phenomenal growth of the 15-year-old firm, could not be reached for comment. Two months ago he sold his 50 percent share of Rollerblade to Nordica Inc. of Italy for an undisclosed amount. He bought 50 percent of the in-line skate company in 1985, when sales were only $500,000. Sales in 1994 were $265 million.

In Christmas cards to employees, Naegele wrote that he had reaped great rewards from his Rollerblade investment because of the employees' hard work and that he wanted to

show his thanks, Autrey said. Enclosed in the cards were the gift checks, on which the Naegeles paid federal taxes.

"That way the employees did not get hit with a double whammy. It is a tax-free gift," said Autrey.

The checks were mailed to employees' homes the week before Christmas. The first arrived on Dec. 21 to an employee who was home on maternity leave. From there word spread among the workers, and later that day it was confirmed by the company's chief executive, John Hetterick, who had only found out the day before.

When the good news reached Matt Majka, 33, the director of product marketing, he immediately phoned his wife, Kym, and asked her to open the mail. When she did, Majka heard sobs. He has been with the company for 11 years, making his check worth an estimated $21,120.

"It was very moving," he said.

"It was very heartfelt for us. We were extremely shocked and extremely grateful for his generosity. . . . All the words he talked about for so many years—about teamwork and that we are a family—he put his words into action."

Majka and his wife have a 4-month-old baby and a 2-year-old son, and the Naegeles' gift went to start a college fund for them, he said. The couple also had a new IBM computer under the Christmas tree.

Reader said she bought bikes for her two children (and a bike baby carrier for the newest family member) and she plans to put some of the money away in savings.

Majka marveled at what the gift meant to scores of his co-workers. "There are some people who have worked in our warehouse and have been here for a long time," he said. "For some people, they have received a very substantial check, maybe half their year's salary. It's pretty amazing." At least two employees have been there for all of the company's 15 years.

"I happened to talk to Bob [Naegele] later that night," Majka said. "I told him, 'You can't imagine the impact you have had on everyone.' He bellowed and said; 'That is just what I wanted to hear.' He said, 'This is not mine. It is a gift I had to share.'"

[From Time magazine, Jan. 8, 1996]

THE GLOW FROM A FIRE

(By Steve Wulf)

Methuen, Massachusetts, is a small city not unlike the Bedford Falls of It's a Wonderful Life. Over the years, the working-class town on the border of New Hampshire and Massachusetts has come to rely on the good heart of one man. While Aaron Feuerstein may not look much like Jimmy Stewart, he is the protagonist of a Christmas story every bit as warming as the Frank Capra movie—or the Polartec fabric made at his Malden Mills.

On the night of Dec. 11, just as Feuerstein was being thrown a surprise 70th birthday party, a boiler at Malden Mills exploded, setting off a fire that injured 27 people and destroyed three of the factory's century-old buildings. Because Malden Mills employs 2,400 people in an economically depressed area, the news was as devastating as the fire. According to Paul Coorey, the president of Local 311 of the Union of Needletrades, Industrial and Textile Employees. "I was standing there seeing the mill burn with my son, who also works there, and he looked at me and said, 'Dad, we just lost our jobs.' Years of our lives seemed gone."

When Feuerstein arrived to assess the damage to a business his grandfather had started 90 years ago, he kept himself from crying by thinking back to the passage from King Lear in which Lear promises not to weep even though his heart would "break into a hundred thousand flaws." I was telling myself I have to be creative," Feuerstein later told the New York Times. "Maybe there's some way to get out of it." Feuerstein, who reads from both his beloved Shakespeare and the Talmud almost every night, has never been one to run away. When many other textile manufacturers in New England fled to the South and to foreign countries, Malden Mills stayed put. When a reliance on fake fur bankrupted the company for a brief period in the early '80s, Feuerstein sought out alternatives.

What brought Malden Mills out of bankruptcy was its research-and-development team, which came up with a revolutionary fabric that was extremely warm, extremely light, quick to dry and easy to dye. Polartec is also ecologically correct because it is made from recycled plastic bottles. Clothing made with Polartec or a fraternal brand name, Synchilla, is sold by such major outdoors clothiers as L.L. Bean, Patagonia, Eastern Mountain Sports and Eddie Bauer, and it accounts for half of Malden's $400 million-plus in 1995 sales.

Even though the stock of a rival textile manufacturer in Tennessee, the Dyersburg Corp., rose sharply the day after the fire, L.L. Bean and many of Malden's other customers pledged their support. Another apparel company, Dakotah, sent Feuerstein a $30,000 check. The Bank of Boston sent $50,000, the union $100,000, the Chamber of Commerce in the surrounding Merrimack Valley $150,000. "The money is not for Malden Mills," says Feuerstein, "It is for the Malden Mills employees. It makes me feel wonderful. I have hundreds of letters at home from ordinary people, beautiful letters with dollar bills, $10 bills."

The money was nothing to the workers compared to what Feuerstein gave them three days later. On the night of Dec. 14, more than 1,000 employees gathered in the gym of Central Catholic High School to learn the fate of their jobs and of the cities of Methuen and Lawrence. Feuerstein entered the gym from the back, and as he shook the snow off his coat, the murmurs turned to cheers. The factory owner, who had already given out $275 Christmas bonuses and pledged to rebuild, walked to the podium. "I will get right to my announcement," he said. "For the next 30 days—and it might be more—all our employees will be paid their full salaries. But over and above the money, the most important thing Malden Mills can do for our workers is to get you back to work. By Jan. 2, we will restart operations, and within 90 days we will be fully operational." What followed, after a moment of awe, was a scene of hugging and cheering that would have trumped the cinematic celebration for Wonderful Life's George Bailey.

True to his word, Feuerstein has continued to pay his employees in full, at a cost of some $1.5 million a week and at an average of $12.50 an hour—already one of the highest textile wages in the world. And even better than his word, Malden Mills was up and running last week at 80% of its Polartec capacity, thanks to round-the-clock salvage work and the purchase of 15 new machines. "I haven't really done anything," says Feuerstein. "I don't deserve credit. Corporate America has made it so that when you behave the way I did, it's abnormal."

Union chief Coorey begs to differ. Says he: "Thank God we got Aaron."

DAW AUNG SAN SUU KYI

Mr. LEAHY. Mr. President, the January 7, 1996 New York Times Magazine contains an interview with the leader of Burma's democracy movement, Daw Aung San Suu Kyi.

Many of us have followed her situation, during 6 years of house arrest, and her recent release by the Burmese authorities. She is a woman of remarkable courage, honesty, and clarity of purpose. She wants to do whatever she can to improve the lives of her people, and she has devoted her life to that goal. She believes unequivocally that democracy is the only way, and she has the trust and support of the overwhelming majority of Burmese citizens.

As she says in the interview, the Burmese authorities continue to refuse to even discuss a process for instituting democracy, because they are too fond of their power and privileges. But Suu Kyi knows that eventually the SLORC will have to sit down and negotiate with her. As she points out, that is what happened in South Africa, and even in the former Yugoslavia although there only after the slaughter of a quarter of a million people and the destruction of much of Bosnia. Those two examples represent the SLORC's options. Either a peaceful way out, or mass demonstrations and an explosion of violence that will make them wish they had listened to her.

Mr. President, I am pleased to be an original cosponsor of Senator MCCONNELL's legislation to impose sanctions on the Burmese Government. Senator MCCONNELL has been a strong advocate for human rights and democracy in Burma, and I applaud him for it. It is important that the United States have a consistent policy, and I believe that until the SLORC demonstrates a genuine willingness to negotiate the transition to democracy with Suu Kyi, our policy should be to isolate the SLORC from the world community it yearns to be part of. In that regard, I would note that the SLORC has named 1996 "Visit Myanmar Year." I hope that anyone considering accepting the SLORC's invitation will read the interview with Suu Kyi, and be aware that they may find themselves staying in hotels and traveling on roads that were built with forced labor.

Mr. President, I am not going to ask that the entire interview be printed in the RECORD, but I urge all Senators to read it. I do ask unanimous consent that Suu Kyi's response to the question "What do you want people in the United States to know about you?" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPT FROM INTERVIEW WITH SUU KYI

Q: What do you want people in the United States to know about you?

A: That we are not near democracy yet and that there are, so far, no signs that we are

progressing toward democratization. The National Convention [that Slorc was holding to draft a constitution], as it stands, is not a step toward democratization at all.

I think a lot of Americans very much take their rights for granted. And I think many of them do not know what life is like for those of us whose security is not guaranteed by a democratic constitution. So I would like to ask them to try to put themselves in our shoes, and ask how they would feel if they were deprived of all rights. I would like them to see us not as a country rather far away whose sufferings do not matter, but as fellow human beings in need of human rights and who could do so much for the world, if we were allowed.

EXPANDED IRA'S

Mr. LOTT. Mr. President, as we continue to debate the budget, I think it's interesting to note that the United States now has the lowest savings rate of any industrialized nation in the world.

If the situation does not change quickly, many Americans may have no choice but to live below the poverty level during their retirement years.

Retirees can no longer depend solely on their Social Security and pensions to support them in retirement. I believe it is our responsibility to give the American people, not only an alternative, but in reality, a life preserver for their retirement years.

We must encourage people to save for their own retirement. For that reason, I believe it is critical that we expand the current IRA's, allowing more people to use them for savings and investment. We should do this as a part of any budget package which is agreed upon or as stand-alone legislation.

With that in mind, I ask unanimous consent to have printed in the RECORD a wonderful example of how the private sector is trying to deal with this growing threat to our Nation's future well-being. This is an open letter from Mr. Charles R. Schwab to the President and Members of Congress.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the Washington Times, Friday, Jan. 5, 1996]

AN OPEN LETTER TO THE PRESIDENT AND CONGRESS

CHARLES SCHWAB,
January 1996.

DEAR MR. PRESIDENT AND MEMBERS OF CONGRESS: I want to take this opportunity to thank you for your hard work and vision with regard to the budget process, and in particular, Individual Retirement Account reform.

Today, the average American household, with family members who are between the ages of 51 and 60, has less than $18,000 in personal savings, excluding their home. With Social Security teetering on the brink of disaster, this is simply not enough of a resource to survive on for the next 20 or 30 years of their retirement. Unless this problem is forcefully addressed, the vast majority of Americans will not have the money necessary to fund their own retirement expenses and may become a burden on their children, grandchildren, and the federal government for generations to come.

One of the only responsible solutions is to expand the IRA now in the current budget process:

When the IRA deductibility was eliminated in 1986, IRA contributions dropped from almost $40 billion in 1985—to a low of $7 billion last year for deductible contributions.

Currently, over 25 million families are excluded from investing in deductible IRA's, and they are relying on Congress to abolish the income limit so they can save for their futures. If we can't abolish the income limit, then why not shorten the time frame for expansion and include indexing for inflation?

The time has come to stop discriminating against non-working spouses by letting them have an equal opportunity to invest in an IRA.

The United States now has the lowest savings rate of any industrialized nation in the world. If we increase savings we will create new jobs and build new industries.

I urge you to act now for the sake of our country.

Sincerely,

CHARLES R. SCHWAB,
Chairman.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

EXTENSION OF MORNING BUSINESS

Mr. LOTT. Mr. President, in view of the hour, we have extended until 1:30 the time for Senators to speak for up to 10 minutes. It had been our intention to move to recess at that time under the previous order, however, I note that some Senators have come to the floor and have indicated they would like to speak. I have a couple of people who wish to speak. Senator NICKLES from Oklahoma indicated that he would like to speak, and the Senator from Virginia.

Mr. FORD. We can get by with 10 minutes on this side as of now, I say to my friend.

Mr. LOTT. Mr. President, I ask unanimous consent that we extend the hour for morning business until 1:50 with Senators allowed to speak for not more than 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my friend and colleague from Mississippi for his courtesy.

MIKE SYNAR

Mr. NICKLES. Mr. President, it is with sadness today that I note the passing of an Oklahoman, former Congressman Mike Synar, who died yesterday, Tuesday.

He lost a courageous battle to cancer, which he had been fighting for several months. If anyone knew Mike Synar well, they knew that he was a courageous person and they knew that he was a fighter. Mike Synar was an active Oklahoman. He was very active in 4-H as a young man. He was a student leader at the University of Oklahoma. He attained a masters at Northwestern University, and a law degree at the University of Oklahoma in 1977.

A year later at the age of 28 he was elected to Congress. He defeated an incumbent Congressman, something at that time that was seldom done. It showed that he was a very tenacious campaigner, a very energetic individual to be elected at such a young age and to defeat an incumbent at the same time.

Mike Synar served in Congress for 16 years between 1978 and 1994. To say the least, he was energetic, he was outgoing, and he was passionate about many things. He had very strong convictions. And I greatly respected him because he did show the courage of his conviction on a lot of issues—a lot of issues maybe that were not the most popular in our State and in his district.

But he was outgoing. He was willing to take on special interests at various times—sometimes at risk and jeopardy to his political career.

Mike Synar passed away yesterday, Tuesday, January 9, and I wish to extend my condolences and sympathies to his family, to his friends in Muskogee and his friends from throughout the country.

Mr. DORGAN. Mr. President, will the Senator from Oklahoma yield?

Mr. NICKLES. Yes.

Mr. DORGAN. I appreciate the Senator from Oklahoma yielding.

MIKE SYNAR

Mr. DORGAN. Mr. President, I would like to, if the Senator will allow me, participate in his expression of sympathies for the passing of Congressman Synar, former Congressman Synar. He was a remarkable man, and I worked with him on a lot of issues.

I recall—the Senator might recall—that prior to the last election, the election before that, he had a very close race, and an enormously controversial race. And I said to him one day, "You do not make it easy on yourself, do you?" He said, "No. I did not come here to make it easy. I came here to decide what I want to fight for, and I fight for it and let the chips fall where they may."

That is the kind of person he was. He was a remarkably strong, energetic person. I considered him a good friend. I, today, lament his passing, and pass my sympathies to his family.

I again thank the Senator from Oklahoma also for his words on behalf of the life of Mike Synar.

Thank you very much for yielding.

Mr. NICKLES. I thank my colleague.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ROBB. Thank you, Mr. President.

MIKE SYNAR

Mr. ROBB. Mr. President, I would like to add a word, too.

I did not have occasion to work as closely with Congressman Synar as my colleague from Oklahoma, or my colleague from North Dakota who has worked with him in the House. But I did have occasion in several instances to work with him. And although we were not always on precisely the same wavelength, he was certainly a man who believed heartily in the causes which he espoused and showed a remarkable degree of courage and commitment. And in that sense, I think we will all certainly miss him, whether or not we all knew him in entirely the same way.

THE FEDERAL EMPLOYEES

Mr. ROBB. Mr. President, let me just say a word, if I may, to what my colleagues have already alluded to, some good things that have happened in the last few days.

I would like to say a word on behalf of the many who work for the Federal Government—the Federal employees not only in the Washington area but around the country and the many others who work for the Federal Government.

We have been through a very difficult period where for some 3 weeks, in effect. We told many hard-working, dedicated Federal employees to stay home. And they were able to work through this period. Many of them came in, many without getting paid, and others who recognized essential services that they were providing. But, just at the conclusion of that long and very difficult period for many people who work hard on a day-to-day basis without a great deal of recognition, we had a snowstorm, the blizzard of 1996 here on the east coast that pretty well shut down everything.

I know that there has been a great deal of concern in the last day or two about when and under what circumstances Federal employees would be asked to come back to work. I would simply like to say to all of those who have been through a very rough period, and for those other people who work with the Federal Government, whether they contract with the Federal Government, or whether they are dependent upon the effective operation of the Federal Government, thank you for your understanding.

It is certainly my hope that we have all learned a lesson and that we will not under any circumstances close down the Federal Government under similar circumstances again. It simply was counterproductive and costly for everyone.

I applaud the majority leader for the initiative he took earlier in the week to bring that particular chapter to a close. I do understand that there are fundamental differences that are still at stake. I applaud both the President and the chief negotiators from the Congress for the statements that they made yesterday so as not to exacerbate the problem, to leave open the prospect that they will be able to find common ground, refer to the temporary suspension rather than the collapse of those particular talks because there are very significant and important issues that I think benefit from the kind of discussion and kind of intense focus that they have had during the last few weeks.

I hope that process will continue. I think it makes sense for those who have been locked in what might appear to be mortal combat for a period of time to take the period away from the table, away from the talks, to have an opportunity to refresh themselves and their minds, and get a little different perspective. I hope that they will come back ready to work on those essential issues that continue to divide us.

I hope that all of the Federal employees who have been in all cases inconvenienced—in many cases put through some very severe hardship—will now assist in getting all of the functions of Government back up to speed as rapidly as we can.

Whatever decision is made tonight, I suspect that the Office of Personnel Management will announce that the Federal Government will be formally open tomorrow. But there are still, clearly, many Federal employees, and many other citizens in the area, who are unable to get out of their homes, out of their driveways, and find any reasonable prospect of getting to work in the way that they would normally get to work.

I hope that Federal managers and Federal supervisors will be understanding, but that Federal employees themselves would make that little extra effort to catch up on a lot of work that has gone undone during the last few weeks. Many people are critically dependent on them catching up with the work that needs to be done.

For all those who are going to be doing it and for those who have been both inconvenienced, and in some cases placed at a real hardship, I want to say on behalf of I think all of our colleagues on both sides of the aisle, we understand what they have been through and we understand the inconvenience, we understand what has happened both with respect to the budget negotiations as well as the weather. We thank you for sticking with us. We hope you will continue to work as hard as you can to get us back up to speed and functioning as rapidly as you can.

With that I thank the Chair and yield the floor, Mr. President.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority whip is recognized.

THE BUDGET NEGOTIATIONS

Mr. LOTT. Mr. President, I would like to join others in expressing my appreciation to those that have been negotiating in this historic effort to move toward a balanced budget and reduce the size and scope of Washington in our lives. I know that they have met, as I understand it, some 50 hours with the President, the Vice President, and others from the administration, the majority leader and the minority leader in the Senate, and the majority leader and minority leader from the House of Representatives, the Speaker.

They certainly have made a supreme effort to close the differences in trying to reach an agreement. It has been a monumental undertaking. It is historic. I emphasize again this is not an insignificant event. You are talking about a lot of the taxpayers' money being at stake. You are talking about fundamental change in the way that Washington spends money and the efforts to reduce that level of increased spending in the future and an effort to allow the taxpayers to retain some of their hard-earned money, trying to get some fundamental reform in the so-called entitlements area.

It is a major effort to accomplish this. So I think they have made a good-faith effort. I understand they have made some progress. There has been some movement on both sides. You can characterize which one has moved the most. Obviously, I think that the majority from Congress has made the greatest movement. But the fact is, they both have changed some.

I think that probably this recess was unavoidable and perhaps even good at this point. There have been shifts in positions. Listening to the majority leader and the chairman of the Senate Budget Committee and the House Budget Committee, they felt last night the last offer that had been made by the majority was as far as they could go in a number of areas.

I think maybe now they can take this time to take a breath, look at what has been proposed, and the administration, the President, can look at what has been proposed and see if he cannot make some additional changes, because I do know that the majority made changes in Medicare, Medicaid, welfare, in the earned income tax credit, and even a proposal to bring down the tax cuts from what I believe had been $203 billion down to $177 billion. So a lot of changes have been made.

There is good reason to get this agreement. There is a lot to be gained for all involved. First of all, the most important thing is if we get a budget agreement America will benefit. Then there will be benefit for all those that have been involved, including the administration and the Congress, both parties. So we should do it.

What is to be gained? Clearly, the experts say if we get an agreement you

will see a further decline in interest rates which will help us all—those who want to buy a home, buy an automobile, pay for college. Lower interest rates is something we really want to achieve. That would be a benefit if we could get this balanced budget in 7 years, if we get real numbers agreed to. That would mean more jobs, lower interest rates, selling more refrigerators, automobiles. It will create jobs. I understand it would lead to lower trade deficits, and also it would lower the national debt in the future.

If we do not get this agreement, then this almost $5 trillion debt we have will continue to go up. And to try to control the rate of growth of that debt is certainly a supreme accomplishment that we should work on. I understand that it has been estimated the average benefit per family per year from this agreement would be about $1,000 per family, not an insignificant amount, a minimum of $7,000 just from the benefit of getting the balanced budget, not to mention what we might do in the tax cut area.

What is to be lost if we do not get an agreement? First of all, I think our institutions will suffer because we will have not been able to reach an agreement. We do not want that to happen. I have never seen a negotiation go on this long and to this extent or to this level. In the past usually there has been, you know, debate back and forth between the parties, between the bodies of the Congress, and briefly between the White House and the Congress. But never before, in an effort to get the size and scope of Washington under control, has it led to these negotiations at the Presidential and Speaker and majority leader level, for hours upon hours.

But if we do not get this done, I think all involved will pay a price. We will see higher interest rates almost assuredly. I think the head of the Fed, Alan Greenspan, has indicated that would probably be a result. We would see more—more—ever-increasing Washington spending and Washington control.

Probably we would see a falling stock market. Just in the last 36 hours the stock market has tumbled more than 100 points; 67 points yesterday, 36 points this morning. And it was not because of the blizzard of 1996. It was because of their perception that maybe these talks were not going to be agreed to, their concern that we were not going to control the rate of increase of Federal spending, and that we were not going to have tax policies that would lead to economic growth and job creation.

The stock market is not something I profess to understand. But when it drops precipitously, I start saying, well, what could possibly be the reason? I think most people would say they are worried now, that this is troublesome news.

It is described as a recess. But is it really a recess or is it the beginning of the end of the budget negotiations? And they are beginning to say, well, after weeks, months of believing and acting on the assumption that we were going to get a balanced budget agreement, and in fact tax cuts for individuals that deserve it—it is, after all, the people's money that we are talking about allowing them to keep.

The idea now that these talks have taken at least a break is troublesome. They are worried that we will not get these commitments agreed to that we worked on all year long. So I think we should be very conscious of that. I hope we will see a return to the negotiations, that the President will move toward the majority's position in Congress.

I think we have been very responsible in the positions we have taken. In fact, we have offered not one, not two, not three, but four budgets in effect, three since the one that passed the Congress. So there has been a significant shift to try to get the job done, but to do it in such a way that a bipartisan Congress could support it.

I hope that they will get back together and there will be additional improvements in trying to control the Washington growth that we are battling against. And failing in that, certainly we will look to the appropriation process to keep the Government operating, but to control spending as much as we can through that process.

THE PRESIDENT'S VETO OF THE WELFARE REFORM BILL

Mr. LOTT. I want to say also in closing, Mr. President, that I, too, am very much concerned that the President vetoed the welfare reform package. After talking a great deal about how we were going to end welfare as we have known it, we have, in fact, not done it. He did veto the bill last night. There has been suggestions that there are major problems with this bill. But the Congress did add back some $10 billion from where the House position was to try to get a bill that the President could sign. It does have genuine reform.

There is complaint in effect from the minority leader that we are giving States more authority. That has been one of our goals, to give more flexibility to the States. As a matter of fact, States have been getting waivers to have this flexibility.

So we need to get work back into welfare. We need genuine welfare reform. The President has vetoed this bill. I think it is a big mistake. But I think it is incumbent upon Congress that we immediately get back together to try to come up with a welfare reform that in fact saves money, that does not spend more money, and that does retain the work requirements that we have been committed to throughout the year.

I believe my time has expired. I yield the floor at this time, Mr. President.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The minority whip is recognized.

THE PRESIDENT'S VETO OF THE WELFARE REFORM BILL

Mr. FORD. Mr. President, I agree with my friend from Mississippi that the recess probably will be important where we can, as the President said, take a deep breath, step back, and look at where we are.

Mr. President, we talk about the veto by the President of the United States of the welfare reform bill. Well, I think the Democratic leader said very emphatically today that the 25-percent maintenance level where the Senate had voted 80 percent maintenance level by the State was an important factor that was changed.

The President said when we passed the bill on welfare reform in the Senate that he would sign that bill. Well, I have been around here a few years and usually when you cannot get together and you find something that can be signed and you are not too far apart, then I think we can come back to the table and work it out.

Instead of putting all the blame on one place—the Democrats in the House, the Democrats in the Senate, the Republicans in the Senate, are all in favor of one item; and we wind up that there is a group in the House that will not let us move forward. So I think that becomes the stumbling block.

Even in the House an amendment was put on one of the bills where you were sending the block grants back to the States that none of this money could be used by the States to build roads. That gives you some idea. I happened to have been a Governor when we got an avalanche of money. President Nixon pigeonholed the money after we overrode his veto. Then they went to court, and the court released 2 years of appropriations. We were the beneficiary of that.

I understand Federal money coming into States. I understand the matching money. I understand what the States can or cannot do. I also understand the pressure on a Governor in a State by his constituents and what they would like to have him do.

We talk about big interstate highways. We call it, down in the States, get-to-it roads. The interstates are fine, but if you cannot get to it, then you cannot ride on it. So they want us to build get-to-it roads. And so therefore there will be pressure to use this money to build get-to-it roads.

THE PRESIDENT AND THE DEMOCRATS WANT A BALANCED BUDGET

Mr. FORD. Mr. President, let me just make two points. I think we have

maybe a couple minutes left. Two points. One, for the last 3 years the deficit, under President Clinton, has been reduced by 50 percent. There will be fewer Federal employees, 272,000 under that proposal that was passed and signed in 1993. And today, we have about 200,000 fewer employees than there were 3 years ago.

There is no question to what the President and the Democrats have agreed to, that we want a balanced budget and, two, that it would be in 7 years and, three, it would be certified by CBO.

The President has laid two budgets on the table, one, balance the budget in 7 years, as certified by CBO. Last evening, the second was put on the table to balance the budget, approved by CBO. The only difference here now is whether we give a huge tax cut or not.

My friend from Mississippi says that they have cut it to a $177 billion tax cut. My figures are, when you put it together, that it is $203 billion they are still holding on to and clinging to, which would be the tax cut they want to put in. If you look at the coalition in the House, they do not want to give any tax cut. It is zero. We hear a lot about the Blue Dogs in the House. Their tax cut is zero. The bipartisan group's over here is somewhat higher. But there is $87 billion that the President has agreed to in tax cuts and $203 billion that the Republicans want in tax cuts. We feel like this is not the time to give the huge tax cuts, and that we ought to try to be compassionate and take care of the elderly. We do not need to cut Medicare or increase the premium on part B of Medicare. We do not need to increase the deductible on part B in order to give the tax break.

Mr. President, the budget is not balanced under the Republican balanced budget because if you look on page three of the reconciliation bill, it is $108.4 billion of money used from Social Security. I put into the RECORD last week two things—one statutory and the other in the law—relating to Social Security. You cannot use that money other than what it is collected for.

So we have a lot to work on. But the work is only between $87 billion and $203 billion, and where you cut more or less and who gets the tax break. The hour of 1:50 has arrived.

I yield the floor.

Mr. LOTT. Mr. President, we have no further requests for time. All time has expired under the agreement. We have some unanimous-consent requests, and I believe the majority leader may want to come to the floor and do that.

At this point, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURNS). Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, are we under any parliamentary rules?

The PRESIDING OFFICER. We are in morning business. The order was that Senators may speak up to 5 minutes each.

Mr. DOMENICI. I ask unanimous consent that I be permitted to speak for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BUDGET NEGOTIATIONS

Mr. DOMENICI. Mr. President, might I first indicate that my purpose in the next 10 or 15 minutes is to tell my colleagues, and to the extent possible the American public that might be watching, where I see things in this recessed budget discussion. I want to be very frank. I am disappointed and somewhat let down that we have not come to an agreement. I do not fault anyone for dedicating time and effort. In many respects, the time and effort spent in the White House is probably rather historic. I am not disappointed that that effort has taken place and that the President, Vice President, the leaders, Republican and Democratic, of the Congress, have indeed spent a great deal of time, effort, and energy in what I presume and must state, at least as I view it, to be a serious effort to try to get the American people what they so desperately want, and that is a balanced budget in 7 years, which is real, using Congressional Budget Office economics.

So it is an understatement to say that I am disappointed, but I also do not know if we will be able to reach an agreement with the administration. I choose to try very hard to state it as best I can from what I know.

It is quite possible, on the other hand, that working with congressional Democrats from both the House and the Senate that we could come to a proposal that would make fundamental reforms to Federal entitlement programs, make fundamental changes to Federal programs, redirect many of the programs out of Washington back to the States, and get a balanced budget in 7 years using the Congressional Budget Office estimates and economics. Maybe then the President and his administration would take more seriously the proposals we have worked so hard for over 1 year to reduce to a document called the balanced budget No. 1, which the President vetoed not so long ago.

I would like to make it very clear, yes, the President finally submitted a budget scored by the Congressional Budget Office before the blizzard began last Saturday night that mathematically got to balance. But even some of the President's own people have admitted that that budget was designed to meet the requirement of the continuing resolution, the targeted resolution, the continuing resolution to put all of Government back to work and which had as a condition of its effectiveness that the President submit for the very first time a balanced budget using the Congressional Budget Office figures.

Let me repeat. That 1996 blizzard budget that the President submitted, many believe was given to the American people and to us so as to comply with the technical requirements, and that it was not the kind of budget the President could have expected we would accept. Even some of the President's people have stated that it was designed to give us the requirements of that continuing resolution to reopen Government on Monday.

The Washington Post criticized that blizzard budget as "paper balance." Mr. President, I ask unanimous consent the Washington Post's editorial, a rather lengthy one, styled "Paper Balance," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 9, 1996]

PAPER BALANCE

The balanced budget plan that President Clinton submitted Saturday night would achieve all kinds of things, but a balanced budget is likely not among them. In submitting a plan that on paper would balance the budget in seven years using Congressional Budget Office economic and other assumptions, the president met the condition set by congressional Republicans for reopening the government. He may have helped to move along the budget talks as well, and the plan would largely protect the major forms of federal assistance to the poor, an important goal.

That's the good news. The bad is that to get to balance while achieving a string of other policy goals the plan relies on gimmicks that almost no one believes would survive and produce the deficit reduction claimed for them. It's true that some of the same or similar gimmicks can also be found in the Republican proposal to balance the budget. No doubt the fact that they're gaming the issue in similar ways is a comfort to both sides. It ought not comfort anyone else.

1. The president persists in giving a tax cut. His is smaller and better targeted than the one the Republicans propose. It nonetheless is more revenue than a government looking at deficits approaching $1 trillion a presidential term should forgo. To get to the promised balance by the year 2002 despite the tax cut, the president then pretends that the cut will be allowed to lapse in the year 2000, and no matter that that year, like this, happens to be an election year. Once the cut lapses, even if only on paper, there isn't any revenue loss to record—not for now, anyway. For now, you tell the voters they can have it all—yes to a tax cut, yes to a balanced budget but no to spending cuts in programs they like. It will be up to someone else to tell them later—always someone else and later—that the math can't be made to come out that way.

2. Half the spending cuts in the president's plan would be achieved by imposing tight caps on the part of the budget subject to the annual appropriations process. It's a wonderful way to cut spending, because once again the hard decisions are deferred. You don't have to say which programs or which constituencies you expect to bear the burden; that will be up to the appropriators to decide as they apportion the available funds year by year. For now, you just get a free vote in favor of economy in the abstract. The vote is all the easier because, in the president's plan as in the Republicans', the caps are backloaded. Sixty percent of the cuts would be deferred until the last two of the seven years, after the turn of the century.

Assume that almost all the cuts would occur in domestic appropriations as distinct from the military budget, which the president has said he thinks should remain pretty much on the current path. In real terms, this domestic total—the operating budget for the entire domestic side of government—would have to be cut about a third to stay beneath the cap in the seventh year. Hardly anyone, least of all anyone in the administration, thinks a cut of that magnitude is possible without doing enormous damage to government services. The president makes the math even more implausible by saying he intends to protect the chunks of the budget having to do with education, the environment and such that he particularly supports. That means he would have to cut the balance all the more. What will it be? Housing programs? Veterans programs? Highway grants? The space program? You wait in vain for the answer.

3. A lot of economists think that if the budget is balanced, interest rates will ease, and that the lower rates will stimulate greater economic growth. The government would then reap a double dividend. Its own considerable interest costs would go down and tax revenues, up. Call it a reward for good behavior. The Republicans claimed the reward and folded it into their budget estimates in advance. The administration is doing the same thing on perhaps an even weaker basis.

The Republican budget contains its own illusions. The tax cuts the Republicans propose are heavily backloaded. They were carefully designed to keep their full effect from being felt until after the seven years for which, under the rules, the budget estimates were made. From just the seventh year through the 10th, the likely revenue loss from their enactment would increase by 75 percent. You balance the budget in the seventh year, then begin to unbalance it all over again unless deeper spending cuts are made.

If the goal is to balance the budget, there ought not be a tax cut. Not the modest one proposed by the president, and surely not the Republican gusher, either. If the further goal is to achieve a durable balance or near enough without inflicting an undue burden on the poor, you have to go after the major programs that benefit the middle class, in particular the two great forms of aid to the elderly that dominate the budget, Medicare and Social Security. The Republicans proposed a restructuring of Medicare this year, a mix of some good ideas and some bad, for both of which they are being made to pay at the polls. The Democrats have positioned themselves as protector of the program, and never mind the pressure it puts on the rest of the budget and other programs they also seek to protect. Neither party wants to cut, or to be the first to propose cutting, Social Security, even by limiting the cost-of-living increases in benefits for a number of years.

As a partial alternative to going after these programs, the president has now proposed cutting some of the tax breaks that go under the label corporate welfare. But it isn't clear how hard he will push for those in what is likely to be an inhospitable Congress; he hasn't pushed much in the past. Both parties now claim to want to neutralize the deficit. To do so without also doing social harm, each has to abandon some political reflexes, the Republicans above all on taxes, the Democrats on Medicare. What we find out now is whether they can or will.

Mr. DOMENICI. Maybe, as one of our Senators has indicated, since it was a blizzard budget it should be categorized as "snow job," because, although it gets to balance in 2002, only by raising taxes in the last year and back-end loading 70 percent of the nonfreeze discretionary savings in that year could you get there. The plan made little or no fundamental changes to Medicare, which is going broke, and which many say we cannot afford in its current form; Medicaid, which is growing at 10.5 percent, and everyone says we cannot afford and must be reformed to save money and become more flexible at the State level.

It made no serious change to Federal welfare programs that had been supported in the Congress in a bipartisan manner here on the Hill. Indeed, as we know today, the President has now even vetoed the welfare reform bill that we sent him before the holidays.

I ask unanimous consent to have printed in the RECORD, so that those who want at least my version of where we are, and I hope it is authentic, a table that compares the President's blizzard budget of last Saturday night compared to the Republican bipartisan plan which we submitted to the President. My best analysis of that is encapsuled in a table which is called "Comparison of Latest Offers." One is called "Clinton" for the President. I am referring to that in these remarks as the blizzard budget. The bipartisan Republican budget is one that we melded from various reforms that were supported by significant numbers of Democrats. Those who will take time to study this comparison will discover that the Republican bipartisan budget proposal attempts to fundamentally change entitlement programs by over $400 billion, over the next 7 years, nearly $132 billion more than the President.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPARISON OF LATEST OFFERS—JAN. 6, 1996

[Seven-year total deficit impact, in billions of dollars]

	Clinton	Bipartisan/Republican	Difference
Discretionary:			
Freeze	−258	−258	
Additional	−37	−91	54
Subtotal discretionary	−295	−349	54
Mandatory:			
Medicare	−102	−154 to −168	52 to 66

COMPARISON OF LATEST OFFERS—JAN. 6, 1996—Continued

[Seven-year total deficit impact, in billions of dollars]

	Clinton	Bipartisan/Republican	Difference
Medicaid	−52	−85	33
Welfare programs	−39	−60	21
EITC	−2	−15	13
Subtotal	−195	−314 to −328	119 to 133
Other mandatory	−69	−69	
Subtotal mandatory	−264	−383 to −397	119 to 133
Revenues	24	177	−153
CPI assumption	−17	−17	
Debt service	−57	−60	3
Total deficit reduction	−609	−651 to −665	42 to 56

Note.—Revenue reduction shown as positive because it increases the deficit.

Mr. DOMENICI. Now, the Republican, GOP balanced budget versus the budget that we offered, that we call bipartisan—when you do that you get an explanation of how far we came in what we offered—and let me just describe those changes. They are as follows.

From $226 billion savings in Medicare over 7 years, we proposed Medicare, Mr. President, between $154 and $168 billion. These are numbers endorsed by bipartisan groups in both the House and the Senate; from $226 to $154 and $168 billion as the parameters for a new program.

Let me say, parenthetically, if you choose to do those reforms, which are substantially less, $60 billion less at the minimum, you can get there as far as the premiums to seniors with the premiums never going up beyond the $77 that the President recommended many, many months ago. So, while the Republicans moved nearly $60 billion lower in Medicare, the President, by his own numbers in the blizzard budget, reduced Medicare savings instead of increasing them, reduced the savings from $124 billion, which the President had heretofore said, in June, to $102 billion.

I understand that late yesterday there may have been some adjustments to that number. I did not get them in their final form. But I gather, if anything, Medicare was returned to its $124 billion level which is a level that is 6½ months old. So, in neither case did much happen there: While we came a low of $60 billion down, nothing happened in the blizzard budget, or the supplement to it, which I do not have in its final form.

Those who understand the budget know that we cannot achieve real balance unless we address these programs that make up over 50 percent of total spending in the Government. And these are the programs that we call mandatory, or entitlements. And, in the comparison chart that I had printed in the RECORD, I have taken the four that we have not been able to agree upon—Medicare, Medicaid, welfare programs, and I choose to put the earned income tax credit in it—the difference between the Clinton proposal and the bipartisan proposal is shown in this box, and it is

a rather enormous number: $195 billion in savings versus somewhere between $314 and $328 billion.

Therein lies the major problem in getting a budget that is not mathematical—as alluded to by the Washington Post—but, rather, substantively alters the course of spending in programs that are increasing the most rapidly in the Federal Government, three of which grow at more than 10 percent a year, not sustainable with a gross domestic product growth of 2½ percent. That means the difference in just those programs is between $119 and $133 billion in savings.

Fortunately, there are some other entitlement programs that we seem to get close to agreement on. They are also shown in my comparison and they are the rest of the entitlements. And we are close enough to say that somewhere between $66 and $69 billion is where we are. And that is a significant achievement.

Let me close by speaking for a moment about the tax reductions. Republicans have also significantly and substantially reduced their proposal on tax cuts while protecting and insisting on protection for the family tax credit and a capital gains program which has a serious positive effect on long-term economic growth. While protecting those, we have dropped our tax reductions by $50 billion from the package that the President vetoed. That, too, is shown on the comparison chart which I will have printed in the RECORD for those interested in seeing precisely what is going on.

I believe that the bipartisan GOP proposal which I have been discussing, which has reforms encapsulated in the entitlement changes—that is, returning more of the moneys to the States with flexibility in both welfare and Medicaid—envisioned that the Governors of America will work on those programs with us. So that in saving the money we plan to save, we give them the discretion they need to get the job done better and cheaper. Yet, we are willing to have those Governors work on trying to make certain that some of the people have guarantees of coverage and perhaps even to change the way we have funded the Medicaid block grant in terms of what States are entitled to in the event of disasters economically speaking, or natural, and what they might be entitled to in the event there is sustained caseload growth in their State.

Obviously, we have also said that, if this tax cut in the final year or two—that is, the Republican plan to give middle-income Americans a child tax credit which essentially in its basic form means that a family raising children in America gets a $500 tax break for each child—we believe that should be the cornerstone I repeat, along with capital gains, which I have just described. But we also have said in the event when you put all these reforms and expenditures down on paper and get them costed out by the Congressional Budget Office, if you do not meet the targets of balance in the last year, some portion of the tax cut can be sunsetted in the last year or two as stated by Speaker NEWT GINGRICH heretofore, and Chairman JOHN KASICH yesterday at a press conference.

I repeat that I am very hopeful that the President of the United States with his Democratic allies will submit an offer, a new offer that comes in the direction that I have been discussing today of more significant savings from entitlement reforms, the four that I have described: Earned income tax credit, welfare reform, Medicaid reform, Medicare for the solvency of the fund for a very long period of time, and an adjustment in the premiums to meet the needs of our times.

My view is that the staff can do some work in the next few days. I am hopeful that we can reach some kind of accord on that. But I do believe it is fairest to categorize the status of the discussions as anxiously awaiting a new offer from the President.

Perhaps as my last chart, I would put a composite in the RECORD that I choose to call how far we have moved.

I ask unanimous consent that the chart be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HOW FAR HAVE WE MOVED?

[In billions of dollars]

	Balanced budget act: vetoed	Latest GOP offer	Movement
Discretionary	409	349	−60
Medicare	226	154–168	−72
Medicaid	133	85	−48
Welfare	64	60	−4
Revenues	222	177	−45
Total deficit reduction	750	651	−99

Mr. DOMENICI. Mr. President, in the first chart I have the Balanced Budget Act that was vetoed. In the second column, Mr. President, I have the latest Republican bipartisan offer. And in the last column I have the difference. How far have we come?

In discretionary, we have agreed over 7 years to go from $409 billion to $349 billion; $60 billion additional discretionary.

Let me say right now that there is no longer any reason for the President of the United States to say we need a budget that meets the values of the American people. That does not. That takes care of education and takes care of environmental needs. It is obvious to everyone that that $60 billion that we have agreed to add more than covers those two and any other priority discretionary programs the President has been alluding to. Point No. 1. We went $60 billion their way.

Medicare—we went $72 billion their way from $226 billion to a range of $154 to $168 billion. Take the lower of the higher of them, and it is $72 billion their way.

Medicaid—from $133 billion in expected reform savings to $85 billion; $48 billion their way.

Welfare—from $64 billion to $60 billion; $4 billion their way. And the reason that is not a bigger number and need not be is because the U.S. Senate passed a bill with 87 votes. We are basing this principally upon that welfare reform measure. That one may require a couple of billion dollars additional perhaps for child care, or more workfare aid.

Last, on revenues from $122 billion to $177 billion, a $45 billion movement in their direction.

Frankly, I think anyone who will look at the two charts—How far have we moved?—and the comparison that I have alluded to of latest offers dated January 6, 1996, should have a pretty good picture of Republican negotiators led by Speaker NEWT GINGRICH, Congressman DICK ARMEY, and majority leader BOB DOLE on our side. We have made significant movement yet holding to the basic principles which I believe are about fourfold.

First, a significant tax break for working income-producing Americans who have children.

A capital gains tax to stimulate the economy, No. 1.

A reform of welfare as we know it turning it to workfare with a time limit of 5 years imposed on those who use it rather than a lifetime welfare program.

Third, a serious and dedicated effort to make Medicare work without it having to grow at 10½ percent a year. Most medical costs are going down. Our programs of Medicare and Medicaid—because we run them as a country, as a Government—continue upward.

So our third principle is returning that program with some flexibility to the States and saving money, yet building in some kind of guarantee which we think the bipartisan Governors can accomplish.

Our last point is that we believe Medicare ought to be made solvent as to the hospital portion—not for 7 or 8 years but hopefully for longer than that. And in that we must have reforms which permit the seniors of America to stay where they are in the current program, or choose other programs which will save money and provide them a different kind of coverage, whether it is HMO's, managed care, new professional service organization delivery systems, or whether it is major medical coverage with savings accounts. We need to reform the system so that it complies with the needs and delivery systems of today.

Why should we shortchange seniors and keep them tied to one kind of policy of coverage when all Americans have many other choices?

That is our fourth.

And in doing that we believe we will have reshaped Government significantly. But ultimately, so there is no mistake about it, we believe we will have made a significant positive decision regarding interest rates in the future; jobs of the future, they will be better.

Instead of being locked in stagnation, there is a real chance that a balanced budget will turn loose the energy of the marketplace so jobs can increase, so that we are not the generation that says for the first time that the next generation lives more poorly than we did. We want them to have more opportunity. The balanced budget has a chance to do that.

Interest is on everything imaginable, from college tuition to your 1st home or your 2d home, your 1st car or your 10th car. The interest rate is a burden. If it comes down dramatically, everybody gains, businesses flourish because it does not cost them as much to do business.

So the big principles I have enumerated and the big effect is a better life for our children, getting rid of the legacy that we leave them now, which is, "you pay our bills," to a legacy of "we pay our bills. You save your money for what you need. You don't pay your hard-earned money for what you didn't choose to pay for by way of programs we give to the American people that we cannot afford."

Mr. President, I thank the Senate for this time. I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECTRUM: A NATIONAL RESOURCE

Mr. DOLE. Mr. President, balancing the budget is all about sacrifice. To paraphrase Webster's Dictionary, that means surrendering things we prize for a higher purpose. Sacrifice is also about fairness. We call this share, and share alike.

It makes no sense to me then that Congress would create a giant corporate welfare program when we are reforming welfare for those trapped in a failed system. But, that is exactly what would happen if we pass telecommunications reform in it current form.

No doubt about it, balancing the budget the passing telecommunications reform will ensure America's place as the world's undisputed economic leader. They are both bills that look to the future, not to the past.

TELECOM GIVE-AWAY

With that said, however, I question whether telecommunications reform is worth the television broadcaster's asking price. The telecommunications conference report gives spectrum, or air waves, to television broadcasters that the Congressional Budget Office has valued at $12.5 billion. Many say that figure is low, including the Federal Communications Commission which believes it is worth almost $40 billion. That is $40 billion with a "B." Other estimates run even higher, up to $70 billion and beyond.

The bottom line is that spectrum is just as much a national resource as our Nation's forests. That means it belongs to every American equally. No more, no less.

If someone wants to use our resources, then we should be fairly compensated.

The broadcasters say they need this extra spectrum to preserve so-called free, over-the-air broadcast and are just borrowing the spectrum and will eventually give it back. The problem is the telecom conference report is vague and there is no guarantee that America will ever get this valuable resource back.

Even if a guarantee can be secured, the report language still would not fairly compensate taxpayers for lending this resource to the broadcasters. From a technical standpoint, when the broadcasters transition from an analog to the more efficient digital signal, they can pump our several new TV stations. In short, broadcasters will trade their existing one station for an many as five stations. I am told the FCC believes the number can reach as high as 12 stations.

Interestingly enough, the broadcasters secured language in the telecom bill that would exempt them from paying fees for any of these new broadcast stations so long as they are supported by advertising dollars. Let me get this straight. America lends the broadcasters a national resource so they can increase their profit margins, but they do not think its fair to pay rent.

Mr. President, at a time when we are asking all Americans to sacrifice and we are all trying to balance the budget—I just heard the chairman of the Budget Committee speak Senator DOMENICI; the American people want us to balance the budget—it does not make any sense to give away billions of dollars to corporate interests and succumb to their intense media lobbying effort.

COST TO CONSUMERS

This policy will also cost consumers billions of their own dollars. Federally mandating a transition to digital broadcast will ultimately render all television sets in the country obsolete. Consumers will be forced to either buy new television sets or convertor boxes to receive free, over-the-air broadcasts.

The impact will be dramatic. There are 222 million television sets in the country. The average digital television set's estimated cost is $850, while the less expensive convertor box will cost about $100. Replacing every television set with a digital one would cost $189 billion. Using the less expensive convertor box would cost $22 billion. No doubt about it, consumers won't be happy that Congress made this choice for them.

CONCLUSION

Mr. President, in closing, I wish to inform the Senate that while I want to work with those who put together, I think, a good telecommunications bill in many respects, I know there are some Members in the House who have some reservations about parts of it and there are some Members in the Senate who have reservations about parts of it. I do think we should resolve this spectrum issue before the bill is considered.

It is going to be very difficult, when we are looking at Medicaid, looking at Medicare, looking at farm programs, looking at welfare, all trying to save money here and money there, that we would at the same time say, oh, that is OK because these are big media interests, we will give it away, whether there is $12.5 or $40 billion, whatever it may be.

The telecommunications conference committee is still open, so we still have the opportunity to appropriately address this spectrum issue. I hope that we will. I would like to see it resolved before we bring this bill up. I know the chairman, Senator PRESSLER, has done an outstanding job. It is a very difficult task. The Presiding Officer is a member of that committee. It is a very important bill, probably the most important bill we will consider this year in 1996. But let us, for the sake of the taxpayers and for the sake of the American consumers, fix this one corporate welfare provision before we ask Members to vote on it.

Mr. President, the Democratic leader will be here in a moment or two. I will just go ahead and do these unanimous-consent requests.

PUBLIC HOUSING REFORM AND EMPOWERMENT ACT OF 1995

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar 295, S. 1260.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1260) to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Public Housing Reform and Empowerment Act of 1995".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Effective date.
Sec. 5. Proposed regulations; technical recommendations.
Sec. 6. Elimination of obsolete documents.
Sec. 7. Annual reports.

TITLE I—PUBLIC AND INDIAN HOUSING

Sec. 101. Declaration of policy.
Sec. 102. Membership on board of directors.
Sec. 103. Authority of public housing agencies.
Sec. 104. Definitions.
Sec. 105. Contributions for lower income housing projects.
Sec. 106. Public housing agency plan.
Sec. 107. Contract provisions and requirements.
Sec. 108. Expansion of powers.
Sec. 109. Public housing designated for the elderly and the disabled.
Sec. 110. Public housing capital and operating funds.
Sec. 111. Labor standards.
Sec. 112. Repeal of energy conservation; consortia and joint ventures.
Sec. 113. Repeal of modernization fund.
Sec. 114. Eligibility for public and assisted housing.
Sec. 115. Demolition and disposition of public housing.
Sec. 116. Repeal of family investment centers; voucher system for public housing.
Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
Sec. 118. Revitalizing severely distressed public housing.
Sec. 119. Mixed-income and mixed-ownership projects.
Sec. 120. Conversion of distressed public housing to tenant-based assistance.
Sec. 121. Public housing mortgages and security interests.
Sec. 122. Linking services to public housing residents.
Sec. 123. Applicability to Indian housing.

TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.
Sec. 202. Repeal of Federal preferences.
Sec. 203. Portability.
Sec. 204. Leasing to voucher holders.
Sec. 205. Homeownership option.
Sec. 206. Technical and conforming amendments.
Sec. 207. Implementation.
Sec. 208. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Public housing flexibility in the CHAS.
Sec. 302. Repeal of certain provisions.
Sec. 303. Determination of income limits.
Sec. 304. Demolition of public housing.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing tenants and localities; and

(D) rewards employment and economic self-sufficiency of public housing tenants;

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families; and

(7) the needs of Indian families residing on Indian reservations and other Indian areas will best be served by providing programs specifically designed to meet the needs of Indian communities while promoting tribal self-governance and self-determination.

(b) PURPOSES.—The purposes of this Act are—

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, Indian tribes, localities, public housing agencies, and public housing tenants;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) PUBLIC HOUSING AGENCY.—The term "public housing agency" has the same meaning as in section 3 of the United States Housing Act of 1937.

(2) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) PROPOSED REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.

(b) TECHNICAL RECOMMENDATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this Act and the amendments made by this Act.

SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.

Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.

SEC. 7. ANNUAL REPORTS.

Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to the Congress on the impact of the amendments made by this Act on—

(1) the demographics of public housing tenants and families receiving tenant-based assistance under the United States Housing Act of 1937; and

(2) the economic viability of public housing agencies.

TITLE I—PUBLIC AND INDIAN HOUSING

SEC. 101. DECLARATION OF POLICY.

Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

"It is the policy of the United States to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this title—

"(1) to assist States, Indian tribes and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

"(2) to assist States, Indian tribes, and political subdivisions of States to address the shortage of housing affordable to low-income families; and

"(3) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing tenants and localities.".

SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. MEMBERSHIP ON BOARD OF DIRECTORS.

"(a) REQUIRED MEMBERSHIP.—Except as provided in subsection (b), the membership of the board of directors of each public housing agency shall contain not less than 1 member who is a resident of a public housing project operated by the public housing agency.

"(b) EXCEPTION.—Subsection (a) shall not apply to any public housing agency in any State that requires the members of the board of directors of a public housing agency to be salaried and to serve on a full-time basis.

"(c) NONDISCRIMINATION.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project.".

SEC. 103. AUTHORITY OF PUBLIC HOUSING AGENCIES.

(a) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

(1) IN GENERAL.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

"(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—Notwithstanding paragraph (1), a public housing agency may adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the actual monthly costs—

"(i) to operate the housing of the public housing agency; and

"(ii) to make a deposit to a replacement reserve (in the sole discretion of the public housing agency).

"(B) MINIMUM RENT.—Notwithstanding paragraph (1), a public housing agency may provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed $25 per month.

"(C) POLICE OFFICERS.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.

"(ii) DEFINITION.—As used in this subparagraph, the term 'police officer' means any person determined by a public housing agency to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, tribal, or local government or by any agency thereof (including a public housing agency having an accredited police force).

"(D) ENCOURAGEMENT OF SELF-SUFFICIENCY.—Each public housing agency shall develop a rental policy that encourages and rewards employment and economic self-sufficiency.".

(2) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by paragraph (1).

(B) TRANSITION RULE.—Prior to the issuance of final regulations under paragraph (1), a public housing agency may implement ceiling rents, which shall be—

(i) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act;

(ii) equal to the 95th percentile of the rent paid for a unit of comparable size by tenants in the same public housing project or a group of comparable projects totaling 50 units or more; or

(iii) equal to the fair market rent for the area in which the unit is located.

(b) NONTROUBLED PUBLIC HOUSING AGENCIES.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437(a)) is amended by adding at the end the following new paragraph:

"(3) NONTROUBLED PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Notwithstanding the rent calculation formula in paragraph (1), and subject to subparagraph (B), the Secretary shall permit a public housing agency, other than a public housing agency determined to be troubled pursuant to 6(j), to determine the amount that a family residing in public housing shall pay as rent.

"(B) LIMITATION.—With respect to a family whose income is equal to or less than 50 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, a public housing agency may not require a family to pay as rent under subparagraph (A) an amount that exceeds the greatest of—

"(i) 30 percent of the monthly adjusted income of the family;

"(ii) 10 percent of the monthly income of the family;

"(iii) if the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that public agency to meet the housing costs of the family, the portion of those payments that is so designated; and

"(iv) $25.".

SEC. 104. DEFINITIONS.

(a) DEFINITIONS.—

(1) SINGLE PERSONS.—Section 3(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended—

(A) in subparagraph (A), in the third sentence, by striking "the Secretary shall" and all that follows before the period at the end and inserting the following: "the public housing agency may give preference to single persons who are elderly or disabled persons before single persons who are otherwise eligible"; and

(B) in subparagraph (B), in the second sentence, by striking "regulations of the Secretary" and inserting "public housing agency plan".

(2) ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

"(5) ADJUSTED INCOME.—The term 'adjusted income' means the income that remains after excluding—

"(A) $480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household)—

"(i) who is under 18 years of age; or

"(ii) who is—

"(I) 18 years of age or older; and

"(II) a person with disabilities or a full-time student;

"(B) $400 for an elderly or disabled family;

"(C) the amount by which the aggregate of—

"(i) medical expenses for an elderly or disabled family; and

"(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

"(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

"(E) with respect to a family assisted by an Indian housing authority only, excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel; and

"(F) any other income that the public housing agency determines to be appropriate, as provided in the public housing agency plan.".

(3) INDIAN HOUSING AUTHORITY; INDIAN TRIBE.—

(A) IN GENERAL.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) is amended by striking paragraphs (11) and (12) and inserting the following:

"(11) INDIAN HOUSING AUTHORITY.—The term 'Indian housing authority' means any entity that—

"(A) is authorized to engage or assist in the development or operation of low-income housing for Indians; and

"(B) is established—

"(i) by exercise of the power of self-government of an Indian tribe, independent of State law; or

"(ii) by operation of State law authorizing or enabling an Indian tribe to create housing authorities for Indians, including regional housing authorities in the State of Alaska.

"(12) INDIAN TRIBE.—The term 'Indian tribe' means the governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian Tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994.".

(B) APPLICABILITY.—The amendment made by subparagraph (A) does not affect the existence, or the ability to operate, of any Indian housing authority established before the date of enactment of this Act by any State recognized tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives that does not qualify as an Indian tribe under section 3(b) of the United States Housing Act of 1937, as amended by this paragraph.

(b) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

(1) IN GENERAL.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(A) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of Public Law 101–625); and

(B) by adding at the end the following new subsection:

"(d) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family—

"(A) that—

"(i) occupies a unit in a public housing project; or

"(ii) receives assistance under section 8; and

"(B) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);

may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

"(2) PHASE-IN OF RATE INCREASES.—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(B) shall be phased in over a subsequent 3-year period.

"(3) OVERALL LIMITATION.—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).".

(2) APPLICABILITY OF AMENDMENT.—

(A) PUBLIC HOUSING.—Notwithstanding the amendment made by paragraph (1), any tenant 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 that paragraph existed on the day before the date of enactment this Act, shall be governed by that authority after that date.

(B) SECTION 8.—The amendment made by paragraph (1) shall apply to tenant-based assistance provided under section 8 of the United States Housing Act of 1937, with funds appropriated on or after October 1, 1996.

(c) DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.—

(1) IN GENERAL.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended—

(A) in paragraph (1), by inserting "and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners" after "carrying charges"; and

(B) in paragraph (2), in the first sentence, by striking "security personnel)," and all that follows through the period and inserting the following: "security personnel), service coordinators, drug elimination activities, or financing in

connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.".

(2) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3817) is amended by striking " 'project.' " and inserting "paragraph (3)".

(3) NEW DEFINITIONS.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following new paragraphs:

"(6) PUBLIC HOUSING AGENCY PLAN.—The term 'public housing agency plan' means the plan of the public housing agency prepared in accordance with section 5A.

"(7) DISABLED HOUSING.—The term 'disabled housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by disabled persons or families.

"(8) ELDERLY HOUSING.—The term 'elderly housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency exclusively for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.

"(9) MIXED-INCOME PROJECT.—The term 'mixed-income project' means a public housing project that meets the requirements of section 28.

"(10) CAPITAL FUND.—The term 'Capital Fund' means the fund established under section 9(c).

"(11) OPERATING FUND.—The term 'Operating Fund' means the fund established under section 9(d).".

SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.

(a) IN GENERAL.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 21(d), by striking "section 5(h) or";

(2) in section 25(l)(1), by striking "and for sale under section 5(h)"; and

(3) in section 307, by striking "section 5(h) and".

SEC. 106. PUBLIC HOUSING AGENCY PLAN.

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following new section:

"SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

"(a) IN GENERAL.—

"(1) SUBMISSION.—Each public housing agency shall submit to the Secretary a written public housing agency plan developed in accordance with this section.

"(2) CONSISTENCY REQUIREMENT.—Each public housing agency plan submitted to the Secretary under paragraph (1) shall be—

"(A) made in consultation with the local advisory board established under subsection (c);

"(B) consistent with the comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, as provided under title I of the Cranston-Gonzalez National Affordable Housing Act, or, with respect to any Indian tribe, a comprehensive plan developed by the Indian tribe, if applicable; and

"(C) accompanied by a certification by an appropriate State, tribal, or local public official that the plan meets the requirements of subparagraph (B).

"(b) CONTENTS.—Each public housing agency plan shall contain, at a minimum, the following:

"(1) CERTIFICATION.—

"(A) IN GENERAL.—With respect to a public housing agency that has not received assistance under this title as of the date on which the public housing agency plan of that public housing agency is submitted, or a public housing agency that is subject to amended authority, a written certification that the public housing agency is a governmental entity or public body (or an agency or instrumentality thereof) that is authorized to engage or assist in the development or operation of low-income housing under this title.

"(B) IDENTIFICATION OF CERTAIN REFERENCES.—Subject to subparagraph (A), any reference in any provision of law of the jurisdiction authorizing the creation of the public housing agency shall be identified and any legislative declaration of purpose in regard thereto shall be set forth in the certification with full text.

"(2) STATEMENT OF POLICY.—An annual statement of policy identifying the primary goals and objectives of the public housing agency for the year for which the statement is submitted, together with any major developments, projects, or programs, including all proposed costs and activities carried out with the use of Capital Fund and Operating Fund distributions made available to the public housing agency under section 9.

"(3) STATEMENT OF NEEDS.—An annual statement of the housing needs of low-income families residing in the community, and of other low-income families on the waiting list of the public housing agency (including the housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

"(4) GENERAL POLICIES, RULES, AND REGULATIONS.—The policies, rules, and regulations of the public housing agency regarding—

"(A) the requirements for the selection and admission of eligible families into the program or programs of the public housing agency, including—

"(i) tenant screening policies;

"(ii) any preferences or priorities for selection and admission;

"(iii) annual income verification procedures; and

"(iv) requirements relating to the administration of any waiting lists of the public housing agency;

"(B) the procedure for assignment of families admitted into the program to dwelling units owned, leased, managed, or assisted by the public housing agency;

"(C) the requirements for occupancy of dwelling units, including all standard lease provisions, and conditions for continued occupancy, termination, and eviction;

"(D) procedures for establishing rents, including ceiling rents and adjustments to income; and

"(E) procedures for designating certain public housing projects, or portions of projects, for occupancy by elderly families, disabled families, or by elderly and disabled families.

"(5) OPERATION AND MANAGEMENT.—The policies, rules, and regulations relating to the management of the public housing agency, and the public housing projects and programs of the public housing agency, including—

"(A) a description of the manner in which the public housing agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the Operating Fund distributions of the public housing agency;

"(B) policies relating to the rental of dwelling units owned or operated by the public housing agency, including policies designed to reduce vacancies;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the management and operation, or participation in mixed-income projects, if applicable;

"(E) policies relating to services and amenities provided or offered to assisted families, including the provision of service coordinators and services designed for certain populations, such as the elderly and disabled;

"(F) procedures for implementing the work requirements of section 12(c);

"(G) procedures for identifying management weaknesses;

"(H) objectives for improving management practices;

"(I) a description of management initiatives to control the costs of operating the public housing agency;

"(J) a plan for preventative maintenance and a plan for routine maintenance;

"(K) policies relating to any plans for converting public housing to a system of tenant-based assistance; and

"(L) policies relating to the operation of any homeownership programs.

"(6) CAPITAL FUND REQUIREMENTS.—The policies, rules, and regulations relating to the management and administration of the Capital Fund distributions of the public housing agency, including—

"(A) the capital needs of the public housing agency;

"(B) plans for capital expenditures related to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the capital requirements of mixed-income projects, if applicable;

"(E) an annual plan and, if appropriate, a 5-year plan of the public housing agency for the capital needs of the existing dwelling units of the public housing agency, each of which shall include a general statement identifying the long-term viability and physical condition of each of the public housing projects and other property of the public housing agency, including cost estimates;

"(F) a plan to handle emergencies and other disasters;

"(G) the use of funds for new or additional units, including capital contributions to mixed-income projects, if applicable;

"(H) any plans for the sale of existing dwelling units to low-income residents or organizations acting as conduits for sales to such residents under a homeownership plan;

"(I) any plans for converting public housing units to a system of tenant-based assistance; and

"(J) any plans for demolition and disposition of public housing units, including any plans for replacement units and any plans providing for the relocation of residents who will be displaced by a demolition or disposition of units.

"(7) ECONOMIC AND SOCIAL SELF-SUFFICIENCY PROGRAMS.—A description of any policies, programs, plans, and activities of the public housing agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the public housing agency.

"(8) ANNUAL AUDIT.—The results of an annual audit (including any audit of management practices, as required by the Secretary) of the public housing agency, which shall be conducted by an independent certified public accounting firm pursuant to generally accepted accounting principles.

"(c) LOCAL ADVISORY BOARD.—

"(1) IN GENERAL.—Except as provided in paragraph (5), each public housing agency shall establish one or more local advisory boards in accordance with this subsection, the membership

of which shall adequately reflect and represent all of the residents of the dwelling units owned, operated, or assisted by the public housing agency.

"(2) MEMBERSHIP.—Each local advisory board established under this subsection shall be composed of the following members:

"(A) TENANTS.—Not less than 60 percent of the members of the board shall be tenants of dwelling units owned, operated, or assisted by the public housing agency, including representatives of any resident organizations.

"(B) OTHER MEMBERS.—The members of the board, other than the members described in subparagraph (A), shall include—

"(i) representatives of the community in which the public housing agency is located; and

"(ii) local government officials of the community in which the public housing agency is located.

"(3) PURPOSE.—Each local advisory board established under this subsection shall assist and make recommendations regarding the development of the public housing agency plan. The public housing agency shall consider the recommendations of the local advisory board in preparing the final public housing agency plan, and shall include a copy of those recommendations in the public housing agency plan submitted to the Secretary under this section.

"(4) INAPPLICABILITY TO INDIAN HOUSING.—This subsection does not apply to an Indian housing authority.

"(5) WAIVER.—The Secretary may waive the requirements of this subsection with respect to tenant representation on the local advisory board of a public housing agency, if the public housing agency demonstrates to the satisfaction of the Secretary that a resident council or other tenant organization of the public housing agency adequately represents the interests of the tenants of the public housing agency.

"(d) PUBLICATION OF NOTICE.—

"(1) IN GENERAL.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the public housing agency shall publish a notice informing the public that—

"(A) the proposed public housing agency plan is available for inspection at the principal office of the public housing agency during normal business hours; and

"(B) a public hearing will be conducted to discuss the public housing agency plan and to invite public comment regarding that plan.

"(2) PUBLIC HEARING.—Each public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1).

"(3) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2), and after considering all public comments received and, in consultation with the local advisory board, making any appropriate changes in the public housing agency plan, the public housing agency shall—

"(A) adopt the public housing agency plan; and

"(B) submit the plan to the Secretary in accordance with this section.

"(e) COORDINATED PROCEDURES.—Each public housing agency (other than an Indian housing authority) shall, in conjunction with the State or relevant unit of general local government, establish procedures to ensure that the public housing agency plan required by this section is consistent with the applicable comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act.

"(f) AMENDMENTS AND MODIFICATIONS TO PLANS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be adopted or implemented—

"(A) other than at a duly called meeting of commissioners (or other comparable governing body) of the public housing agency that is open to the public; and

"(B) until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (g)(2).

"(2) CONSISTENCY.—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

"(A) meet the consistency requirement of subsection (a)(2);

"(B) be subject to the notice and public hearing requirements of subsection (d); and

"(C) be subject to approval by the Secretary in accordance with subsection (g)(2).

"(g) TIMING OF PLANS.—

"(1) IN GENERAL.—

"(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

"(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

"(2) REVIEW AND APPROVAL.—

"(A) REVIEW.—After submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

"(i) set forth the information required by this section to be contained in a public housing agency plan;

"(ii) are consistent with information and data available to the Secretary; and

"(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

"(B) APPROVAL.—

"(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

"(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 60-day period described in clause (i), the public housing agency plan shall be deemed to be approved by the Secretary.

"(3) SECRETARIAL DISCRETION.—

"(A) IN GENERAL.—The Secretary may require such additional information as the Secretary determines to be appropriate for each public housing agency that is—

"(i) at risk of being designated as troubled under section 6(j); or

"(ii) designated as troubled under section 6(j).

"(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).

"(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

"(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies; and

"(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j).".

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937, as added by subsection (a) of this section.

(3) INDIAN HOUSING AUTHORITIES.—In carrying out this subsection, the Secretary may implement separate rules and regulations for the Indian housing program.

(c) AUDIT AND REVIEW; REPORT.—

(1) AUDIT AND REVIEW.—Not later than 1 year after the effective date of final regulations promulgated under subsection (b)(2), in order to determine the degree of compliance with public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section, by public housing agencies, the Comptroller General of the United States shall conduct—

(A) a review of a representative sample of the public housing agency plans approved under such section 5A before that date; and

(B) an audit and review of the public housing agencies submitting those plans.

(2) REPORT.—Not later than 2 years after the date on which public housing agency plans are initially required to be submitted under section 5A of the United States Housing Act of 1937, as added by this section, the Comptroller General of the United States shall submit to the Congress a report, which shall include—

(A) a description of the results of each audit and review under paragraph (1); and

(B) any recommendations for increasing compliance by public housing agencies with their public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section.

SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.

(a) CONDITIONS.—Section 6(a) of the United States Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

(1) in the first sentence, by inserting ", in a manner consistent with the public housing agency plan" before the period; and

(2) by striking the second sentence.

(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:

"(c) [Reserved.]".

(c) EXCESS FUNDS.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

"(e) [Reserved.]".

(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking "obligated" and inserting "provided"; and

(ii) by striking "unexpended" and inserting "unobligated by the public housing agency";

(B) in subparagraph (D), by striking "energy" and inserting "utility";

(C) by redesignating subparagraph (H) as subparagraph (J); and

(D) by inserting after subparagraph (G) the following new subparagraphs:

"(H) The extent to which the public housing agency provides—

"(i) effective programs and activities to promote the economic self-sufficiency of public housing tenants; and

"(ii) public housing tenants with opportunities for involvement in the administration of the public housing.

"(I) The extent to which the public housing agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A)."; and

(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: "The Secretary may use a simplified set of indicators for public housing agencies with less than 250 public housing units.".

(e) LEASES.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (3), by striking "not be less than" and all that follows before the semicolon and inserting "be the period of time required under State law"; and

(2) in paragraph (5), by striking "on or near such premises".

(f) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking "Subject" and all that follows through ", in" and inserting "In".

(g) PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:

"(p) [Reserved.]".

(h) AVAILABILITY OF CRIMINAL RECORDS FOR SCREENING AND EVICTION; EVICTION FOR DRUG-RELATED ACTIVITY.—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 subsections:

"(q) AVAILABILITY OF RECORDS.—

"(1) IN GENERAL.—

"(A) PROVISION OF INFORMATION.—Notwithstanding any other provision of law, except as provided in subparagraph (B), the National Crime Information Center, police departments, and other law enforcement agencies shall, upon request, provide information to public housing agencies regarding the criminal conviction records of adult applicants for, or tenants of, public housing for purposes of applicant screening, lease enforcement, and eviction.

"(B) EXCEPTION.—Except as provided under any provision of State, tribal, or local law, no law enforcement agency described in subparagraph (A) shall provide information under this paragraph relating to any criminal conviction if the date of that conviction occurred 5 or more years prior to the date on which the request for the information is made.

"(2) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken on the basis of a criminal record, the public housing agency shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

"(3) FEE.—A public housing agency may be charged a reasonable fee for information provided under paragraph (1).

"(4) RECORDS MANAGEMENT.—Each public housing agency shall establish and implement a system of records management that ensures that any criminal record received by the public housing agency is—

"(A) maintained confidentially;

"(B) not misused or improperly disseminated; and

"(C) destroyed, once the purpose for which the record was requested has been accomplished.

"(5) DEFINITION.—For purposes of this subsection, the term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

"(r) EVICTION FOR DRUG-RELATED ACTIVITY.—Any tenant evicted from housing assisted under this title by reason of drug-related criminal activity (as that term is defined in section 8(f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).".

(i) TRANSITION RULE RELATING TO PREFERENCES.—During the period beginning on the date of enactment of this Act and ending on the date on which the initial public housing agency plan of a public housing agency is approved under section 5A of the United States Housing Act of 1937, as added by this Act, the public housing agency may establish local preferences for making available public housing under the United States Housing Act of 1937 and for providing tenant-based assistance under section 8 of that Act.

SEC. 108. EXPANSION OF POWERS.

(a) IN GENERAL.—Section 6(j)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)) is amended—

(1) in subparagraph (A)—

(A) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(B) by inserting after clause (ii) the following new clause:

"(iii) take possession of the public housing agency, including any project or function of the agency, including any project or function under any other provision of this title;";

(2) by redesignating subparagraphs (B) through (D) as subparagraphs (E) through (G), respectively;

(3) by inserting after subparagraph (A) the following new subparagraphs:

"(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.

"(ii) The Secretary may give a public housing agency a 1-year period, beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i), and the date of enactment of the Public Housing Reform and Empowerment Act of 1995, within which to demonstrate improvement satisfactory to the Secretary. Nothing in this clause shall preclude the Secretary from taking any action the Secretary considers necessary before the commencement or the expiration of the 1-year period described in this clause.

"(iii) Upon the expiration of the 1-year period described in clause (ii), if the troubled public housing agency has not demonstrated improvement satisfactory to the Secretary and the Secretary has not yet declared the agency to be in breach of the contract of the agency with the Federal Government under this title, the Secretary shall declare the public housing agency to be in substantial default, as described in subparagraph (A).

"(iv) Upon declaration of a substantial default under clause (iii), the Secretary—

"(I) shall either—

"(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii);

"(bb) take possession of the public housing agency or any public housing projects of the public housing agency pursuant to subparagraph (A)(iii); or

"(cc) take such actions as the Secretary determines to be necessary to cure the substantial default; and

"(II) may, in addition, take other appropriate action.

"(C)(i) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) if determined to be appropriate by the Secretary, may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies; and

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impedes correction of the substantial default.

"(ii) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title.

"(D)(i) If the Secretary takes possession of a public housing agency, or any project or function of the agency, pursuant to subparagraph (A)(iii), the Secretary—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies;

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impedes correction of the substantial default; and

"(V) shall have such additional authority as a district court of the United States has conferred under like circumstances on a receiver to fulfill the purposes of the receivership.

"(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary under this subparagraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

"(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to clause (i)(III), unless the Secretary first approves an application by the administrative receiver to authorize such establishment.

"(iv) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title."; and

(4) by adding at the end the following new subparagraph:

"(H) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including any project or function of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of the public housing agency (including any project or function of the agency), shall be the liability of the public housing agency.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a public housing agency that is found to be in substantial default, on or after the date of enactment of this Act, with respect to the covenants or conditions to which the agency is subject (as such substantial default is defined in the contract for contributions of the agency) or with respect to an agreement entered into under section 6(j)(2)(C) of the United States Housing Act of 1937.

SEC. 109. PUBLIC HOUSING DESIGNATED FOR THE ELDERLY AND THE DISABLED.

(a) IN GENERAL.—Section 7 of the United States Housing Act of 1937 (42 U.S.C. 1437e) is amended to read as follows:

"SEC. 7. AUTHORITY TO PROVIDE DESIGNATED HOUSING.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in the discretion of the public housing agency and without approval by the Secretary, designate public housing projects or mixed-income projects (or portions of projects) for occupancy as elderly housing, disabled housing, or elderly and disabled housing. The public housing agency shall establish requirements for this section, including priorities for occupancy, in the public housing agency plan.

"(b) PRIORITY FOR OCCUPANCY.—

"(1) IN GENERAL.—In determining priority for admission to public housing projects (or portions of projects) that are designated for occupancy under this section, the public housing agency may make units in such projects (or portions of projects) available only to the types of families for whom the project is designated.

"(2) ELIGIBILITY OF NEAR-ELDERLY FAMILIES.—If a public housing agency determines that there are insufficient numbers of elderly families to fill all the units in a public housing project (or portion thereof) designated under this section for occupancy by only elderly families, the agency may provide that near-elderly families who qualify for occupancy may occupy dwelling units in the public housing project (or portion thereof).

"(3) VACANCY.—Notwithstanding paragraphs (1) and (2), in designating a public housing project (or portion thereof) for occupancy by only certain types of families under this section, a public housing agency shall make any dwelling unit that is ready for occupancy in such a project (or portion thereof) that has been vacant for more than 60 consecutive days generally available for occupancy (subject to this title) without regard to that designation.

"(c) AVAILABILITY OF HOUSING.—

"(1) TENANT CHOICE.—The decision of any disabled family not to occupy or accept occupancy in an appropriate public housing project or to otherwise accept any assistance made available to the family under this title shall not adversely affect the family with respect to a public housing agency making available occupancy in other appropriate public housing projects or to otherwise make assistance available to that family under this title.

"(2) DISCRIMINATORY SELECTION.—Paragraph (1) does not apply to any family that decides not to occupy or accept an appropriate dwelling unit in public housing or to accept assistance under this Act on the basis of the race, color, religion, gender, disability, familial status, or national origin of occupants of the housing or the surrounding area.

"(3) APPROPRIATENESS OF DWELLING UNITS.—This section may not be construed to require a public housing agency to offer occupancy in any dwelling unit assisted under this Act to any family that is not of appropriate family size for the dwelling unit.

"(d) PROHIBITION OF EVICTIONS.—Any tenant who is lawfully residing in a dwelling unit in a public housing project may not be evicted or otherwise required to vacate that unit as a result of the designation of the public housing project (or portion thereof) under this section or as a result of any other action taken by the Secretary or any public housing agency pursuant to this section.

"(e) LIMITATION ON OCCUPANCY IN DESIGNATED PROJECTS.—

"(1) OCCUPANCY LIMITATION.—Notwithstanding any other provision of law, a dwelling unit in a public housing project (or portion of a project) that is designated under subsection (a) shall not be occupied by any person whose illegal use (or pattern of illegal use) of a controlled substance or abuse (or pattern of abuse) of alcohol—

"(A) constitutes a disability; and

"(B) provides reasonable cause for the public housing agency to believe that such occupancy could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

"(2) REQUIRED STATEMENT.—A public housing agency may not make a dwelling unit in a public housing project (or portion of a project) designated under subsection (a) available for occupancy to any family, unless the application for occupancy by that family is accompanied by a signed statement that no person who will be occupying the unit illegally uses a controlled substance, or abuses alcohol, in a manner that would interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.".

(b) LEASE PROVISIONS.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) following new paragraph:

"(6) provide that any occupancy in violation of section 7(e)(1) or the furnishing of any false or misleading information pursuant to section 7(e)(2) shall be cause for termination of tenancy; and".

(c) CONFORMING AMENDMENT.—Section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437(b)(4)(A)) is amended by striking "section 7(a)" and inserting "section 7".

SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

(a) IN GENERAL.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

"SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

"(a) IN GENERAL.—Except for assistance provided under section 8 of this Act or as otherwise provided in the Public Housing Reform and Empowerment Act of 1995, all programs under which assistance is provided for public housing under this Act on the day before October 1, 1997, shall be merged, as appropriate, into either—

"(1) the Capital Fund established under subsection (c); or

"(2) the Operating Fund established under subsection (d).

"(b) USE OF EXISTING FUNDS.—With the exception of funds made available pursuant to section 8 or section 20(f) and funds made available for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—

"(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency as of October 1, 1997, shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate; and

"(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of October 1, 1997, have not been obligated by the public housing agency, may be made available by that public housing agency, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate.

"(c) CAPITAL FUND.—

"(1) IN GENERAL.—The Secretary shall establish a Capital Fund for the purpose of making assistance available to public housing agencies to carry out capital and management activities, including—

"(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the development of mixed-income projects;

"(B) vacancy reduction;

"(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

"(D) planned code compliance;

"(E) management improvements;

"(F) demolition and replacement;

"(G) tenant relocation;

"(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

"(I) capital expenditures to improve the security and safety of residents.

"(2) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The Secretary shall develop a formula for providing assistance under the Capital Fund, which may take into account—

"(A) the number of public housing dwelling units owned or operated by the public housing agency and the percentage of those units that are occupied by very low-income families;

"(B) if applicable, the reduction in the number of public housing units owned or operated by the public housing agency as a result of any conversion to a system of tenant-based assistance;

"(C) the costs to the public housing agency of meeting the rehabilitation and modernization needs, and meeting the reconstruction, development, and demolition needs of public housing dwelling units owned and operated by the public housing agency;

"(D) the degree of household poverty served by the public housing agency;

"(E) the costs to the public housing agency of providing a safe and secure environment in public housing units owned and operated by the public housing agency; and

"(F) the ability of the public housing agency to effectively administer the Capital Fund distribution of the public housing agency.

"(d) OPERATING FUND.—

"(1) IN GENERAL.—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing, including—

"(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

"(B) activities to ensure a program of routine preventative maintenance;

"(C) anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants;

"(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

"(E) activities to provide for management and participation in the management of public housing by public housing tenants;

"(F) the costs associated with the operation and management of mixed-income projects, to the extent appropriate (including the funding of an operating reserve to ensure affordability for low-income families in lieu of the availability of operating funds for public housing units in a mixed-income project);

"(G) the reasonable costs of insurance;

"(H) the reasonable energy costs associated with public housing units, with an emphasis on energy conservation; and

"(I) the costs of administering a public housing work program under section 12, including the costs of any related insurance needs.

"(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—The Secretary shall establish a formula for providing assistance under the Operating Fund, which may take into account—

"(A) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

"(B) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

"(C) the degree of household poverty served by a public housing agency;

"(D) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing tenants;

"(E) the number of dwelling units owned and operated by the public housing agency that are chronically vacant and the amount of assistance appropriate for those units;

"(F) the costs of the public housing agency associated with anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants; and

"(G) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency.

"(e) LIMITATIONS ON USE OF FUNDS.—

"(1) IN GENERAL.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities that are eligible for assistance under the Operating Fund under subsection (d), if the public housing agency plan provides for such use.

"(2) NEW CONSTRUCTION.—

"(A) IN GENERAL.—A public housing agency may not use any of the Capital Fund or Operating Fund distributions of the public housing agency for the purpose of constructing any public housing unit, if such construction would result in a net increase in the number of public housing units owned or operated by the public housing agency on the date of enactment of the Public Housing Reform and Empowerment Act of 1995, including any public housing units demolished as part of any revitalization effort.

"(B) EXCEPTION.—Notwithstanding subparagraph (A), a public housing agency may use the Capital Fund or Operating Fund distributions of the public housing agency for the construction and operation of housing units that are available and affordable to low-income families in excess of the limitations on new construction set forth in subparagraph (A), except that the formulae established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.".

"(f) OPERATING AND CAPITAL ASSISTANCE TO RESIDENT MANAGEMENT CORPORATIONS.—The Secretary shall directly provide operating and capital assistance under this section to each resident management corporation managing a public housing project pursuant to a contract under this section, which assistance shall be used for purposes of operating the public housing project and performing such other eligible activities with respect to the project as may be provided under the contract.

"(g) INDIAN HOUSING PROGRAMS.—To the extent provided in advance in appropriations Acts, the Secretary shall carry out housing programs for Indians in accordance with such formulas and programs as the Secretary shall establish by regulation.

"(h) TECHNICAL ASSISTANCE.—To the extent approved in advance in appropriations Acts, the Secretary may make grants or enter into contracts in accordance with this subsection for purposes of providing, either directly or indirectly—

"(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including assistance relating to monitoring and inspections;

"(2) training for public housing agency employees and tenants;

"(3) data collection and analysis; and

"(4) training, technical assistance, and education to assist public housing agencies that are—

"(A) at risk of being designated as troubled under section 6(j) from being so designated; and

"(B) designated as troubled under section 6(j) in achieving the removal of that designation.

"(i) EMERGENCY RESERVE.—

"(1) IN GENERAL.—

"(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside not more than 2 percent of the amount made available for use under the capital fund to carry out this section for that fiscal year for use in accordance with this subsection.

"(B) USE OF FUNDS.—

"(i) EMERGENCIES.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with emergencies, as determined by the Secretary, and in connection with housing needs resulting from any settlement of litigation.

"(ii) ADDITIONAL FUNDS.—To the extent that there are funds from amounts set aside under this paragraph in excess to the needs described in clause (i), the Secretary may use those funds for the costs of establishing and administering a witness relocation program, which shall be established by the Secretary in conjunction with the Attorney General of the United States.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Amounts set aside under this subsection shall initially be allocated based on the emergency and litigation settlement needs of public housing agencies, in such manner, and in such amounts as the Secretary shall determine.

"(B) PUBLICATION.—The Secretary shall publish the use of any amounts allocated under this subsection in the Federal Register.".

(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION PERIOD.—

(1) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall establish the formulas described in subsections (c)(3) and (d)(2) of section 9 of the Public Housing Reform and Empowerment Act of 1995, as amended by this section.

(2) EFFECTIVE DATE.—The formulas established under paragraph (1) shall be effective only with respect to amounts made available under section 9 of the United States Housing Act of 1937, as amended by this section, in fiscal year 1998 or in any succeeding fiscal year.

(3) TRANSITION PERIOD.—Prior to the effective date described in paragraph (2), the Secretary shall provide that each public housing agency shall receive funding under sections 9 and 14 of the United States Housing Act of 1937, as those sections existed on the day before the date of enactment of this Act.

(c) DRUG ELIMINATION GRANTS.—

(1) FUNDING AUTHORIZATION.—

(A) IN GENERAL.—To the extent provided in advance in appropriations Acts for fiscal years 1996 and 1997, the Secretary shall make grants for—

(i) use in eliminating drug-related crime under the Public and Assisted Housing Drug Elimination Act of 1990; and

(ii) drug elimination clearinghouse services authorized by section 5143 of the Drug-Free Public Housing Act of 1988.

(B) SET-ASIDE.—Of any amounts made available to carry out subparagraph (A), the Secretary shall set aside amounts for grants, technical assistance, contracts, and other assistance, and for training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training).

(2) PROGRAM REQUIREMENTS.—The use of amounts made available under paragraph (1) shall be governed by the Public and Assisted Housing Drug Elimination Act of 1990, except as follows:

(A) FORMULA ALLOCATION.—Notwithstanding the Public and Assisted Housing Drug Elimination Act of 1990, after setting aside amounts for assisted housing under section 5130(b) of such Act, the Secretary may make grants to public housing agencies in accordance with a formula established by the Secretary, which shall—

(i) take into account the needs of the public housing agency for anticrime funding, and the amount of funding that the public housing agency has received under the Public and Assisted Housing Drug Elimination Act of 1990 during fiscal years 1993, 1994, and 1995; and

(ii) not exclude an eligible public housing agency that has not received funding during the period described in clause (i).

(B) OTHER TYPES OF CRIME.—For purposes of this subsection, the Secretary may define the term "drug-related crime" to include criminal actions other than those described in section 5126(2) of the Public and Assisted Housing Drug Elimination Act of 1990.

(3) SUNSET.—No grant may be made under this subsection on or after October 1, 1998.

SEC. 111. LABOR STANDARDS.

Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended by adding at the end the following new subsection:

"(c) WORK REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, each adult member of each family assisted under this title shall contribute not less than 8 hours of volunteer work per month (not to include any political activity) within the community in which that adult resides.

"(2) INCLUSION IN PLAN.—Each public housing agency shall include in the public housing agency plan a detailed description of the manner in which the public housing agency intends to implement and administer paragraph (1).

"(3) EXEMPTIONS.—The Secretary may provide an exemption from paragraph (1) for any adult who is—

"(A) not less than 62 years of age;

"(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this section;

"(C) working not less than 20 hours per week, a student, receiving vocational training, or otherwise meeting work, training, or educational requirements of a public assistance program; or

"(D) a single parent or the spouse of an otherwise exempt individual who is the primary caretaker of one or more children who are 6 years of age or younger.".

SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

"SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.

"(a) CONSORTIA.—

"(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.

"(2) EFFECT.—With respect to any consortium described in paragraph (1)—

"(A) any assistance made available under this title to each of the public housing agencies participating in the consortium shall be paid to the consortium; and

"(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.

"(3) RESTRICTIONS.—

"(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan, which shall be submitted by the consortium in accordance with section 5A.

"(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

"(b) JOINT VENTURES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with the public housing agency plan, may—

"(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

"(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agency, including any program that is subject to this title.

"(2) USE OF INCOME.—Any income generated under paragraph (1) shall be used for low-income housing or to benefit the tenants of the public housing agency.

"(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.".

SEC. 113. REPEAL OF MODERNIZATION FUND.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 5(c)(5), by striking "for use under section 14 or";

(2) in section 5(c)(7)—

(A) in subparagraph (A)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively; and

(B) in subparagraph (B)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively;

(3) in section 6(j)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(4) in section 6(j)(2)(A)—

(A) in clause (i), by striking "The Secretary shall also designate," and all that follows through the period at the end; and

(B) in clause (iii), by striking "(including designation as a troubled agency for purposes of the program under section 14)";

(5) in section 6(j)(2)(B)—

(A) in clause (i), by striking "and determining that an assessment under this subparagraph will not duplicate any review conducted under section 14(p)"; and

(B) in clause (ii)—

(i) by striking "(I) the agency's comprehensive plan prepared pursuant to section 14 adequately and appropriately addresses the rehabilitation needs of the agency's inventory, (II)" and inserting "(I)"; and

(ii) by striking "(III)" and inserting "(II)";

(6) in section 6(j)(3)—

(A) in clause (ii), by adding "and" at the end;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii);

(7) in section 6(j)(4)—

(A) in subparagraph (D), by adding "and" at the end;

(B) in subparagraph (E), by striking "; and" at the end and inserting a period; and

(C) by striking subparagraph (F);

(8) in section 20—

(A) by striking subsection (c) and inserting the following:

"(c) [Reserved.]"; and

(B) by striking subsection (f) and inserting the following:

"(f) [Reserved.]";

(9) in section 21(a)(2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(10) in section 21(a)(3)(A)(v), by striking "the building or buildings meet the minimum safety and livability standards applicable under section 14, and";

(11) in section 25(b)(1), by striking "From amounts reserved" and all that follows through "the Secretary may" and inserting the following: To the extent approved in appropriations Acts, the Secretary may";

(12) in section 25(e)(2)—

(A) by striking "The Secretary" and inserting "To the extent approved in appropriations Acts, the Secretary"; and

(B) by striking "available annually from amounts under section 14";

(13) in section 25(e), by striking paragraph (3);

(14) in section 25(f)(2)(G)(i), by striking "including—" and all that follows through "an explanation" and inserting "including an explanation";

(15) in section 25(i)(1), by striking the second sentence; and

(16) in section 202(b)(2)—

(A) by striking "(b) FINANCIAL ASSISTANCE.—" and all that follows through "The Secretary may," and inserting the following:

"(b) FINANCIAL ASSISTANCE.—The Secretary may"; and

(B) by striking paragraph (2).

SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:

"SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

"(a) INCOME ELIGIBILITY FOR CERTAIN PUBLIC AND ASSISTED HOUSING.—

"(1) IN GENERAL.—Of the dwelling units of a public housing agency, including dwelling units receiving tenant-based assistance under section 8 and public housing units in a designated mixed-income project, made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families;

"(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income for those families; and

"(C) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(3) MIXED-INCOME HOUSING STANDARD.—Each public housing agency plan submitted by a public housing agency shall include a plan for achieving a diverse income mix among tenants in each public housing project of the public housing agency and among the scattered site public housing of the public housing agency.

"(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency shall establish standards for occupancy in public housing dwelling units—

"(1) that prohibit occupancy in any such unit by any person—

"(A) who the public housing agency determines is illegally using a controlled substance; or

"(B) if the public housing agency determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project; and

"(2) that allow the public housing agency to terminate the tenancy in any public housing unit of any person—

"(A) if the public housing agency determines that such person is illegally using a controlled substance; or

"(B) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency to interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

"(c) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any dwelling unit assisted by an Indian housing authority.".

SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

(a) IN GENERAL.—Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

"SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

"(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Except as provided in subsection (b), not later than 60 days after receiving an application by a public housing agency for authorization, with or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project (including any transfer to a resident-supported nonprofit entity), the Secretary shall approve the application, if the public housing agency certifies—

"(1) in the case of—

"(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—

"(i) the project or portion of the public housing project is obsolete as to physical condition, location, or other factors, making it unsuitable for housing purposes; and

"(ii) no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to useful life; and

"(B) an application proposing the demolition of only a portion of a public housing project, that the demolition will help to assure the viability of the remaining portion of the project;

"(2) in the case of an application proposing disposition of a public housing project or other real property subject to this title by sale or other transfer, that—

"(A) the retention of the property is not in the best interests of the tenants or the public housing agency because—

"(i) conditions in the area surrounding the public housing project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency; or

"(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;

"(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—

"(i) in the best interests of the tenants and the public housing agency;

"(ii) consistent with the goals of the public housing agency and the public housing agency plan; and

"(iii) otherwise consistent with this title; or

"(C) for property other than dwelling units, the property is excess to the needs of a public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;

"(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan, and has certified that the actions contemplated in the public housing agency plan comply with this section;

"(4) that the public housing agency—

"(A) will provide for the payment of the relocation expenses of each tenant to be displaced;

"(B) will ensure that the amount of rent paid by the tenant following relocation will not exceed the amount permitted under this title; and

"(C) will not commence demolition or complete disposition until all tenants residing in the unit are relocated;

"(5) that the net proceeds of any disposition will be used—

"(A) unless waived by the Secretary, for the retirement of outstanding obligations issued to finance the original public housing project or modernization of the project; and

"(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the tenants of the public housing agency; and

"(6) that the public housing agency has complied with subsection (c).

"(b) DISAPPROVAL OF APPLICATIONS.—The Secretary shall disapprove an application submitted under subsection (a) if the Secretary determines that any certification made by the public housing agency under that subsection is clearly inconsistent with information and data available to the Secretary.

"(c) TENANT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—

"(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization supported by the residents, if that entity has expressed an interest, in writing, to the public housing agency in a timely manner, in purchasing the property for continued use as low-income housing.

"(2) TIMING.—

"(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other resident-supported nonprofit entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.

"(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of that written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.

"(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of those replacement units is fewer than the number of units demolished.".

(b) HOMEOWNERSHIP REPLACEMENT PLAN.—

(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa-3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred At Oklahoma City, and Rescissions Act, 1995, is amended to read as follows:

"(g) [Reserved.]".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective with respect to any plan for the demolition, disposition, or conversion to homeownership of public housing that is approved by the Secretary after September 30, 1995.

(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.

SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:

"SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.

"(a) IN GENERAL.—

"(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.

"(2) REQUIREMENTS.—In converting to a tenant-based system of assistance under this section, the public housing agency shall develop a conversion assessment and plan under subsection (b) in consultation with the appropriate public officials, with significant participation by the residents of the project (or portion thereof), which assessment and plan shall—

"(A) be consistent with and part of the public housing agency plan; and

"(B) describe the conversion and future use or disposition of the public housing project, including an impact analysis on the affected community.

"(b) CONVERSION ASSESSMENT AND PLAN.—

"(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency, and shall submit to the Secretary an assessment that includes—

"(A) a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing tenant-based assistance under section 8 for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing project proposed for conversion for the remaining useful life of the project;

"(B) an analysis of the market value of the public housing project proposed for conversion both before and after rehabilitation, and before and after conversion;

"(C) an analysis of the rental market conditions with respect to the likely success of tenant-based assistance under section 8 in that market for the specific residents of the public housing project proposed for conversion, including an assessment of the availability of decent and safe dwellings renting at or below the payment standard established for tenant-based assistance under section 8 by the public housing agency;

"(D) the impact of the conversion to a system of tenant-based assistance under this section on the neighborhood in which the public housing project is located; and

"(E) a plan that identifies actions, if any, that the public housing agency would take with regard to converting any public housing project or projects (or portions thereof) of the public housing agency to a system of tenant-based assistance.

"(2) STREAMLINED ASSESSMENT.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of paragraph (1) or otherwise require a streamlined assessment with respect to any public housing project or class of public housing projects.

"(3) IMPLEMENTATION OF CONVERSION PLAN.—

"(A) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

"(i) will not be more expensive than continuing to operate the public housing project (or portion thereof) as public housing; and

"(ii) will principally benefit the residents of the public housing project (or portion thereof) to be converted, the public housing agency, and the community.

"(B) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or if there is reliable information and data available to the Secretary that contradicts that conversion assessment.

"(c) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide tenant-based assistance under section 8 shall be added to the housing assistance payment contract administered by—

"(1) the public housing agency; or

"(2) any entity administering the contract on behalf of the public housing agency.

"(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.

(a) IN GENERAL.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended to read as follows:

"SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with this section—

"(1) sell any public housing unit in any public housing project of the public housing agency to—

"(A) the low-income tenants of the public housing agency; or

"(B) any organization serving as a conduit for sales to those persons; and

"(2) provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence.

"(b) RIGHT OF FIRST REFUSAL.—In making any sale under this section, the public housing agency shall initially offer the public housing unit at issue to the tenant or tenants occupying that unit, if any, or to an organization serving as a conduit for sales to any such tenant.

"(c) SALE PRICES, TERMS, AND CONDITIONS.—Any sale under this section may involve such prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan.

"(d) PURCHASE REQUIREMENTS.—

"(1) IN GENERAL.—Each tenant that purchases a dwelling unit under subsection (a) shall, as of the date on which the purchase is made—

"(A) intend to occupy the property as a principal residence; and

"(B) submit a written certification to the public housing agency that such tenant will occupy the property as a principal residence for a period of not less than 12 months beginning on that date.

"(2) RECAPTURE.—Except for good cause, as determined by a public housing agency in the public housing agency plan, if, during the 1-year period beginning on the date on which any tenant acquires a public housing unit under this section, that public housing unit is resold, the public housing agency shall recapture 75 percent of the amount of any proceeds from that resale that exceed the sum of—

"(A) the original sale price for the acquisition of the property by the qualifying tenant;

"(B) the costs of any improvements made to the property after the date on which the acquisition occurs; and

"(C) any closing costs incurred in connection with the acquisition.

"(e) PROTECTION OF NONPURCHASING TENANTS.—If a public housing tenant does not exercise the right of first refusal under subsection (b) with respect to the public housing unit in which the tenant resides, the public housing agency shall—

"(1) ensure that either another public housing unit or rental assistance under section 8 is made available to the tenant; and

"(2) provide for the payment of the reasonable relocation expenses of the tenant.

"(f) NET PROCEEDS.—

"(1) IN GENERAL.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold under this section unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan.

"(2) INDIAN HOUSING.—The net proceeds described in paragraph (1) may be used by Indian housing authorities for housing for families whose incomes exceed the income levels established under this title for low-income families.

"(g) HOMEOWNERSHIP ASSISTANCE.—From amounts distributed to a public housing agency under section 9, or from other income earned by the public housing agency, the public housing agency may provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence, including a residence other than a residence located in a public housing project.".

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 8(y)(7)(A)—

(A) by striking ", (ii)" and inserting ", and (ii)"; and

(B) by striking ", and (iii)" and all that follows before the period at the end; and

(2) in section 25(l)(2)—

(A) in the first sentence, by striking ", consistent with the objectives of the program under section 23,"; and

(B) by striking the second sentence.

(c) SAVINGS PROVISION.—The amendments made by this section do not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended to read as follows:

"SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies for the purposes of—

"(1) enabling the demolition of obsolete public housing projects or portions thereof;

"(2) revitalizing sites (including remaining public housing units) on which such public housing projects are located;

"(3) the provision of replacement housing, which will avoid or lessen concentrations of very low-income families; and

"(4) the provision of tenant-based assistance under section 8 for use as replacement housing.

"(b) COMPETITION.—The Secretary shall make grants under this section on the basis of a competition, which shall be based on such factors as—

"(1) the need for additional resources for addressing a severely distressed public housing project;

"(2) the need for affordable housing in the community;

"(3) the supply of other housing available and affordable to a family receiving tenant-based assistance under section 8; and

"(4) the local impact of the proposed revitalization program.

"(c) TERMS AND CONDITIONS.—The Secretary may impose such terms and conditions on recipients of grants under this section as the Secretary determines to be appropriate to carry out the purposes of this section, except that such terms and conditions shall be similar to the terms and conditions of either—

"(1) the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts; or

"(2) section 24 of the United States Housing Act of 1937, as such section existed before the date of enactment of the Public Housing Reform and Empower Act of 1995.

"(d) ALTERNATIVE MANAGEMENT.—The Secretary may require any recipient of a grant under this section to make arrangements with an entity other than the public housing agency to carry out the purposes for which the grant was awarded, if the Secretary determines that such action is necessary for the timely and effective achievement of the purposes for which the grant was awarded.

"(e) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.

"(f) SUNSET.—No grant may be made under this section on or after October 1, 1998.".

SEC. 119. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

(a) IN GENERAL.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 28. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

"(a) IN GENERAL.—A public housing agency may own, operate, assist, or otherwise participate in one or more mixed-income projects in accordance with this section.

"(b) REQUIREMENTS.—

"(1) MIXED-INCOME PROJECT.—For purposes of this section, the term 'mixed-income project' means a project that meets the requirements of paragraph (2) and that is occupied both by one or more very low-income families and by one or more families that are not very low-income families.

"(2) STRUCTURE OF PROJECTS.—Each mixed-income project shall be developed—

"(A) in a manner that ensures that units are made available in the project, by master contract, individual lease, or equity interest for occupancy by eligible families identified by the public housing agency for a period of not less than 20 years;

"(B) in a manner that ensures that the number of public housing units bears approximately the same proportion to the total number of units in the mixed-income project as the value of the total financial commitment provided by the public housing agency bears to the value of the total financial commitment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance; and

"(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

"(3) TYPES OF PROJECTS.—The term 'mixed-income project' includes a project that is developed—

"(A) by a public housing agency or by an entity affiliated with a public housing agency;

"(B) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public

housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

"(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

"(D) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

"(c) TAXATION.—

"(1) IN GENERAL.—A public housing agency may elect to have all public housing units in a mixed-income project subject to local real estate taxes, except that such units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).

"(2) LOW-INCOME HOUSING TAX CREDIT.—With respect to any unit in a mixed-income project that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the tenants may be set at levels not to exceed the amounts allowable under that section.

"(d) RESTRICTION.—No assistance provided under section 9 shall be used by a public housing agency in direct support of any unit rented to a family that is not a low-income family, except that this subsection does not apply to the Mutual Help Homeownership Program authorized under section 202 of this Act.

"(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an entity that owns or operates a mixed-income project under this section enters into a contract with a public housing agency, the terms of which obligate the entity to operate and maintain a specified number of units in the project as public housing units in accordance with the requirements of this Act for the period required by law, such contractual terms may provide that, if, as a result of a reduction in appropriations under section 9, or any other change in applicable law, the public housing agency is unable to fulfill its contractual obligations with respect to those public housing units, that entity may deviate, under procedures and requirements developed through regulations by the Secretary, from otherwise applicable restrictions under this Act regarding rents, income eligibility, and other areas of public housing management with respect to a portion or all of those public housing units, to the extent necessary to preserve the viability of those units while maintaining the low-income character thereof to the maximum extent practicable.".

(b) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to promote the development of mixed-income projects, as that term is defined in section 28 of the United States Housing Act of 1937, as added by this Act.

SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 29. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

"(a) IDENTIFICATION OF UNITS.—To the extent approved in advance in appropriations Acts, each public housing agency shall identify all public housing projects of the public housing agency—

"(1) that are on the same or contiguous sites;

"(2) that the public housing agency determines to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall be based on the criteria established in the Final Report of the National Commission on Severely Distressed Public Housing (August 1992);

"(3) identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; and

"(4) for which the estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

"(b) CONSULTATION.—Each public housing agency shall consult with the appropriate public housing tenants and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

"(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—

"(1) IN GENERAL.—

"(A) DEVELOPMENT OF PLAN.—Each public housing agency shall develop and, to the extent provided in advance in appropriations Acts, carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a) from the inventory of the public housing agency and the annual contributions contract.

"(B) APPROVAL OF PLAN.—The plan required under subparagraph (A) shall—

"(i) be included as part of the public housing agency plan;

"(ii) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and

"(iii) include a description of any disposition and demolition plan for the public housing units.

"(2) EXTENSIONS.—The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

"(d) CONVERSION TO TENANT-BASED ASSISTANCE.—

"(1) IN GENERAL.—With respect to any public housing project that has not received a grant for assistance under the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts or under section 24 of the United States Housing Act of 1937, the Secretary shall make authority available to a public housing agency to provide assistance under this Act to families residing in any public housing project that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to this section.

"(2) PLAN REQUIREMENTS.—Each plan under subsection (c) shall require the agency to—

"(A) notify families residing in the public housing project, consistent with any guidelines issued by the Secretary governing such notifications, that—

"(i) the public housing project will be removed from the inventory of the public housing agency; and

"(ii) the families displaced by such action will receive tenant-based or project-based assistance or occupancy in a unit operated or assisted by the public housing agency;

"(B) provide any necessary counseling for families displaced by such action; and

"(C) provide any reasonable relocation expenses for families displaced by such action.

"(e) REMOVAL BY SECRETARY.—The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

"(f) ADMINISTRATION.—

"(1) IN GENERAL.—The Secretary may require a public housing agency to provide to the Secretary or to public housing tenants such information as the Secretary considers to be necessary for the administration of this section.

"(2) APPLICABILITY OF SECTION 18.—Section 18 does not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.

"(g) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 30. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

"(a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

"(b) TERMS AND CONDITIONS.—

"(1) CRITERIA FOR APPROVAL.—In making any authorization under subsection (a), the Secretary may consider—

"(A) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;

"(B) the ability of the public housing agency to make payments on the mortgage or security interest; and

"(C) such other criteria as the Secretary may specify.

"(2) TERMS AND CONDITIONS OF MORTGAGES AND SECURITY INTERESTS OBTAINED.—Each mortgage or security interest granted under this section shall be—

"(A) for a term that—

"(i) is consistent with the terms of private loans in the market area in which the public housing project or property at issue is located; and

"(ii) does not exceed 30 years; and

"(B) subject to conditions that are consistent with the conditions to which private loans in the market area in which the subject project or other property is located are subject.

"(3) NO FULL FAITH AND CREDIT.—No action taken under this section shall result in any liability to the Federal Government.".

SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESIDENTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 31. SERVICES FOR PUBLIC HOUSING RESIDENTS.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies (including Indian housing authorities) on behalf of public housing residents, or directly to resident management corporations, resident councils, or resident organizations (including nonprofit entities supported by residents), for the purposes of providing a program of supportive services and resident empowerment activities to assist public housing residents in becoming economically self-sufficient.

"(b) ELIGIBLE ACTIVITIES.—Grantees under this section may use such amounts only for activities on or near the public housing agency or

public housing project that are designed to promote the self-sufficiency of public housing residents, including activities relating to—

"(1) physical improvements to a public housing project in order to provide space for supportive services for residents;

"(2) the provision of service coordinators;

"(3) the provision of services related to work readiness, including academic skills, job training, job search skills, tutoring, adult literacy, transportation, and child care, except that grants received under this section shall not comprise more than 50 percent of the costs of providing such services;

"(4) resident management activities; and

"(5) other activities designed to improve the economic self-sufficiency of residents.

"(c) FUNDING DISTRIBUTION.—

"(1) IN GENERAL.—Except for amounts provided under subsection (d), the Secretary may distribute amounts made available under this section on the basis of a competition or a formula, as appropriate.

"(2) FACTORS FOR DISTRIBUTION.—Factors for distribution under paragraph (1) shall include—

"(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities; and

"(B) the ability of the applicant to leverage additional resources for the provision of services.

"(d) FUNDING FOR RESIDENT COUNCILS.—Of amounts appropriated for activities under this section, not less than $25,000,000 shall be provided directly to resident councils, resident organizations, and resident management corporations.".

SEC. 123. APPLICABILITY TO INDIAN HOUSING.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, except as otherwise provided in this Act, this title and the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, as that term is defined in section 3(b) of the United States Housing Act of 1937.

TITLE II—SECTION 8 RENTAL ASSISTANCE

SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

"(o) VOUCHER PROGRAM.—

"(1) PAYMENT STANDARD.—

"(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that may be paid for any family, as provided in paragraph (2).

"(B) ESTABLISHMENT OF PAYMENT STANDARD.—The payment standard shall not exceed 120 percent of the fair market rental established under subsection (c) and shall be not less than 90 percent of that fair market rental.

"(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget authority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.

"(D) APPROVAL.—The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval.

"(E) REVIEW.—The Secretary—

"(i) shall monitor rent burdens and review any payment standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent; and

"(ii) may require a public housing agency to modify the payment standard of the public housing agency based on the results of that review.

"(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—

"(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.

"(3) FORTY PERCENT LIMIT.—At the time a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

"(4) ELIGIBLE FAMILIES.—At the time a family initially receives assistance under this subsection, a family shall qualify as—

"(A) a very low-income family;

"(B) a family previously assisted under this title;

"(C) a low-income family that meets eligibility criteria specified by the public housing agency;

"(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or

"(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.

"(6) SELECTION OF FAMILIES.—

"(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with the public housing agency plan submitted by the public housing agency under section 5A.

"(B) EVICTION FOR DRUG-RELATED ACTIVITY.—Any individual or family evicted from housing assisted under this subsection by reason of drug-related criminal activity (as defined in subsection (f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver for any member of the family of an individual prohibited from receiving assistance under this title whom the public housing agency determines clearly did not participate in and had no knowledge of that criminal activity, or if the circumstances leading to the eviction no longer exist).

"(C) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.

"(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit—

"(A) shall provide that the screening and selection of families for those units shall be the function of the owner;

"(B) shall provide that the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant;

"(C) except as otherwise provided by the public housing agency, may provide for a termination of the tenancy of a tenant assisted under this subsection after 1 year;

"(D) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that—

"(i) are in a standard form used in the locality by the dwelling unit owner; and

"(ii) contain terms and conditions that—

"(I) are consistent with State, tribal, and local law; and

"(II) apply generally to tenants in the property who are not assisted under this section;

"(E) shall provide that the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—

"(i) the tenant has committed a serious violation of the terms and conditions of the lease;

"(ii) the tenant has violated applicable Federal, State, or local law; or

"(iii) other good cause for termination of the tenancy exists; and

"(F) shall provide that any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State, tribal, and local law.

"(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which

a housing assistance payment contract is established under this subsection, the public housing agency shall—

"(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent and safe housing established—

"(I) by the Secretary for purposes of this subsection; or

"(II) by local housing codes or by codes adopted by public housing agencies that—

"(aa) meet or exceed housing quality standards; and

"(bb) do not severely restrict housing choice; and

"(ii) make periodic inspections during the contract term.

"(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible family assisted under this subsection leases a dwelling unit that is owned by a public housing agency administering assistance under this subsection, the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

"(9) EXPEDITED INSPECTION PROCEDURES.—

"(A) DEMONSTRATION PROJECT.—Not later than 1 year after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, the Secretary shall establish a demonstration project to identify efficient procedures to determine whether units meet housing quality standards for decent and safe housing established by the Secretary.

"(B) PROCEDURES INCLUDED.—The demonstration project shall include the development of procedures to be followed in any case in which a family receiving tenant-based assistance under this subsection is moving into a dwelling unit, or in which a family notifies the public housing agency that a dwelling unit, in which the family no longer resides, fails to meet housing quality standards. The Secretary shall also establish procedures for the expedited repair and inspection of units that do not meet housing quality standards.

"(C) RECOMMENDATIONS.—Not later than 2 years after the date on which the demonstration under this paragraph is implemented, the Secretary shall submit a report to the Congress, which shall include an analysis of the demonstration and any recommendations for changes to the demonstration.

"(10) VACATED UNITS.—If a family vacates a dwelling unit, no assistance payment may be made under this subsection for the dwelling unit after the month during which the unit was vacated.

"(11) RENT.—

"(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market.

"(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

"(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

"(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

"(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency, except that no penalty shall be imposed if the late payment is due to factors that the Secretary determines are beyond the control of the public housing agency.

"(12) MANUFACTURED HOUSING.—

"(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence. Such payments may be made for the rental of the real property on which the manufactured home owned by any such family is located.

"(B) RENT CALCULATION.—

"(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.

"(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.

"(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).

"(13) CONTRACT FOR ASSISTANCE PAYMENTS.—

"(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection—

"(i) the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with this section; and

"(ii) the public housing agency may approve a housing assistance payment contract for such existing structure for not more than 15 percent of the funding available for tenant-based assistance administered by the public housing agency under this section.

"(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency shall enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner.

"(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).

"(D) ADJUSTED RENTS.—With respect to rents adjusted under this paragraph—

"(i) the adjusted rent for any unit shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area; and

"(ii) the provisions of subsection (c)(2)(A) do not apply.

"(14) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.

"(15) HOMEOWNERSHIP OPTION.—

"(A) IN GENERAL.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

"(B) ALTERNATIVE ADMINISTRATION.—A public housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

"(16) INDIAN HOUSING PROGRAMS.—Notwithstanding any other provision of law, in carrying out this section, the Secretary shall establish such separate formulas and programs as may be necessary to carry out housing programs for Indians under this section.".

SEC. 202. REPEAL OF FEDERAL PREFERENCES.

(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

"(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish, after public notice and an opportunity for public comment, a written system of preferences for selection that are not inconsistent with the comprehensive housing affordability strategy for the jurisdiction in which the project is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act;".

(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—

(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows:

"(c) [Reserved.]".

(2) PROHIBITION.—The provisions of section 8(e)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983, that require tenant selection preferences shall not apply with respect to—

(A) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983; or

(B) projects financed under section 202 of the Housing Act of 1959, as in existence on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows:

"(k) [Reserved.]".

(d) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(A) in section 6(o), by striking "preference rules specified in" and inserting "written selection criteria established pursuant to";

(B) in section 7(a)(2), by striking "according to the preferences for occupancy under" and inserting "in accordance with the written selection criteria established pursuant to";

(C) in section 7(a)(3), by striking "who qualify for preferences for occupancy under" and inserting "who meet the written selection criteria established pursuant to";

(D) in section 8(d)(2)(A), by striking the last sentence;

(E) in section 8(d)(2)(H), by striking "Notwithstanding subsection (d)(1)(A)(i), an" and inserting "An"; and

(F) in section 16(c), in the second sentence, by striking "the system of preferences established by the agency pursuant to section 6(c)(4)(A)(ii)" and inserting "the written selection criteria established by the public housing agency pursuant to section 6(c)(4)(A)".

(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—

(A) in section 455(a)(2)(D)(iii), by striking "would qualify for a preference under" and inserting "meet the written selection criteria established pursuant to"; and

(B) in section 522(f)(6)(B), by striking "any preferences for such assistance under section 8(d)(1)(A)(i)" and inserting "the written selection criteria established pursuant to section 8(d)(1)(A)".

(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking "requirement for giving preferences to certain categories of eligible families under" and inserting "written selection criteria established pursuant to".

(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "preferences for occupancy" and all that follows before the period at the end and inserting "selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively".

(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 6(c)(4)(A)(i), 8(d)(1)(A)(i), or 8(o)(3)(B) of the United States Housing Act of 1937, as those sections existed on the day before the effective date of this title, shall be considered to refer to the written selection criteria established pursuant to section 6(c)(4)(A), 8(d)(1)(A), or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.

SEC. 203. PORTABILITY.

Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

(1) in paragraph (1)—

(A) by striking "assisted under subsection (b) or (o)" and inserting "receiving tenant-based assistance under subsection (o)"; and

(B) by striking "the same State" and all that follows before the semicolon and inserting "any area in which a program is being administered under this section";

(2) in paragraph (3)—

(A) by striking "(b) or"; and

(B) by adding at the end the following new sentence: "The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies."; and

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

"(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.".

SEC. 204. LEASING TO VOUCHER HOLDERS.

Section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

"(t) [Reserved.]".

SEC. 205. HOMEOWNERSHIP OPTION.

Section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—

(1) in paragraph (1)(A), by inserting before the semicolon ", or owns or is acquiring shares in a cooperative";

(2) in paragraph (1)(B), by striking "(i) participates" and all that follows through "(ii) demonstrates" and inserting "demonstrates";

(3) by striking paragraph (2) and inserting the following:

"(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—

"(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.";

(4) by striking paragraphs (3) through (5); and

(5) by redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONTRACT PROVISIONS AND REQUIREMENTS.—Section 6(p)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)(1)(B)) is amended by striking "holding certificates and vouchers" and inserting "receiving tenant-based assistance".

(b) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (a), by striking the second and third sentences;

(2) in subsection (b)—

(A) in the subsection heading, by striking "RENTAL CERTIFICATES AND"; and

(B) in the first undesignated paragraph—

(i) by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary"; and

(ii) by striking the second sentence;

(3) in subsection (c)—

(A) in paragraph (3)—

(i) by striking "(A)"; and

(ii) by striking subparagraph (B);

(B) in the first sentence of paragraph (4), by striking "or by a family that qualifies to receive" and all that follows through "1990";

(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);

(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;

(E) in paragraph (6), as redesignated, by inserting "(other than a contract under section 8(o))" after "section";

(F) in paragraph (7), as redesignated, by striking "(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))" and inserting ", other than a contract under subsection (o)"; and

(G) in paragraph (8), as redesignated, by striking "housing certificates or vouchers under subsection (b) or (o)" and inserting "tenant-based assistance under this section";

(4) in subsection (d)—

(A) in paragraph (1)(B)(iii), by striking "on or near such premises"; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and

(ii) by striking subparagraphs (B) through (E) and redesignating subparagraphs (F) through (H) as subparagraphs (B) through (D), respectively;

"(B) [Reserved.]";

(5) in subsection (f)—

(A) in paragraph (6), by striking "(d)(2)" and inserting "(o)(11)"; and

(B) in paragraph (7)—

(i) by striking "(b) or"; and

(ii) by inserting before the period the following: "and that provides for the eligible family to select suitable housing and to move to other suitable housing";

(6) by striking subsection (j) and inserting the following:

"(j) [Reserved.]";

(7) by striking subsection (n) and inserting the following:

"(n) [Reserved.]";

(8) in subsection (q)—

(A) in the first sentence of paragraph (1), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(B) in paragraph (2)(A)(i), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section"; and

(C) in paragraph (2)(B), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(9) in subsection (u), by striking "certificates or" each place that term appears; and

(10) in subsection (x)(2), by striking "housing certificate assistance" and inserting "tenant-based assistance".

(c) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is amended—

(1) in the first sentence, by striking "(at the option of the family) a certificate under section 8(b)(1) or a housing voucher under section 8(o)"

and inserting "tenant-based assistance under section 8"; and

(2) by striking the second sentence.

(d) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(1) in paragraph (1), by striking "assisted under the certificate and voucher programs established" and inserting "receiving tenant-based assistance";

(2) in the first sentence of paragraph (2)—

(A) by striking ", for each of the certificate program and the voucher program" and inserting "for the tenant-based assistance under section 8"; and

(B) by striking "participating in the program" and inserting "receiving tenant-based assistance"; and

(3) in paragraph (3), by striking "assistance under the certificate or voucher program" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(e) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D)) is amended by striking "certificates or vouchers" and inserting "assistance".

(f) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(g) ASSISTANCE FOR DISPLACED TENANTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and 8(o)" and inserting "tenant-based assistance under section 8".

(h) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking "assistance payments as provided by section 8(o)" and inserting "tenant-based assistance as provided under section 8".

(i) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.

(j) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "the first sentence of section 8(o)(3)(B)" and inserting "section 8(o)(6)(A)".

(k) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(m)(2)(A)) is amended by striking "section 8(b)(1)" and inserting "section 8".

(l) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z-11(g)(2)), as amended by section 101(b) of the Multifamily Housing Property Disposition Reform Act of 1994, is amended by striking "8(o)(3)(B)" and inserting "8(o)(6)(A)".

SEC. 207. IMPLEMENTATION.

In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.

SEC. 208. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.

(b) CONVERSION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as those sections existed on the day before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.

(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this title, as those provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the Secretary before that effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking "(16)" and inserting "(17)";

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

(6) by inserting after paragraph (10) the following new paragraph:

"(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing and coordinate with the local public housing agency plan under section 5A of the United States Housing Act of 1937;".

SEC. 302. REPEAL OF CERTAIN PROVISIONS.

(a) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—

(1) REPEAL.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 957 of the Cranston-Gonzalez National Affordable Housing Act.

(b) ECONOMIC INDEPENDENCE.—

(1) REPEAL.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 923 of the Housing and Community Development Act of 1992.

SEC. 303. DETERMINATION OF INCOME LIMITS.

(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 fourth sentence—

(A) by striking "County," and inserting "and Rockland Counties"; and

(B) by inserting "each" before "such county"; and

(2) in the fifth sentence, by striking "County" each place that term appears and inserting "and Rockland Counties".

(b) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).

SEC. 304. DEMOLITION OF PUBLIC HOUSING.

(a) REPEAL.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100-202; 101 Stat. 1329-213) is repealed.

(b) FUNDING AVAILABILITY.—Notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988, as that section existed on the day before the date of enactment of this Act, shall be eligible for demolition under—

(1) section 14 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act; and

(2) section 9 of the United States Housing Act of 1937, as amended by this Act.

AMENDMENT NO. 3117

(Purpose: To amend the bill with respect to housing, and for other purposes)

Mr. DOLE. Mr. President, I understand there is a managers' amendment at the desk on behalf of Senator MACK.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] for Mr. MACK, proposes an amendment numbered 3117.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 190, beginning on line 14, strike "CERTAIN PUBLIC AND ASSISTED HOUSING" and replace with "PUBLIC HOUSING".

On page 190, beginning on line 17, strike "dwelling units receiving tenant-based assistance under section 8 and".

On page 191, redesignate subsections (b) and (c) as (c) and (d), and insert on line 23:

(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED HOUSING.—

(1) IN GENERAL.—Of the dwelling units receiving tenant-based assistance under section 8 made available for occupancy in any fiscal year of the public housing agency—

(A) not less than 50 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families; and

(B) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

On page 255, after line 25, insert the following new section:

SEC. 209. DEFINITION.

For the purposes of this title, public housing agency has the same meaning as section 3 of the United States Housing Act of 1937, except that such term shall also include any other nonprofit entity serving more than one local government jurisdiction that was administering the Section 8 tenant-based assistance program pursuant to a contract

with the Secretary or a public housing agency prior to the date of enactment of this Act.

On page 259, after line 7, insert the following new section:

SEC. 305. COORDINATION OF TAX CREDITS AND SECTION 8.

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

At the appropriate place, add the following:

SEC. . ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b), by inserting before the period at the end the following: "and includes any other assistance provided under the United States Housing Act of 1937";

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

"(h) VERIFICATION OF ELIGIBILITY.—

"(1) IN GENERAL.—Except in the case of an election under paragraph (2)(A), no individual or family applying for financial assistance may receive such financial assistance prior to the affirmative establishment and verification of eligibility of that individual or family under this section by the Secretary or other appropriate entity.

"(2) RULES APPLICABLE TO PUBLIC HOUSING AGENCIES.—A public housing agency (as that term is defined in section 3 of the United States Housing Act of 1937)—

"(A) may elect not to comply with this section; and

"(B) in complying with this section—

"(i) may initiate procedures to affirmatively establish or verify the eligibility of an individual or family under this section at any time at which the public housing agency determines that such eligibility is in question, regardless of whether or not that individual or family is at or near the top of the waiting list of the public housing agency;

"(ii) may affirmatively establish or verify the eligibility of an individual or family under this section in accordance with the procedures set forth in section 274A(b)(1) of the Immigration and Nationality Act; and

"(iii) shall have access to any relevant information contained in the SAVE system (or any successor thereto) that relates to any individual or family applying for financial assistance.

"(3) ELIGIBILITY OF FAMILIES.—For purposes of this subsection, with respect to a family, the term 'eligibility' means the eligibility of each family member.".

Amend the table of contents accordingly.

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendment (No. 3117) was agreed to.

Mr. MACK. Mr. President, I urge my colleagues to support S. 1260, the Public Housing Reform and Empowerment Act of 1995. S. 1260 represents a major revision of the U.S. Housing Act of 1937 to reform and consolidate the public and assisted housing programs of the United States and redirect primary responsibility for those programs away from Federal bureaucracy toward the States and localities. This bill represents an important first step toward a complete overhaul of Federal housing programs to address the needs of low-income families more efficiently and effectively.

This legislation addresses a growing crisis in the Nation's public housing system. Over the years, micro management by both Congress and the Department of Housing and Urban Development [HUD] have saddled housing authorities with rules and regulations that make it difficult for even the best of them to operate efficiently and effectively. Even more important has been the destructive impact these rules have had on the ability of families to move up and out of public housing and become economically self-sufficient. In far too many places, public housing, which was intended to provide a housing platform from which lower income families could achieve their own aspirations of economic independence, have become warehouses of poverty that rob poor families of their hope and dignity.

Compounding the structural problems of public housing are the dual concerns of budget and HUD capacity. Public housing agencies are facing a significant decline in Federal resources. Given these limited resources, housing authorities need the increased flexibility to use their funds in a manner that helps to maintain decent, safe, and affordable housing for their residents. In addition, HUD itself potentially faces a significant reduction in overall staffing over the next 5 years. The prospect of diminishing staff resources means that HUD will lack the capacity to maintain the same degree of oversight and control that it has exercised over the public housing system in recent decades.

S. 1260 addresses the crisis in public housing by consolidating public housing funding into two flexible block grants and transferring greater responsibility over the operation and management of public housing from HUD to local housing agencies. In addition, it creates a new streamlined voucher program that is more market-friendly and provides greater housing choices for low-income families.

The bill also ends Federal requirements that have prevented housing authorities from demolishing their obsolete housing stock, concentrated and isolated the poorest of poor, and created disincentives for public housing residents to work and improve their lives.

While allowing well-run housing authorities much more discretion, S. 1260 also cracks down on those housing authorities that are troubled. Although small in number, these authorities with severe management problems control almost 15 percent of the Nation's public housing stock. HUD would be required to take over or appoint a receiver for housing authorities that are unable to make significant improvements in their operations. The legislation would also give HUD expanded powers to break up or reconfigure troubled authorities, dispose of their assets, or abrogate contracts that impede correction of the housing authority's problems.

I would like to express my deep appreciation to Senators D'AMATO and BOND, who cosponsored this bill, for their keen interest and active support of this legislation. I also wish to express my appreciation for the cooperation and support from Senators SARBANES and KERRY. This bill truly reflects bipartisan cooperation, and it specifically addresses many of the concerns that have been raised by the minority. Finally, I also want to thank Secretary Cisneros for HUD's participation in the development of this bill. We have endeavored to accommodate the Department's concerns to the greatest extent possible.

Mr. FAIRCLOTH. Mr. President, I support S. 1260. I do not object to the unanimous-consent request to take up S. 1260.

In my opinion, the only glaring omission from this bill is that we do not address the future of the Department of Housing and Urban Development.

However, in consultation with Chairman D'AMATO and Senator MACK, they have both agreed to request in writing a study from both the GAO and Congressional Budget Office as to the most efficient method for eliminating HUD.

I am pleased with this result. I think this advances this issue much further. I have already introduced legislation with Senator DOLE, S. 1145, to eliminate HUD. Next year, this Congress needs to take up the issue of HUD's very existence. Armed with these studies from both CBO and GAO, I think we get closer to accomplishing the elimination of HUD.

HUD was created in 1965. When it was created, the purpose of this Department was to revitalize our urban areas and provide safe, decent housing for all Americans.

I think HUD has been a failure. Since 1965, HUD has spent hundreds of billions of dollars. Yet despite this massive spending, I do not think the American people are any better off.

HUD is a massive bureaucracy with over 11,000 employees, and over 240 housing programs—so many that the Secretary of HUD did not even know HUD had that many. HUD has over $192 billion in unused budget authority. HUD has even entangled the American taxpayer in 23,000 long-term contracts that run until the year 2020.

HUD's spending is increasing so rapidly that by the year 2000, housing assistance will be the largest discretionary spending function in our budget.

Knowing all of this, I do not see how the United States can afford not to abolish HUD. I have often said that if one wanted to provide housing assistance to 4 million families, would anyone design the current HUD as the method to do so? Certainly the answer is no.

Again, let me thank Senators D'AMATO and MACK. I hope that this study is the beginning by which we can reshape Federal housing policies and end HUD as a Cabinet agency.

Mr. DOLE. Mr. President, I ask unanimous consent that the committee amendment, as amended, be agreed to, the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1260), as amended, was deemed read the third time and passed, as follows:

S. 1260

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Public Housing Reform and Empowerment Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Effective date.
Sec. 5. Proposed regulations; technical recommendations.
Sec. 6. Elimination of obsolete documents.
Sec. 7. Annual reports.

TITLE I—PUBLIC AND INDIAN HOUSING

Sec. 101. Declaration of policy.
Sec. 102. Membership on board of directors.
Sec. 103. Authority of public housing agencies.
Sec. 104. Definitions.
Sec. 105. Contributions for lower income housing projects.
Sec. 106. Public housing agency plan.
Sec. 107. Contract provisions and requirements.
Sec. 108. Expansion of powers.
Sec. 109. Public housing designated for the elderly and the disabled.
Sec. 110. Public housing capital and operating funds.
Sec. 111. Labor standards.
Sec. 112. Repeal of energy conservation; consortia and joint ventures.
Sec. 113. Repeal of modernization fund.
Sec. 114. Eligibility for public and assisted housing.
Sec. 115. Demolition and disposition of public housing.
Sec. 116. Repeal of family investment centers; voucher system for public housing.
Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
Sec. 118. Revitalizing severely distressed public housing.
Sec. 119. Mixed-income and mixed-ownership projects.
Sec. 120. Conversion of distressed public housing to tenant-based assistance.
Sec. 121. Public housing mortgages and security interests.
Sec. 122. Linking services to public housing residents.
Sec. 123. Applicability to Indian housing.

TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.
Sec. 202. Repeal of Federal preferences.
Sec. 203. Portability.
Sec. 204. Leasing to voucher holders.
Sec. 205. Homeownership option.
Sec. 206. Technical and conforming amendments.
Sec. 207. Implementation.
Sec. 208. Definition.
Sec. 209. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Public housing flexibility in the CHAS.
Sec. 302. Repeal of certain provisions.
Sec. 303. Determination of income limits.
Sec. 304. Demolition of public housing.
Sec. 305. Coordination of tax credits and section 8.
Sec. 306. Eligibility for public and assisted housing.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing tenants and localities; and

(D) rewards employment and economic self-sufficiency of public housing tenants;

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families; and

(7) the needs of Indian families residing on Indian reservations and other Indian areas will best be served by providing programs specifically designed to meet the needs of Indian communities while promoting tribal self-governance and self-determination.

(b) PURPOSES.—The purposes of this Act are—

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, Indian tribes, localities, public housing agencies, and public housing tenants;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) PUBLIC HOUSING AGENCY.—The term "public housing agency" has the same meaning as in section 3 of the United States Housing Act of 1937.

(2) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) PROPOSED REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.

(b) TECHNICAL RECOMMENDATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this Act and the amendments made by this Act.

SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.

Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.

SEC. 7. ANNUAL REPORTS.

Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to the Congress on the impact of the amendments made by this Act on—

(1) the demographics of public housing tenants and families receiving tenant-based assistance under the United States Housing Act of 1937; and

(2) the economic viability of public housing agencies.

TITLE I—PUBLIC AND INDIAN HOUSING

SEC. 101. DECLARATION OF POLICY.

Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

"It is the policy of the United States to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this title—

"(1) to assist States, Indian tribes, and political subdivisions of States to remedy the

unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

"(2) to assist States, Indian tribes, and political subdivisions of States to address the shortage of housing affordable to low-income families; and

"(3) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing tenants and localities.".

SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. MEMBERSHIP ON BOARD OF DIRECTORS.

"(a) REQUIRED MEMBERSHIP.—Except as provided in subsection (b), the membership of the board of directors of each public housing agency shall contain not less than 1 member who is a resident of a public housing project operated by the public housing agency.

"(b) EXCEPTION.—Subsection (a) shall not apply to any public housing agency in any State that requires the members of the board of directors of a public housing agency to be salaried and to serve on a full-time basis.

"(c) NONDISCRIMINATION.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project.".

SEC. 103. AUTHORITY OF PUBLIC HOUSING AGENCIES.

(a) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

(1) IN GENERAL.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

"(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—Notwithstanding paragraph (1), a public housing agency may adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the actual monthly costs—

"(i) to operate the housing of the public housing agency; and

"(ii) to make a deposit to a replacement reserve (in the sole discretion of the public housing agency).

"(B) MINIMUM RENT.—Notwithstanding paragraph (1), a public housing agency may provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed $25 per month.

"(C) POLICE OFFICERS.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.

"(ii) DEFINITION.—As used in this subparagraph, the term 'police officer' means any person determined by a public housing agency to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, tribal, or local government or by any agency thereof (including a public housing agency having an accredited police force).

"(D) ENCOURAGEMENT OF SELF-SUFFICIENCY.—Each public housing agency shall develop a rental policy that encourages and rewards employment and economic self-sufficiency.".

(2) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by paragraph (1).

(B) TRANSITION RULE.—Prior to the issuance of final regulations under paragraph (1), a public housing agency may implement ceiling rents, which shall be—

(i) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act;

(ii) equal to the 95th percentile of the rent paid for a unit of comparable size by tenants in the same public housing project or a group of comparable projects totaling 50 units or more; or

(iii) equal to the fair market rent for the area in which the unit is located.

(b) NONTROUBLED PUBLIC HOUSING AGENCIES.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437(a)) is amended by adding at the end the following new paragraph:

"(3) NONTROUBLED PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Notwithstanding the rent calculation formula in paragraph (1), and subject to subparagraph (B), the Secretary shall permit a public housing agency, other than a public housing agency determined to be troubled pursuant to 6(j), to determine the amount that a family residing in public housing shall pay as rent.

"(B) LIMITATION.—With respect to a family whose income is equal to or less than 50 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, a public housing agency may not require a family to pay as rent under subparagraph (A) an amount that exceeds the greatest of—

"(i) 30 percent of the monthly adjusted income of the family;

"(ii) 10 percent of the monthly income of the family;

"(iii) if the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that public agency to meet the housing costs of the family, the portion of those payments that is so designated; and

"(iv) $25.".

SEC. 104. DEFINITIONS.

(a) DEFINITIONS.—

(1) SINGLE PERSONS.—Section 3(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended—

(A) in subparagraph (A), in the third sentence, by striking "the Secretary shall" and all that follows before the period at the end and inserting the following: "the public housing agency may give preference to single persons who are elderly or disabled persons before single persons who are otherwise eligible"; and

(B) in subparagraph (B), in the second sentence, by striking "regulations of the Secretary" and inserting "public housing agency plan".

(2) ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

"(5) ADJUSTED INCOME.—The term 'adjusted income' means the income that remains after excluding—

"(A) $480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household)—

"(i) who is under 18 years of age; or

"(ii) who is—

"(I) 18 years of age or older; and

"(II) a person with disabilities or a full-time student;

"(B) $400 for an elderly or disabled family;

"(C) the amount by which the aggregate of—

"(i) medical expenses for an elderly or disabled family; and

"(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

"(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

"(E) with respect to a family assisted by an Indian housing authority only, excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel; and

"(F) any other income that the public housing agency determines to be appropriate, as provided in the public housing agency plan.".

(3) INDIAN HOUSING AUTHORITY; INDIAN TRIBE.—

(A) IN GENERAL.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) is amended by striking paragraphs (11) and (12) and inserting the following:

"(11) INDIAN HOUSING AUTHORITY.—The term 'Indian housing authority' means any entity that—

"(A) is authorized to engage or assist in the development or operation of low-income housing for Indians; and

"(B) is established—

"(i) by exercise of the power of self-government of an Indian tribe, independent of State law; or

"(ii) by operation of State law authorizing or enabling an Indian tribe to create housing authorities for Indians, including regional housing authorities in the State of Alaska.

"(12) INDIAN TRIBE.—The term 'Indian tribe' means the governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian Tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994.".

(B) APPLICABILITY.—The amendment made by subparagraph (A) does not affect the existence, or the ability to operate, of any Indian housing authority established before the date of enactment of this Act by any State recognized tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives that does not qualify as an Indian tribe under section 3(b) of the United States Housing Act of 1937, as amended by this paragraph.

(b) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

(1) IN GENERAL.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(A) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of Public Law 101-625); and

(B) by adding at the end the following new subsection:

"(d) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family—

"(A) that—

"(i) occupies a unit in a public housing project; or

"(ii) receives assistance under section 8; and

"(B) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);

may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

"(2) PHASE-IN OF RATE INCREASES.—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(B) shall be phased in over a subsequent 3-year period.

"(3) OVERALL LIMITATION.—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).".

(2) APPLICABILITY OF AMENDMENT.—

(A) PUBLIC HOUSING.—Notwithstanding the amendment made by paragraph (1), any tenant 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 that paragraph existed on the day before the date of enactment this Act, shall be governed by that authority after that date.

(B) SECTION 8.—The amendment made by paragraph (1) shall apply to tenant-based assistance provided under section 8 of the United States Housing Act of 1937, with funds appropriated on or after October 1, 1996.

(c) DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.—

(1) IN GENERAL.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended—

(A) in paragraph (1), by inserting "and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners" after "carrying charges"; and

(B) in paragraph (2), in the first sentence, by striking "security personnel)," and all that follows through the period and inserting the following: "security personnel), service coordinators, drug elimination activities, or financing in connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.".

(2) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102-550; 106 Stat. 3817) is amended by striking "'project.'" and inserting "paragraph (3)".

(3) NEW DEFINITIONS.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following new paragraphs:

"(6) PUBLIC HOUSING AGENCY PLAN.—The term 'public housing agency plan' means the plan of the public housing agency prepared in accordance with section 5A.

"(7) DISABLED HOUSING.—The term 'disabled housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by disabled persons or families.

"(8) ELDERLY HOUSING.—The term 'elderly housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency exclusively for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.

"(9) MIXED-INCOME PROJECT.—The term 'mixed-income project' means a public housing project that meets the requirements of section 28.

"(10) CAPITAL FUND.—The term 'Capital Fund' means the fund established under section 9(c).

"(11) OPERATING FUND.—The term 'Operating Fund' means the fund established under section 9(d).".

SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.

(a) IN GENERAL.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 21(d), by striking "section 5(h) or";

(2) in section 25(l)(1), by striking "and for sale under section 5(h)"; and

(3) in section 307, by striking "section 5(h) and".

SEC. 106. PUBLIC HOUSING AGENCY PLAN.

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following new section:

"SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

"(a) IN GENERAL.—

"(1) SUBMISSION.—Each public housing agency shall submit to the Secretary a written public housing agency plan developed in accordance with this section.

"(2) CONSISTENCY REQUIREMENT.—Each public housing agency plan submitted to the Secretary under paragraph (1) shall be—

"(A) made in consultation with the local advisory board established under subsection (c);

"(B) consistent with the comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, as provided under title I of the Cranston-Gonzalez National Affordable Housing Act, or, with respect to any Indian tribe, a comprehensive plan developed by the Indian tribe, if applicable; and

"(C) accompanied by a certification by an appropriate State, tribal, or local public official that the plan meets the requirements of subparagraph (B).

"(b) CONTENTS.—Each public housing agency plan shall contain, at a minimum, the following:

"(1) CERTIFICATION.—

"(A) IN GENERAL.—With respect to a public housing agency that has not received assistance under this title as of the date on which the public housing agency plan of that public housing agency is submitted, or a public housing agency that is subject to amended authority, a written certification that the public housing agency is a governmental entity or public body (or an agency or instrumentality thereof) that is authorized to engage or assist in the development or operation of low-income housing under this title.

"(B) IDENTIFICATION OF CERTAIN REFERENCES.—Subject to subparagraph (A), any reference in any provision of law of the jurisdiction authorizing the creation of the public housing agency shall be identified and any legislative declaration of purpose in regard thereto shall be set forth in the certification with full text.

"(2) STATEMENT OF POLICY.—An annual statement of policy identifying the primary goals and objectives of the public housing agency for the year for which the statement is submitted, together with any major developments, projects, or programs, including all proposed costs and activities carried out with the use of Capital Fund and Operating Fund distributions made available to the public housing agency under section 9.

"(3) STATEMENT OF NEEDS.—An annual statement of the housing needs of low-income families residing in the community, and of other low-income families on the waiting list of the public housing agency (including the housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

"(4) GENERAL POLICIES, RULES, AND REGULATIONS.—The policies, rules, and regulations of the public housing agency regarding—

"(A) the requirements for the selection and admission of eligible families into the program or programs of the public housing agency, including—

"(i) tenant screening policies;

"(ii) any preferences or priorities for selection and admission;

"(iii) annual income verification procedures; and

"(iv) requirements relating to the administration of any waiting lists of the public housing agency;

"(B) the procedure for assignment of families admitted into the program to dwelling units owned, leased, managed, or assisted by the public housing agency;

"(C) the requirements for occupancy of dwelling units, including all standard lease provisions, and conditions for continued occupancy, termination, and eviction;

"(D) procedures for establishing rents, including ceiling rents and adjustments to income; and

"(E) procedures for designating certain public housing projects, or portions of projects, for occupancy by elderly families, disabled families, or by elderly and disabled families.

"(5) OPERATION AND MANAGEMENT.—The policies, rules, and regulations relating to the management of the public housing agency, and the public housing projects and programs of the public housing agency, including—

"(A) a description of the manner in which the public housing agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the Operating Fund distributions of the public housing agency;

"(B) policies relating to the rental of dwelling units owned or operated by the public housing agency, including policies designed to reduce vacancies;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the management and operation, or participation in mixed-income projects, if applicable;

"(E) policies relating to services and amenities provided or offered to assisted families,

including the provision of service coordinators and services designed for certain populations, such as the elderly and disabled;

"(F) procedures for implementing the work requirements of section 12(c);

"(G) procedures for identifying management weaknesses;

"(H) objectives for improving management practices;

"(I) a description of management initiatives to control the costs of operating the public housing agency;

"(J) a plan for preventative maintenance and a plan for routine maintenance;

"(K) policies relating to any plans for converting public housing to a system of tenant-based assistance; and

"(L) policies relating to the operation of any homeownership programs.

"(6) CAPITAL FUND REQUIREMENTS.—The policies, rules, and regulations relating to the management and administration of the Capital Fund distributions of the public housing agency, including—

"(A) the capital needs of the public housing agency;

"(B) plans for capital expenditures related to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the capital requirements of mixed-income projects, if applicable;

"(E) an annual plan and, if appropriate, a 5-year plan of the public housing agency for the capital needs of the existing dwelling units of the public housing agency, each of which shall include a general statement identifying the long-term viability and physical condition of each of the public housing projects and other property of the public housing agency, including cost estimates;

"(F) a plan to handle emergencies and other disasters;

"(G) the use of funds for new or additional units, including capital contributions to mixed-income projects, if applicable;

"(H) any plans for the sale of existing dwelling units to low-income residents or organizations acting as conduits for sales to such residents under a homeownership plan;

"(I) any plans for converting public housing units to a system of tenant-based assistance; and

"(J) any plans for demolition and disposition of public housing units, including any plans for replacement units and any plans providing for the relocation of residents who will be displaced by a demolition or disposition of units.

"(7) ECONOMIC AND SOCIAL SELF-SUFFICIENCY PROGRAMS.—A description of any policies, programs, plans, and activities of the public housing agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the public housing agency.

"(8) ANNUAL AUDIT.—The results of an annual audit (including any audit of management practices, as required by the Secretary) of the public housing agency, which shall be conducted by an independent certified public accounting firm pursuant to generally accepted accounting principles.

"(c) LOCAL ADVISORY BOARD.—

"(1) IN GENERAL.—Except as provided in paragraph (5), each public housing agency shall establish one or more local advisory boards in accordance with this subsection, the membership of which shall adequately reflect and represent all of the residents of the dwelling units owned, operated, or assisted by the public housing agency.

"(2) MEMBERSHIP.—Each local advisory board established under this subsection shall be composed of the following members:

"(A) TENANTS.—Not less than 60 percent of the members of the board shall be tenants of dwelling units owned, operated, or assisted by the public housing agency, including representatives of any resident organizations.

"(B) OTHER MEMBERS.—The members of the board, other than the members described in subparagraph (A), shall include—

"(i) representatives of the community in which the public housing agency is located; and

"(ii) local government officials of the community in which the public housing agency is located.

"(3) PURPOSE.—Each local advisory board established under this subsection shall assist and make recommendations regarding the development of the public housing agency plan. The public housing agency shall consider the recommendations of the local advisory board in preparing the final public housing agency plan, and shall include a copy of those recommendations in the public housing agency plan submitted to the Secretary under this section.

"(4) INAPPLICABILITY TO INDIAN HOUSING.—This subsection does not apply to an Indian housing authority.

"(5) WAIVER.—The Secretary may waive the requirements of this subsection with respect to tenant representation on the local advisory board of a public housing agency, if the public housing agency demonstrates to the satisfaction of the Secretary that a resident council or other tenant organization of the public housing agency adequately represents the interests of the tenants of the public housing agency.

"(d) PUBLICATION OF NOTICE.—

"(1) IN GENERAL.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the public housing agency shall publish a notice informing the public that—

"(A) the proposed public housing agency plan is available for inspection at the principal office of the public housing agency during normal business hours; and

"(B) a public hearing will be conducted to discuss the public housing agency plan and to invite public comment regarding that plan.

"(2) PUBLIC HEARING.—Each public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1).

"(3) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2), and after considering all public comments received and, in consultation with the local advisory board, making any appropriate changes in the public housing agency plan, the public housing agency shall—

"(A) adopt the public housing agency plan; and

"(B) submit the plan to the Secretary in accordance with this section.

"(e) COORDINATED PROCEDURES.—Each public housing agency (other than an Indian housing authority) shall, in conjunction with the State or relevant unit of general local government, establish procedures to ensure that the public housing agency plan required by this section is consistent with the applicable comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act.

"(f) AMENDMENTS AND MODIFICATIONS TO PLANS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be adopted or implemented—

"(A) other than at a duly called meeting of commissioners (or other comparable governing body) of the public housing agency that is open to the public; and

"(B) until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (g)(2).

"(2) CONSISTENCY.—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

"(A) meet the consistency requirement of subsection (a)(2);

"(B) be subject to the notice and public hearing requirements of subsection (d); and

"(C) be subject to approval by the Secretary in accordance with subsection (g)(2).

"(g) TIMING OF PLANS.—

"(1) IN GENERAL.—

"(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

"(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

"(2) REVIEW AND APPROVAL.—

"(A) REVIEW.—After submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

"(i) set forth the information required by this section to be contained in a public housing agency plan;

"(ii) are consistent with information and data available to the Secretary; and

"(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

"(B) APPROVAL.—

"(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

"(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 60-day period described in clause (i), the public housing agency plan shall be deemed to be approved by the Secretary.

"(3) SECRETARIAL DISCRETION.—

"(A) IN GENERAL.—The Secretary may require such additional information as the Secretary determines to be appropriate for each public housing agency that is—

"(i) at risk of being designated as troubled under section 6(j); or

"(ii) designated as troubled under section 6(j).

"(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).

"(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

"(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies; and

"(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j).".

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937, as added by subsection (a) of this section.

(3) INDIAN HOUSING AUTHORITIES.—In carrying out this subsection, the Secretary may implement separate rules and regulations for the Indian housing program.

(c) AUDIT AND REVIEW; REPORT.—

(1) AUDIT AND REVIEW.—Not later than 1 year after the effective date of final regulations promulgated under subsection (b)(2), in order to determine the degree of compliance with public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section, by public housing agencies, the Comptroller General of the United States shall conduct—

(A) a review of a representative sample of the public housing agency plans approved under such section 5A before that date; and

(B) an audit and review of the public housing agencies submitting those plans.

(2) REPORT.—Not later than 2 years after the date on which public housing agency plans are initially required to be submitted under section 5A of the United States Housing Act of 1937, as added by this section, the Comptroller General of the United States shall submit to the Congress a report, which shall include—

(A) a description of the results of each audit and review under paragraph (1); and

(B) any recommendations for increasing compliance by public housing agencies with their public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section.

SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.

(a) CONDITIONS.—Section 6(a) of the United States Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

(1) in the first sentence, by inserting ", in a manner consistent with the public housing agency plan" before the period; and

(2) by striking the second sentence.

(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:

"(c) [Reserved.]".

(c) EXCESS FUNDS.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

"(e) [Reserved.]".

(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking "obligated" and inserting "provided"; and

(ii) by striking "unexpended" and inserting "unobligated by the public housing agency";

(B) in subparagraph (D), by striking "energy" and inserting "utility";

(C) by redesignating subparagraph (H) as subparagraph (J); and

(D) by inserting after subparagraph (G) the following new subparagraphs:

"(H) The extent to which the public housing agency provides—

"(i) effective programs and activities to promote the economic self-sufficiency of public housing tenants; and

"(ii) public housing tenants with opportunities for involvement in the administration of the public housing.

"(I) The extent to which the public housing agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A).."; and

(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: "The Secretary may use a simplified set of indicators for public housing agencies with less than 250 public housing units.".

(e) LEASES.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (3), by striking "not be less than" and all that follows before the semicolon and inserting "be the period of time required under State law"; and

(2) in paragraph (5), by striking "on or near such premises".

(f) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking "Subject" and all that follows through ", in" and inserting "In".

(g) PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:

"(p) [Reserved.]".

(h) AVAILABILITY OF CRIMINAL RECORDS FOR SCREENING AND EVICTION; EVICTION FOR DRUG-RELATED ACTIVITY.—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 subsections:

"(q) AVAILABILITY OF RECORDS.—

"(1) IN GENERAL.—

"(A) PROVISION OF INFORMATION.—Notwithstanding any other provision of law, except as provided in subparagraph (B), the National Crime Information Center, police departments, and other law enforcement agencies shall, upon request, provide information to public housing agencies regarding the criminal conviction records of adult applicants for, or tenants of, public housing for purposes of applicant screening, lease enforcement, and eviction.

"(B) EXCEPTION.—Except as provided under any provision of State, tribal, or local law, no law enforcement agency described in subparagraph (A) shall provide information under this paragraph relating to any criminal conviction if the date of that conviction occurred 5 or more years prior to the date on which the request for the information is made.

"(2) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken on the basis of a criminal record, the public housing agency shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

"(3) FEE.—A public housing agency may be charged a reasonable fee for information provided under paragraph (1).

"(4) RECORDS MANAGEMENT.—Each public housing agency shall establish and implement a system of records management that ensures that any criminal record received by the public housing agency is—

"(A) maintained confidentially;

"(B) not misused or improperly disseminated; and

"(C) destroyed, once the purpose for which the record was requested has been accomplished.

"(5) DEFINITION.—For purposes of this subsection, the term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

"(r) EVICTION FOR DRUG-RELATED ACTIVITY.—Any tenant evicted from housing assisted under this title by reason of drug-related criminal activity (as that term is defined in section 8(f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).".

(i) TRANSITION RULE RELATING TO PREFERENCES.—During the period beginning on the date of enactment of this Act and ending on the date on which the initial public housing agency plan of a public housing agency is approved under section 5A of the United States Housing Act of 1937, as added by this Act, the public housing agency may establish local preferences for making available public housing under the United States Housing Act of 1937 and for providing tenant-based assistance under section 8 of that Act.

SEC. 108. EXPANSION OF POWERS.

(a) IN GENERAL.—Section 6(j)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)) is amended—

(1) in subparagraph (A)—

(A) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(B) by inserting after clause (ii) the following new clause:

"(iii) take possession of the public housing agency, including any project or function of the agency, including any project or function under any other provision of this title;";

(2) by redesignating subparagraphs (B) through (D) as subparagraphs (E) through (G), respectively;

(3) by inserting after subparagraph (A) the following new subparagraphs:

"(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.

"(ii) The Secretary may give a public housing agency a 1-year period, beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i), and the date of enactment of the Public Housing Reform and Empowerment Act of 1995, within which to demonstrate improvement satisfactory to the Secretary. Nothing in this clause shall preclude the Secretary from taking any action the Secretary considers necessary before the commencement or the expiration of the 1-year period described in this clause.

"(iii) Upon the expiration of the 1-year period described in clause (ii), if the troubled public housing agency has not demonstrated improvement satisfactory to the Secretary and the Secretary has not yet declared the agency to be in breach of the contract of the agency with the Federal Government under this title, the Secretary shall declare the public housing agency to be in substantial default, as described in subparagraph (A).

"(iv) Upon declaration of a substantial default under clause (iii), the Secretary—

"(I) shall either—

"(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii);

"(bb) take possession of the public housing agency or any public housing projects of the public housing agency pursuant to subparagraph (A)(iii); or

"(cc) take such actions as the Secretary determines to be necessary to cure the substantial default; and

"(II) may, in addition, take other appropriate action.

"(C)(i) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) if determined to be appropriate by the Secretary, may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies; and

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impedes correction of the substantial default.

"(ii) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title.

"(D)(i) If the Secretary takes possession of a public housing agency, or any project or function of the agency, pursuant to subparagraph (A)(iii), the Secretary—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies;

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impedes correction of the substantial default; and

"(V) shall have such additional authority as a district court of the United States has conferred under like circumstances on a receiver to fulfill the purposes of the receivership.

"(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary under this subparagraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

"(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to clause (i)(III), unless the Secretary first approves an application by the administrative receiver to authorize such establishment.

"(iv) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title."; and

(4) by adding at the end the following new subparagraph:

"(H) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including any project or function of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of the public housing agency (including any project or function of the agency), shall be the liability of the public housing agency.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a public housing agency that is found to be in substantial default, on or after the date of enactment of this Act, with respect to the covenants or conditions to which the agency is subject (as such substantial default is defined in the contract for contributions of the agency) or with respect to an agreement entered into under section 6(j)(2)(C) of the United States Housing Act of 1937.

SEC. 109. PUBLIC HOUSING DESIGNATED FOR THE ELDERLY AND THE DISABLED.

(a) IN GENERAL.—Section 7 of the United States Housing Act of 1937 (42 U.S.C. 1437e) is amended to read as follows:

"SEC. 7. AUTHORITY TO PROVIDE DESIGNATED HOUSING.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in the discretion of the public housing agency and without approval by the Secretary, designate public housing projects or mixed-income projects (or portions of projects) for occupancy as elderly housing, disabled housing, or elderly and disabled housing. The public housing agency shall establish requirements for this section, including priorities for occupancy, in the public housing agency plan.

"(b) PRIORITY FOR OCCUPANCY.—

"(1) IN GENERAL.—In determining priority for admission to public housing projects (or portions of projects) that are designated for occupancy under this section, the public housing agency may make units in such projects (or portions of projects) available only to the types of families for whom the project is designated.

"(2) ELIGIBILITY OF NEAR-ELDERLY FAMILIES.—If a public housing agency determines that there are insufficient numbers of elderly families to fill all the units in a public housing project (or portion thereof) designated under this section for occupancy by only elderly families, the agency may provide that near-elderly families who qualify for occupancy may occupy dwelling units in the public housing project (or portion thereof).

"(3) VACANCY.—Notwithstanding paragraphs (1) and (2), in designating a public housing project (or portion thereof) for occupancy by only certain types of families under this section, a public housing agency shall make any dwelling unit that is ready for occupancy in such a project (or portion thereof) that has been vacant for more than 60 consecutive days generally available for occupancy (subject to this title) without regard to that designation.

"(c) AVAILABILITY OF HOUSING.—

"(1) TENANT CHOICE.—The decision of any disabled family not to occupy or accept occupancy in an appropriate public housing project or to otherwise accept any assistance made available to the family under this title shall not adversely affect the family with respect to a public housing agency making available occupancy in other appropriate public housing projects or to otherwise make assistance available to that family under this title.

"(2) DISCRIMINATORY SELECTION.—Paragraph (1) does not apply to any family that decides not to occupy or accept an appropriate dwelling unit in public housing or to accept assistance under this Act on the basis of the race, color, religion, gender, disability, familial status, or national origin of occupants of the housing or the surrounding area.

"(3) APPROPRIATENESS OF DWELLING UNITS.—This section may not be construed to require a public housing agency to offer occupancy in any dwelling unit assisted under this Act to any family that is not of appropriate family size for the dwelling unit.

"(d) PROHIBITION OF EVICTIONS.—Any tenant who is lawfully residing in a dwelling unit in a public housing project may not be evicted or otherwise required to vacate that unit as a result of the designation of the public housing project (or portion thereof) under this section or as a result of any other action taken by the Secretary or any public housing agency pursuant to this section.

"(e) LIMITATION ON OCCUPANCY IN DESIGNATED PROJECTS.—

"(1) OCCUPANCY LIMITATION.—Notwithstanding any other provision of law, a dwelling unit in a public housing project (or portion of a project) that is designated under subsection (a) shall not be occupied by any person whose illegal use (or pattern of illegal use) of a controlled substance or abuse (or pattern of abuse) of alcohol—

"(A) constitutes a disability; and

"(B) provides reasonable cause for the public housing agency to believe that such occupancy could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

"(2) REQUIRED STATEMENT.—A public housing agency may not make a dwelling unit in a public housing project (or portion of a project) designated under subsection (a) available for occupancy to any family, unless the application for occupancy by that family is accompanied by a signed statement that no person who will be occupying the unit illegally uses a controlled substance, or abuses alcohol, in a manner that would interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.".

(b) LEASE PROVISIONS.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) following new paragraph:

"(6) provide that any occupancy in violation of section 7(e)(1) or the furnishing of any false or misleading information pursuant to section 7(e)(2) shall be cause for termination of tenancy; and".

(c) CONFORMING AMENDMENT.—Section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437(b)(4)(A)) is amended by striking "section 7(a)" and inserting "section 7".

SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

(a) IN GENERAL.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

"SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

"(a) IN GENERAL.—Except for assistance provided under section 8 of this Act or as otherwise provided in the Public Housing Reform and Empowerment Act of 1995, all programs under which assistance is provided for public housing under this Act on the day before October 1, 1997, shall be merged, as appropriate, into either—

"(1) the Capital Fund established under subsection (c); or

"(2) the Operating Fund established under subsection (d).

"(b) USE OF EXISTING FUNDS.—With the exception of funds made available pursuant to section 8 or section 20(f) and funds made available for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—

"(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency as of October 1, 1997, shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate; and

"(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of October 1, 1997, have not been obligated by the public housing agency, may be made available by that public housing agency, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate.

"(c) CAPITAL FUND.—

"(1) IN GENERAL.—The Secretary shall establish a Capital Fund for the purpose of making assistance available to public housing agencies to carry out capital and management activities, including—

"(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the development of mixed-income projects;

"(B) vacancy reduction;

"(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

"(D) planned code compliance;

"(E) management improvements;

"(F) demolition and replacement;

"(G) tenant relocation;

"(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

"(I) capital expenditures to improve the security and safety of residents.

"(2) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The Secretary shall develop a formula for providing assistance under the Capital Fund, which may take into account—

"(A) the number of public housing dwelling units owned or operated by the public housing agency and the percentage of those units that are occupied by very low-income families;

"(B) if applicable, the reduction in the number of public housing units owned or operated by the public housing agency as a result of any conversion to a system of tenant-based assistance;

"(C) the costs to the public housing agency of meeting the rehabilitation and modernization needs, and meeting the reconstruction, development, and demolition needs of public housing dwelling units owned and operated by the public housing agency;

"(D) the degree of household poverty served by the public housing agency;

"(E) the costs to the public housing agency of providing a safe and secure environment in public housing units owned and operated by the public housing agency; and

"(F) the ability of the public housing agency to effectively administer the Capital Fund distribution of the public housing agency.

"(d) OPERATING FUND.—

"(1) IN GENERAL.—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing, including—

"(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

"(B) activities to ensure a program of routine preventative maintenance;

"(C) anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants;

"(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

"(E) activities to provide for management and participation in the management of public housing by public housing tenants;

"(F) the costs associated with the operation and management of mixed-income projects, to the extent appropriate (including the funding of an operating reserve to ensure affordability for low-income families in lieu of the availability of operating funds for public housing units in a mixed-income project);

"(G) the reasonable costs of insurance;

"(H) the reasonable energy costs associated with public housing units, with an emphasis on energy conservation; and

"(I) the costs of administering a public housing work program under section 12, including the costs of any related insurance needs.

"(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—The Secretary shall establish a formula for providing assistance under the Operating Fund, which may take into account—

"(A) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

"(B) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

"(C) the degree of household poverty served by a public housing agency;

"(D) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing tenants;

"(E) the number of dwelling units owned and operated by the public housing agency that are chronically vacant and the amount of assistance appropriate for those units;

"(F) the costs of the public housing agency associated with anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants; and

"(G) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency.

"(e) LIMITATIONS ON USE OF FUNDS.—

"(1) IN GENERAL.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities that are eligible for assistance under the Operating Fund under subsection (d), if the public housing agency plan provides for such use.

"(2) NEW CONSTRUCTION.—

"(A) IN GENERAL.—A public housing agency may not use any of the Capital Fund or Operating Fund distributions of the public housing agency for the purpose of constructing any public housing unit, if such construction would result in a net increase in the number of public housing units owned or operated by the public housing agency on the date of enactment of the Public Housing Reform and Empowerment Act of 1995, including any public housing units demolished as part of any revitalization effort.

"(B) EXCEPTION.—Notwithstanding subparagraph (A), a public housing agency may use the Capital Fund or Operating Fund distributions of the public housing agency for the construction and operation of housing units that are available and affordable to low-income families in excess of the limitations on new construction set forth in subparagraph (A), except that the formulae established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.".

"(f) OPERATING AND CAPITAL ASSISTANCE TO RESIDENT MANAGEMENT CORPORATIONS.—The Secretary shall directly provide operating and capital assistance under this section to each resident management corporation managing a public housing project pursuant to a contract under this section, which assistance shall be used for purposes of operating the public housing project and performing such

other eligible activities with respect to the project as may be provided under the contract.

"(g) INDIAN HOUSING PROGRAMS.—To the extent provided in advance in appropriations Acts, the Secretary shall carry out housing programs for Indians in accordance with such formulas and programs as the Secretary shall establish by regulation.

"(h) TECHNICAL ASSISTANCE.—To the extent approved in advance in appropriations Acts, the Secretary may make grants or enter into contracts in accordance with this subsection for purposes of providing, either directly or indirectly—

"(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including assistance relating to monitoring and inspections;

"(2) training for public housing agency employees and tenants;

"(3) data collection and analysis; and

"(4) training, technical assistance, and education to assist public housing agencies that are—

"(A) at risk of being designated as troubled under section 6(j) from being so designated; and

"(B) designated as troubled under section 6(j) in achieving the removal of that designation.

"(i) EMERGENCY RESERVE.—

"(1) IN GENERAL.—

"(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside not more than 2 percent of the amount made available for use under the capital fund to carry out this section for that fiscal year for use in accordance with this subsection.

"(B) USE OF FUNDS.—

"(i) EMERGENCIES.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with emergencies, as determined by the Secretary, and in connection with housing needs resulting from any settlement of litigation.

"(ii) ADDITIONAL FUNDS.—To the extent that there are funds from amounts set aside under this paragraph in excess to the needs described in clause (i), the Secretary may use those funds for the costs of establishing and administering a witness relocation program, which shall be established by the Secretary in conjunction with the Attorney General of the United States.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Amounts set aside under this subsection shall initially be allocated based on the emergency and litigation settlement needs of public housing agencies, in such manner, and in such amounts as the Secretary shall determine.

"(B) PUBLICATION.—The Secretary shall publish the use of any amounts allocated under this subsection in the Federal Register.".

(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION PERIOD.—

(1) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall establish the formulas described in subsections (c)(3) and (d)(2) of section 9 of the Public Housing Reform and Empowerment Act of 1995, as amended by this section.

(2) EFFECTIVE DATE.—The formulas established under paragraph (1) shall be effective only with respect to amounts made available under section 9 of the United States Housing Act of 1937, as amended by this section, in fiscal year 1998 or in any succeeding fiscal year.

(3) TRANSITION PERIOD.—Prior to the effective date described in paragraph (2), the Secretary shall provide that each public housing agency shall receive funding under sections 9 and 14 of the United States Housing Act of 1937, as those sections existed on the day before the date of enactment of this Act.

(c) DRUG ELIMINATION GRANTS.—

(1) FUNDING AUTHORIZATION.—

(A) IN GENERAL.—To the extent provided in advance in appropriations Acts for fiscal years 1996 and 1997, the Secretary shall make grants for—

(i) use in eliminating drug-related crime under the Public and Assisted Housing Drug Elimination Act of 1990; and

(ii) drug elimination clearinghouse services authorized by section 5143 of the Drug-Free Public Housing Act of 1988.

(B) SET-ASIDE.—Of any amounts made available to carry out subparagraph (A), the Secretary shall set aside amounts for grants, technical assistance, contracts, and other assistance, and for training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training).

(2) PROGRAM REQUIREMENTS.—The use of amounts made available under paragraph (1) shall be governed by the Public and Assisted Housing Drug Elimination Act of 1990, except as follows:

(A) FORMULA ALLOCATION.—Notwithstanding the Public and Assisted Housing Drug Elimination Act of 1990, after setting aside amounts for assisted housing under section 5130(b) of such Act, the Secretary may make grants to public housing agencies in accordance with a formula established by the Secretary, which shall—

(i) take into account the needs of the public housing agency for anticrime funding, and the amount of funding that the public housing agency has received under the Public and Assisted Housing Drug Elimination Act of 1990 during fiscal years 1993, 1994, and 1995; and

(ii) not exclude an eligible public housing agency that has not received funding during the period described in clause (i).

(B) OTHER TYPES OF CRIME.—For purposes of this subsection, the Secretary may define the term "drug-related crime" to include criminal actions other than those described in section 5126(2) of the Public and Assisted Housing Drug Elimination Act of 1990.

(3) SUNSET.—No grant may be made under this subsection on or after October 1, 1998.

SEC. 111. LABOR STANDARDS.

Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended by adding at the end the following new subsection:

"(c) WORK REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, each adult member of each family assisted under this title shall contribute not less than 8 hours of volunteer work per month (not to include any political activity) within the community in which that adult resides.

"(2) INCLUSION IN PLAN.—Each public housing agency shall include in the public housing agency plan a detailed description of the manner in which the public housing agency intends to implement and administer paragraph (1).

"(3) EXEMPTIONS.—The Secretary may provide an exemption from paragraph (1) for any adult who is—

"(A) not less than 62 years of age;

"(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this section;

"(C) working not less than 20 hours per week, a student, receiving vocational training, or otherwise meeting work, training, or educational requirements of a public assistance program; or

"(D) a single parent or the spouse of an otherwise exempt individual who is the primary caretaker of one or more children who are 6 years of age or younger.".

SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

"SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.

"(a) CONSORTIA.—

"(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.

"(2) EFFECT.—With respect to any consortium described in paragraph (1)—

"(A) any assistance made available under this title to each of the public housing agencies participating in the consortium shall be paid to the consortium; and

"(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.

"(3) RESTRICTIONS.—

"(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan, which shall be submitted by the consortium in accordance with section 5A.

"(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

"(b) JOINT VENTURES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with the public housing agency plan, may—

"(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

"(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agency, including any program that is subject to this title.

"(2) USE OF INCOME.—Any income generated under paragraph (1) shall be used for low-income housing or to benefit the tenants of the public housing agency.

"(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.".

SEC. 113. REPEAL OF MODERNIZATION FUND.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 5(c)(5), by striking "for use under section 14 or";

(2) in section 5(c)(7)—

(A) in subparagraph (A)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively; and

(B) in subparagraph (B)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively;

(3) in section 6(j)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(4) in section 6(j)(2)(A)—

(A) in clause (i), by striking "The Secretary shall also designate," and all that follows through the period at the end; and

(B) in clause (iii), by striking "(including designation as a troubled agency for purposes of the program under section 14)";

(5) in section 6(j)(2)(B)—

(A) in clause (i), by striking "and determining that an assessment under this subparagraph will not duplicate any review conducted under section 14(p)"; and

(B) in clause (ii)—

(i) by striking "(I) the agency's comprehensive plan prepared pursuant to section 14 adequately and appropriately addresses the rehabilitation needs of the agency's inventory, (II)" and inserting "(I)"; and

(ii) by striking "(III)" and inserting "(II)";

(6) in section 6(j)(3)—

(A) in clause (ii), by adding "and" at the end;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii);

(7) in section 6(j)(4)—

(A) in subparagraph (D), by adding "and" at the end;

(B) in subparagraph (E), by striking "; and" at the end and inserting a period; and

(C) by striking subparagraph (F);

(8) in section 20—

(A) by striking subsection (c) and inserting the following:

"(c) [Reserved.]"; and

(B) by striking subsection (f) and inserting the following:

"(f) [Reserved.]";

(9) in section 21(a)(2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(10) in section 21(a)(3)(A)(v), by striking "the building or buildings meet the minimum safety and livability standards applicable under section 14, and";

(11) in section 25(b)(1), by striking "From amounts reserved" and all that follows through "the Secretary may" and inserting the following: To the extent approved in appropriations Acts, the Secretary may";

(12) in section 25(e)(2)—

(A) by striking "The Secretary" and inserting "To the extent approved in appropriations Acts, the Secretary"; and

(B) by striking "available annually from amounts under section 14";

(13) in section 25(e), by striking paragraph (3);

(14) in section 25(f)(2)(G)(i), by striking "including—" and all that follows through "an explanation" and inserting "including an explanation";

(15) in section 25(i)(1), by striking the second sentence; and

(16) in section 202(b)(2)—

(A) by striking "(b) FINANCIAL ASSISTANCE.—" and all that follows through "The Secretary may," and inserting the following:

"(b) FINANCIAL ASSISTANCE.—The Secretary may"; and

(B) by striking paragraph (2).

SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:

"SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

"(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

"(1) IN GENERAL.—Of the dwelling units of a public housing agency, including public housing units in a designated mixed-income project, made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families;

"(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income for those families; and

"(C) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(3) MIXED-INCOME HOUSING STANDARD.—Each public housing agency plan submitted by a public housing agency shall include a plan for achieving a diverse income mix among tenants in each public housing project of the public housing agency and among the scattered site public housing of the public housing agency.

"(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED HOUSING.—

"(1) IN GENERAL.—Of the dwelling units receiving tenant-based assistance under section 8 made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 50 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families; and

"(B) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(c) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency shall establish standards for occupancy in public housing dwelling units—

"(1) that prohibit occupancy in any such unit by any person—

"(A) who the public housing agency determines is illegally using a controlled substance; or

"(B) if the public housing agency determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project; and

"(2) that allow the public housing agency to terminate the tenancy in any public housing unit of any person—

"(A) if the public housing agency determines that such person is illegally using a controlled substance; or

"(B) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency to interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

"(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any dwelling unit assisted by an Indian housing authority.".

SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

(a) IN GENERAL.—Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

"SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

"(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Except as provided in subsection (b), not later than 60 days after receiving an application by a public housing agency for authorization, with or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project (including any transfer to a resident-supported nonprofit entity), the Secretary shall approve the application, if the public housing agency certifies—

"(1) in the case of—

"(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—

"(i) the project or portion of the public housing project is obsolete as to physical condition, location, or other factors, making it unsuitable for housing purposes; and

"(ii) no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to useful life; and

"(B) an application proposing the demolition of only a portion of a public housing project, that the demolition will help to assure the viability of the remaining portion of the project;

"(2) in the case of an application proposing disposition of a public housing project or other real property subject to this title by sale or other transfer, that—

"(A) the retention of the property is not in the best interests of the tenants or the public housing agency because—

"(i) conditions in the area surrounding the public housing project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency; or

"(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;

"(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—

"(i) in the best interests of the tenants and the public housing agency;

"(ii) consistent with the goals of the public housing agency and the public housing agency plan; and

"(iii) otherwise consistent with this title; or

"(C) for property other than dwelling units, the property is excess to the needs of a public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;

"(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan, and has certified that the actions contemplated in the public housing agency plan comply with this section;

"(4) that the public housing agency—

"(A) will provide for the payment of the relocation expenses of each tenant to be displaced;

"(B) will ensure that the amount of rent paid by the tenant following relocation will not exceed the amount permitted under this title; and

"(C) will not commence demolition or complete disposition until all tenants residing in the unit are relocated;

"(5) that the net proceeds of any disposition will be used—

"(A) unless waived by the Secretary, for the retirement of outstanding obligations issued to finance the original public housing project or modernization of the project; and

"(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the tenants of the public housing agency; and

"(6) that the public housing agency has complied with subsection (c).

"(b) DISAPPROVAL OF APPLICATIONS.—The Secretary shall disapprove an application submitted under subsection (a) if the Secretary determines that any certification made by the public housing agency under that subsection is clearly inconsistent with information and data available to the Secretary.

"(c) TENANT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—

"(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization supported by the residents, if that entity has expressed an interest, in writing, to the public housing agency in a timely manner, in purchasing the property for continued use as low-income housing.

"(2) TIMING.—

"(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other resident-supported nonprofit entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.

"(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of that written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.

"(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of those replacement units is fewer than the number of units demolished.".

(b) HOMEOWNERSHIP REPLACEMENT PLAN.—

(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa-3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred At Oklahoma City, and Rescissions Act, 1995, is amended to read as follows:

"(g) [Reserved.]".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective with respect to any plan for the demolition, disposition, or conversion to homeownership of public housing that is approved by the Secretary after September 30, 1995.

(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.

SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:

"SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.

"(a) IN GENERAL.—

"(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.

"(2) REQUIREMENTS.—In converting to a tenant-based system of assistance under this section, the public housing agency shall develop a conversion assessment and plan under subsection (b) in consultation with the appropriate public officials, with significant participation by the residents of the project (or portion thereof), which assessment and plan shall—

"(A) be consistent with and part of the public housing agency plan; and

"(B) describe the conversion and future use or disposition of the public housing project, including an impact analysis on the affected community.

"(b) CONVERSION ASSESSMENT AND PLAN.—

"(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency, and shall submit to the Secretary an assessment that includes—

"(A) a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing tenant-based assistance under section 8 for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing project proposed for conversion for the remaining useful life of the project;

"(B) an analysis of the market value of the public housing project proposed for conversion both before and after rehabilitation, and before and after conversion;

"(C) an analysis of the rental market conditions with respect to the likely success of tenant-based assistance under section 8 in that market for the specific residents of the public housing project proposed for conversion, including an assessment of the availability of decent and safe dwellings renting at or below the payment standard established for tenant-based assistance under section 8 by the public housing agency;

"(D) the impact of the conversion to a system of tenant-based assistance under this section on the neighborhood in which the public housing project is located; and

"(E) a plan that identifies actions, if any, that the public housing agency would take with regard to converting any public housing project or projects (or portions thereof) of the public housing agency to a system of tenant-based assistance.

"(2) STREAMLINED ASSESSMENT.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of paragraph (1) or otherwise require a streamlined assessment with respect to any public housing project or class of public housing projects.

"(3) IMPLEMENTATION OF CONVERSION PLAN.—

"(A) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

"(i) will not be more expensive than continuing to operate the public housing project (or portion thereof) as public housing; and

"(ii) will principally benefit the residents of the public housing project (or portion thereof) to be converted, the public housing agency, and the community.

"(B) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or if there is reliable information and data available to the Secretary that contradicts that conversion assessment.

"(c) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide tenant-based assistance under section 8 shall be added to the housing assistance payment contract administered by—

"(1) the public housing agency; or

"(2) any entity administering the contract on behalf of the public housing agency.

"(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.

(a) IN GENERAL.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended to read as follows:

"SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with this section—

"(1) sell any public housing unit in any public housing project of the public housing agency to—

"(A) the low-income tenants of the public housing agency; or

"(B) any organization serving as a conduit for sales to those persons; and

"(2) provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence.

"(b) RIGHT OF FIRST REFUSAL.—In making any sale under this section, the public housing agency shall initially offer the public housing unit at issue to the tenant or tenants occupying that unit, if any, or to an organization serving as a conduit for sales to any such tenant.

"(c) SALE PRICES, TERMS, AND CONDITIONS.—Any sale under this section may involve such prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan.

"(d) PURCHASE REQUIREMENTS.—

"(1) IN GENERAL.—Each tenant that purchases a dwelling unit under subsection (a) shall, as of the date on which the purchase is made—

"(A) intend to occupy the property as a principal residence; and

"(B) submit a written certification to the public housing agency that such tenant will occupy the property as a principal residence for a period of not less than 12 months beginning on that date.

"(2) RECAPTURE.—Except for good cause, as determined by a public housing agency in the public housing agency plan, if, during the 1-year period beginning on the date on which any tenant acquires a public housing unit under this section, that public housing unit is resold, the public housing agency shall recapture 75 percent of the amount of any proceeds from that resale that exceed the sum of—

"(A) the original sale price for the acquisition of the property by the qualifying tenant;

"(B) the costs of any improvements made to the property after the date on which the acquisition occurs; and

"(C) any closing costs incurred in connection with the acquisition.

"(e) PROTECTION OF NONPURCHASING TENANTS.—If a public housing tenant does not exercise the right of first refusal under subsection (b) with respect to the public housing unit in which the tenant resides, the public housing agency shall—

"(1) ensure that either another public housing unit or rental assistance under section 8 is made available to the tenant; and

"(2) provide for the payment of the reasonable relocation expenses of the tenant.

"(f) NET PROCEEDS.—

"(1) IN GENERAL.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold under this section unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan.

"(2) INDIAN HOUSING.—The net proceeds described in paragraph (1) may be used by Indian housing authorities for housing for families whose incomes exceed the income levels established under this title for low-income families.

"(g) HOMEOWNERSHIP ASSISTANCE.—From amounts distributed to a public housing agency under section 9, or from other income earned by the public housing agency, the public housing agency may provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence, including a residence other than a residence located in a public housing project.".

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 8(y)(7)(A)—

(A) by striking ", (ii)" and inserting ", and (ii)"; and

(B) by striking ", and (iii)" and all that follows before the period at the end; and

(2) in section 25(1)(2)—

(A) in the first sentence, by striking ", consistent with the objectives of the program under section 23,"; and

(B) by striking the second sentence.

(c) SAVINGS PROVISION.—The amendments made by this section do not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended to read as follows:

"SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies for the purposes of—

"(1) enabling the demolition of obsolete public housing projects or portions thereof;

"(2) revitalizing sites (including remaining public housing units) on which such public housing projects are located;

"(3) the provision of replacement housing, which will avoid or lessen concentrations of very low-income families; and

"(4) the provision of tenant-based assistance under section 8 for use as replacement housing.

"(b) COMPETITION.—The Secretary shall make grants under this section on the basis of a competition, which shall be based on such factors as—

"(1) the need for additional resources for addressing a severely distressed public housing project;

"(2) the need for affordable housing in the community;

"(3) the supply of other housing available and affordable to a family receiving tenant-based assistance under section 8; and

"(4) the local impact of the proposed revitalization program.

"(c) TERMS AND CONDITIONS.—The Secretary may impose such terms and conditions on recipients of grants under this section as the Secretary determines to be appropriate to carry out the purposes of this section, except that such terms and conditions shall be similar to the terms and conditions of either—

"(1) the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts; or

"(2) section 24 of the United States Housing Act of 1937, as such section existed before the date of enactment of the Public Housing Reform and Empower Act of 1995.

"(d) ALTERNATIVE MANAGEMENT.—The Secretary may require any recipient of a grant under this section to make arrangements with an entity other than the public housing agency to carry out the purposes for which the grant was awarded, if the Secretary determines that such action is necessary for the timely and effective achievement of the purposes for which the grant was awarded.

"(e) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.

"(f) SUNSET.—No grant may be made under this section on or after October 1, 1998.".

SEC. 119. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

(a) IN GENERAL.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 28. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

"(a) IN GENERAL.—A public housing agency may own, operate, assist, or otherwise participate in one or more mixed-income projects in accordance with this section.

"(b) REQUIREMENTS.—

"(1) MIXED-INCOME PROJECT.—For purposes of this section, the term 'mixed-income project' means a project that meets the requirements of paragraph (2) and that is occupied both by one or more very low-income families and by one or more families that are not very low-income families.

"(2) STRUCTURE OF PROJECTS.—Each mixed-income project shall be developed—

"(A) in a manner that ensures that units are made available in the project, by master contract, individual lease, or equity interest for occupancy by eligible families identified by the public housing agency for a period of not less than 20 years;

"(B) in a manner that ensures that the number of public housing units bears approximately the same proportion to the total number of units in the mixed-income project as the value of the total financial commitment provided by the public housing agency bears to the value of the total financial commitment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance; and

"(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

"(3) TYPES OF PROJECTS.—The term 'mixed-income project' includes a project that is developed—

"(A) by a public housing agency or by an entity affiliated with a public housing agency;

"(B) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

"(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(1)(7) of the Internal Revenue Code of 1986; or

"(D) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

"(c) TAXATION.—

"(1) IN GENERAL.—A public housing agency may elect to have all public housing units in a mixed-income project subject to local real estate taxes, except that such units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).

"(2) LOW-INCOME HOUSING TAX CREDIT.—With respect to any unit in a mixed-income project that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the tenants may be set at levels not to exceed the amounts allowable under that section.

"(d) RESTRICTION.—No assistance provided under section 9 shall be used by a public housing agency in direct support of any unit rented to a family that is not a low-income

family, except that this subsection does not apply to the Mutual Help Homeownership Program authorized under section 202 of this Act.

"(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an entity that owns or operates a mixed-income project under this section enters into a contract with a public housing agency, the terms of which obligate the entity to operate and maintain a specified number of units in the project as public housing units in accordance with the requirements of this Act for the period required by law, such contractual terms may provide that, if, as a result of a reduction in appropriations under section 9, or any other change in applicable law, the public housing agency is unable to fulfill its contractual obligations with respect to those public housing units, that entity may deviate, under procedures and requirements developed through regulations by the Secretary, from otherwise applicable restrictions under this Act regarding rents, income eligibility, and other areas of public housing management with respect to a portion or all of those public housing units, to the extent necessary to preserve the viability of those units while maintaining the low-income character thereof to the maximum extent practicable.".

(b) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to promote the development of mixed-income projects, as that term is defined in section 28 of the United States Housing Act of 1937, as added by this Act.

SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 29. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

"(a) IDENTIFICATION OF UNITS.—To the extent approved in advance in appropriations Acts, each public housing agency shall identify all public housing projects of the public housing agency—

"(1) that are on the same or contiguous sites;

"(2) that the public housing agency determines to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall be based on the criteria established in the Final Report of the National Commission on Severely Distressed Public Housing (August 1992);

"(3) identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; and

"(4) for which the estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

"(b) CONSULTATION.—Each public housing agency shall consult with the appropriate public housing tenants and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

"(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—

"(1) IN GENERAL.—

"(A) DEVELOPMENT OF PLAN.—Each public housing agency shall develop and, to the extent provided in advance in appropriations Acts, carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a) from the inventory of the public housing agency and the annual contributions contract.

"(B) APPROVAL OF PLAN.—The plan required under subparagraph (A) shall—

"(i) be included as part of the public housing agency plan;

"(ii) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and

"(iii) include a description of any disposition and demolition plan for the public housing units.

"(2) EXTENSIONS.—The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

"(d) CONVERSION TO TENANT-BASED ASSISTANCE.—

"(1) IN GENERAL.—With respect to any public housing project that has not received a grant for assistance under the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts or under section 24 of the United States Housing Act of 1937, the Secretary shall make authority available to a public housing agency to provide assistance under this Act to families residing in any public housing project that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to this section.

"(2) PLAN REQUIREMENTS.—Each plan under subsection (c) shall require the agency to—

"(A) notify families residing in the public housing project, consistent with any guidelines issued by the Secretary governing such notifications, that—

"(i) the public housing project will be removed from the inventory of the public housing agency; and

"(ii) the families displaced by such action will receive tenant-based or project-based assistance or occupancy in a unit operated or assisted by the public housing agency;

"(B) provide any necessary counseling for families displaced by such action; and

"(C) provide any reasonable relocation expenses for families displaced by such action.

"(e) REMOVAL BY SECRETARY.—The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

"(f) ADMINISTRATION.—

"(1) IN GENERAL.—The Secretary may require a public housing agency to provide to the Secretary or to public housing tenants such information as the Secretary considers to be necessary for the administration of this section.

"(2) APPLICABILITY OF SECTION 18.—Section 18 does not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.

"(g) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 30. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

"(a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

"(b) TERMS AND CONDITIONS.—

"(1) CRITERIA FOR APPROVAL.—In making any authorization under subsection (a), the Secretary may consider—

"(A) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;

"(B) the ability of the public housing agency to make payments on the mortgage or security interest; and

"(C) such other criteria as the Secretary may specify.

"(2) TERMS AND CONDITIONS OF MORTGAGES AND SECURITY INTERESTS OBTAINED.—Each mortgage or security interest granted under this section shall be—

"(A) for a term that—

"(i) is consistent with the terms of private loans in the market area in which the public housing project or property at issue is located; and

"(ii) does not exceed 30 years; and

"(B) subject to conditions that are consistent with the conditions to which private loans in the market area in which the subject project or other property is located are subject.

"(3) NO FULL FAITH AND CREDIT.—No action taken under this section shall result in any liability to the Federal Government.".

SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESIDENTS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 31. SERVICES FOR PUBLIC HOUSING RESIDENTS.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies (including Indian housing authorities) on behalf of public housing residents, or directly to resident management corporations, resident councils, or resident organizations (including nonprofit entities supported by residents), for the purposes of providing a program of supportive services and resident empowerment activities to assist public housing residents in becoming economically self-sufficient.

"(b) ELIGIBLE ACTIVITIES.—Grantees under this section may use such amounts only for activities on or near the public housing agency or public housing project that are designed to promote the self-sufficiency of public housing residents, including activities relating to—

"(1) physical improvements to a public housing project in order to provide space for supportive services for residents;

"(2) the provision of service coordinators;

"(3) the provision of services related to work readiness, including academic skills, job training, job search skills, tutoring, adult literacy, transportation, and child care, except that grants received under this section shall not comprise more than 50 percent of the costs of providing such services;

"(4) resident management activities; and

"(5) other activities designed to improve the economic self-sufficiency of residents.

"(c) FUNDING DISTRIBUTION.—

"(1) IN GENERAL.—Except for amounts provided under subsection (d), the Secretary may distribute amounts made available under this section on the basis of a competition or a formula, as appropriate.

"(2) FACTORS FOR DISTRIBUTION.—Factors for distribution under paragraph (1) shall include—

"(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities; and

"(B) the ability of the applicant to leverage additional resources for the provision of services.

"(d) FUNDING FOR RESIDENT COUNCILS.—Of amounts appropriated for activities under this section, not less than $25,000,000 shall be provided directly to resident councils, resident organizations, and resident management corporations.".

SEC. 123. APPLICABILITY TO INDIAN HOUSING.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, except as otherwise provided in this Act, this title and the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, as that term is defined in section 3(b) of the United States Housing Act of 1937.

TITLE II—SECTION 8 RENTAL ASSISTANCE

SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

"(o) VOUCHER PROGRAM.—

"(1) PAYMENT STANDARD.—

"(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that may be paid for any family, as provided in paragraph (2).

"(B) ESTABLISHMENT OF PAYMENT STANDARD.—The payment standard shall not exceed 120 percent of the fair market rental established under subsection (c) and shall be not less than 90 percent of that fair market rental.

"(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget authority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.

"(D) APPROVAL.—The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval.

"(E) REVIEW.—The Secretary—

"(i) shall monitor rent burdens and review any payment standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent; and

"(ii) may require a public housing agency to modify the payment standard of the public housing agency based on the results of that review.

"(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—

"(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.

"(3) FORTY PERCENT LIMIT.—At the time a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

"(4) ELIGIBLE FAMILIES.—At the time a family initially receives assistance under this subsection, a family shall qualify as—

"(A) a very low-income family;

"(B) a family previously assisted under this title;

"(C) a low-income family that meets eligibility criteria specified by the public housing agency;

"(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or

"(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.

"(6) SELECTION OF FAMILIES.—

"(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with the public housing agency plan submitted by the public housing agency under section 5A.

"(B) EVICTION FOR DRUG-RELATED ACTIVITY.—Any individual or family evicted from housing assisted under this subsection by reason of drug-related criminal activity (as defined in subsection (f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver for any member of the family of an individual prohibited from receiving assistance under this title whom the public housing agency determines clearly did not participate in and had no knowledge of that criminal activity, or if the circumstances leading to the eviction no longer exist).

"(C) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.

"(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit—

"(A) shall provide that the screening and selection of families for those units shall be the function of the owner;

"(B) shall provide that the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant;

"(C) except as otherwise provided by the public housing agency, may provide for a termination of the tenancy of a tenant assisted under this subsection after 1 year;

"(D) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that—

"(i) are in a standard form used in the locality by the dwelling unit owner; and

"(ii) contain terms and conditions that—

"(I) are consistent with State, tribal, and local law; and

"(II) apply generally to tenants in the property who are not assisted under this section;

"(E) shall provide that the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—

"(i) the tenant has committed a serious violation of the terms and conditions of the lease;

"(ii) the tenant has violated applicable Federal, State, or local law; or

"(iii) other good cause for termination of the tenancy exists; and

"(F) shall provide that any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State, tribal, and local law.

"(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall—

"(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent and safe housing established—

"(I) by the Secretary for purposes of this subsection; or

"(II) by local housing codes or by codes adopted by public housing agencies that—

"(aa) meet or exceed housing quality standards; and

"(bb) do not severely restrict housing choice; and

"(ii) make periodic inspections during the contract term.

"(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible family assisted under this subsection leases a dwelling unit that is owned by a public housing agency administering assistance under this subsection, the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

"(9) EXPEDITED INSPECTION PROCEDURES.—

"(A) DEMONSTRATION PROJECT.—Not later than 1 year after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, the Secretary shall establish a demonstration project to identify efficient procedures to determine whether units meet housing quality standards for decent and safe housing established by the Secretary.

"(B) PROCEDURES INCLUDED.—The demonstration project shall include the development of procedures to be followed in any case in which a family receiving tenant-based assistance under this subsection is moving into a dwelling unit, or in which a family notifies the public housing agency that a dwelling unit, in which the family no longer resides, fails to meet housing quality standards. The Secretary shall also establish procedures for the expedited repair and inspection of units that do not meet housing quality standards.

"(C) RECOMMENDATIONS.—Not later than 2 years after the date on which the demonstration under this paragraph is implemented, the Secretary shall submit a report to the Congress, which shall include an analysis of the demonstration and any recommendations for changes to the demonstration.

"(10) VACATED UNITS.—If a family vacates a dwelling unit, no assistance payment may be made under this subsection for the dwelling unit after the month during which the unit was vacated.

"(11) RENT.—

"(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market.

"(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

"(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

"(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

"(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency, except that no penalty shall be imposed if the late payment is due to factors that the Secretary determines are beyond the control of the public housing agency.

"(12) MANUFACTURED HOUSING.—

"(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence. Such payments may be made for the rental of the real property on which the manufactured home owned by any such family is located.

"(B) RENT CALCULATION.—

"(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.

"(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.

"(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).

"(13) CONTRACT FOR ASSISTANCE PAYMENTS.—

"(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection—

"(i) the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with this section; and

"(ii) the public housing agency may approve a housing assistance payment contract for such existing structure for not more than 15 percent of the funding available for tenant-based assistance administered by the public housing agency under this section.

"(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency shall enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner.

"(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).

"(D) ADJUSTED RENTS.—With respect to rents adjusted under this paragraph—

"(i) the adjusted rent for any unit shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area; and

"(ii) the provisions of subsection (c)(2)(A) do not apply.

"(14) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.

"(15) HOMEOWNERSHIP OPTION.—

"(A) IN GENERAL.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

"(B) ALTERNATIVE ADMINISTRATION.—A public housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

"(16) INDIAN HOUSING PROGRAMS.—Notwithstanding any other provision of law, in carrying out this section, the Secretary shall establish such separate formulas and programs as may be necessary to carry out housing programs for Indians under this section.".

SEC. 202. REPEAL OF FEDERAL PREFERENCES.

(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

"(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish, after public notice and an opportunity for public comment, a written system of preferences for selection that are not inconsistent with the comprehensive housing affordability strategy for the jurisdiction in which the project is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act;".

(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—

(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows:

"(c) [Reserved.]".

(2) PROHIBITION.—The provisions of section 8(e)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983, that require tenant selection preferences shall not apply with respect to—

(A) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983; or

(B) projects financed under section 202 of the Housing Act of 1959, as in existence on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows:

"(k) [Reserved.]".

(d) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(A) in section 6(o), by striking "preference rules specified in" and inserting "written selection criteria established pursuant to";

(B) in section 7(a)(2), by striking "according to the preferences for occupancy under" and inserting "in accordance with the written selection criteria established pursuant to";

(C) in section 7(a)(3), by striking "who qualify for preferences for occupancy under" and inserting "who meet the written selection criteria established pursuant to";

(D) in section 8(d)(2)(A), by striking the last sentence;

(E) in section 8(d)(2)(H), by striking "Notwithstanding subsection (d)(1)(A)(i), an" and inserting "An"; and

(F) in section 16(c), in the second sentence, by striking "the system of preferences established by the agency pursuant to section 6(c)(4)(A)(ii)" and inserting "the written selection criteria established by the public housing agency pursuant to section 6(c)(4)(A)".

(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—

(A) in section 455(a)(2)(D)(iii), by striking "would qualify for a preference under" and inserting "meet the written selection criteria established pursuant to"; and

(B) in section 522(f)(6)(B), by striking "any preferences for such assistance under section 8(d)(1)(A)(i)" and inserting "the written selection criteria established pursuant to section 8(d)(1)(A)".

(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking "requirement for giving preferences to certain categories of eligible families under" and inserting "written selection criteria established pursuant to".

(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "preferences for occupancy" and all that follows before the period at the end and inserting "selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively".

(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 6(c)(4)(A)(i), 8(d)(1)(A)(i), or 8(o)(3)(B) of the United States Housing Act of 1937, as those sections existed on the day before the effective date of this title, shall be considered to refer to the written selection criteria established pursuant to section 6(c)(4)(A), 8(d)(1)(A), or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.

SEC. 203. PORTABILITY.

Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

(1) in paragraph (1)—

(A) by striking "assisted under subsection (b) or (o)" and inserting "receiving tenant-based assistance under subsection (o)"; and

(B) by striking "the same State" and all that follows before the semicolon and inserting "any area in which a program is being administered under this section";

(2) in paragraph (3)—

(A) by striking "(b) or"; and

(B) by adding at the end the following new sentence: "The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies."; and

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

"(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.".

SEC. 204. LEASING TO VOUCHER HOLDERS.

Section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

"(t) [Reserved.]".

SEC. 205. HOMEOWNERSHIP OPTION.

Section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—

(1) in paragraph (1)(A), by inserting before the semicolon ", or owns or is acquiring shares in a cooperative";

(2) in paragraph (1)(B), by striking "(i) participates" and all that follows through "(ii) demonstrates" and inserting "demonstrates";

(3) by striking paragraph (2) and inserting the following:

"(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—

"(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.";

(4) by striking paragraphs (3) through (5); and

(5) by redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONTRACT PROVISIONS AND REQUIREMENTS.—Section 6(p)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)(1)(B)) is amended by striking "holding certificates and vouchers" and inserting "receiving tenant-based assistance".

(b) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (a), by striking the second and third sentences;

(2) in subsection (b)—

(A) in the subsection heading, by striking "RENTAL CERTIFICATES AND"; and

(B) in the first undesignated paragraph—

(i) by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary"; and

(ii) by striking the second sentence;

(3) in subsection (c)—

(A) in paragraph (3)—

(i) by striking "(A)"; and

(ii) by striking subparagraph (B);

(B) in the first sentence of paragraph (4), by striking "or by a family that qualifies to receive" and all that follows through "1990";

(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);

(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;

(E) in paragraph (6), as redesignated, by inserting "(other than a contract under section 8(o))" after "section";

(F) in paragraph (7), as redesignated, by striking "(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))" and inserting ", other than a contract under subsection (o)"; and

(G) in paragraph (8), as redesignated, by striking "housing certificates or vouchers under subsection (b) or (o)" and inserting "tenant-based assistance under this section";

(4) in subsection (d)—

(A) in paragraph (1)(B)(iii), by striking "on or near such premises"; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and

(ii) by striking subparagraphs (B) through (E) and redesignating subparagraphs (F) through (H) as subparagraphs (B) through (D), respectively;

"(B) [Reserved.]";

(5) in subsection (f)—

(A) in paragraph (6), by striking "(d)(2)" and inserting "(o)(11)"; and

(B) in paragraph (7)—

(i) by striking "(b) or"; and

(ii) by inserting before the period the following: "and that provides for the eligible family to select suitable housing and to move to other suitable housing";

(6) by striking subsection (j) and inserting the following:

"(j) [Reserved.]";

(7) by striking subsection (n) and inserting the following:

"(n) [Reserved.]";

(8) in subsection (q)—

(A) in the first sentence of paragraph (1), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(B) in paragraph (2)(A)(i), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section"; and

(C) in paragraph (2)(B), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(9) in subsection (u), by striking "certificates or" each place that term appears; and

(10) in subsection (x)(2), by striking "housing certificate assistance" and inserting "tenant-based assistance".

(c) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is amended—

(1) in the first sentence, by striking "(at the option of the family) a certificate under section 8(b)(1) or a housing voucher under section 8(o)" and inserting "tenant-based assistance under section 8"; and

(2) by striking the second sentence.

(d) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(1) in paragraph (1), by striking "assisted under the certificate and voucher programs established" and inserting "receiving tenant-based assistance";

(2) in the first sentence of paragraph (2)—

(A) by striking ", for each of the certificate program and the voucher program" and inserting "for the tenant-based assistance under section 8"; and

(B) by striking "participating in the program" and inserting "receiving tenant-based assistance"; and

(3) in paragraph (3), by striking "assistance under the certificate or voucher program" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(e) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D)) is amended by striking "certificates or vouchers" and inserting "assistance".

(f) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(g) ASSISTANCE FOR DISPLACED TENANTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and 8(o)" and inserting "tenant-based assistance under section 8".

(h) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking "assistance payments as provided by section 8(o)" and inserting "tenant-based assistance as provided under section 8".

(i) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.

(j) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "the first sentence of section 8(o)(3)(B)" and inserting "section 8(o)(6)(A)".

(k) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(m)(2)(A)) is amended by striking "section 8(b)(1)" and inserting "section 8".

(l) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z-11(g)(2)), as amended by section 101(b) of the Multifamily Housing Property Disposition Reform Act of 1994, is amended by striking "8(o)(3)(B)" and inserting "8(o)(6)(A)".

SEC. 207. IMPLEMENTATION.

In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.

SEC. 208. DEFINITION.

For the purposes of this title, public housing agency has the same meaning as section 3 of the United States Housing Act of 1937, except that such term shall also include any other nonprofit entity serving more than one local government jurisdiction that was administering the section 8 tenant-based assistance program pursuant to a contract with the Secretary or a public housing agency prior to the date of enactment of this Act.

SEC. 209. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.

(b) CONVERSION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as those sections existed on the day before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.

(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this title, as those provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the Secretary before that effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking "(16)" and inserting "(17)";

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

(6) by inserting after paragraph (10) the following new paragraph:

"(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing and coordinate with the local public housing agency plan under section 5A of the United States Housing Act of 1937;".

SEC. 302. REPEAL OF CERTAIN PROVISIONS.

(a) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—

(1) REPEAL.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 957 of the Cranston-Gonzalez National Affordable Housing Act.

(b) ECONOMIC INDEPENDENCE.—

(1) REPEAL.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 923 of the Housing and Community Development Act of 1992.

SEC. 303. DETERMINATION OF INCOME LIMITS.

(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 fourth sentence—

(A) by striking "County," and inserting "and Rockland Counties"; and

(B) by inserting "each" before "such county"; and

(2) in the fifth sentence, by striking "County" each place that term appears and inserting "and Rockland Counties".

(b) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).

SEC. 304. DEMOLITION OF PUBLIC HOUSING.

(a) REPEAL.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100-202; 101 Stat. 1329-213) is repealed.

(b) FUNDING AVAILABILITY.—Notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988, as that section existed on the day before the date of enactment of this Act, shall be eligible for demolition under—

(1) section 14 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act; and

(2) section 9 of the United States Housing Act of 1937, as amended by this Act.

SEC. 305. COORDINATION OF TAX CREDITS AND SECTION 8.

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

SEC. 306. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b), by inserting before the period at the end the following: "and includes any other assistance provided under the United States Housing Act of 1937";

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

"(h) VERIFICATION OF ELIGIBILITY.—

"(1) IN GENERAL.—Except in the case of an election under paragraph (2)(A), no individual or family applying for financial assistance may receive such financial assistance prior to the affirmative establishment and verification of eligibility of that individual or family under this section by the Secretary or other appropriate entity.

"(2) RULES APPLICABLE TO PUBLIC HOUSING AGENCIES.—A public housing agency (as that term is defined in section 3 of the United States Housing Act of 1937)—

"(A) may elect not to comply with this section; and

"(B) in complying with this section—

"(i) may initiate procedures to affirmatively establish or verify the eligibility of an individual or family under this section at any time at which the public housing agency determines that such eligibility is in question, regardless of whether or not that individual or family is at or near the top of the waiting list of the public housing agency;

"(ii) may affirmatively establish or verify the eligibility of an individual or family under this section in accordance with the procedures set forth in section 274A(b)(1) of the Immigration and Nationality Act; and

"(iii) shall have access to any relevant information contained in the SAVE system (or any successor thereto) that relates to any individual or family applying for financial assistance.

"(3) ELIGIBILITY OF FAMILIES.—For purposes of this subsection, with respect to a family, the term 'eligibility' means the eligibility of each family member.".

MEASURE PLACED ON CALENDAR—S. 1518

Mr. DOLE. Mr. President, I understand there is a bill on the calendar that is due for its second reading.

The PRESIDING OFFICER. The clerk will report the bill for the second time.

The assistant legislative clerk read as follows:

A bill (S. 1518) to eliminate the Board of Tea Experts by prohibiting funding for the Board and by repealing the Tea Importation Act of 1897.

Mr. DOLE. Mr. President, I object to the further consideration of this matter at this time.

The PRESIDING OFFICER. Pursuant to rule XIV, paragraph 4, the bill will be placed on the Senate Calendar of General Orders.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting one nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on January 5, 1996, during the adjournment of the Senate, received a message from the House of Representatives announcing that the House agrees to the amendment of the Senate to the bill (H.R. 1358) to require the Secretary of Commerce to convey to the Commonwealth of Massachusetts the National Fisheries Service laboratory located on Emerson Avenue in Gloucester, MA, with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the amendment of the Senate to the joint resolution (H.J. Res. 134) making further appropriations for the fiscal year 1996, and for other purposes with an amendment, in which it requests the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

H.R. 1643. An act making further appropriations for certain activities for the fiscal year 1996, and for other purposes.

Under the authority of the order of the Senate of January 4, 1995, the bill was signed by the President pro tempore [Mr. WARNER].

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on January 6, 1996, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 1358. An act to require the Secretary of Commerce to convey to the Commonwealth of Massachusetts the National Fisheries Service laboratory located on Emerson Avenue in Gloucester, MA.

H.J. Res. 134. Joint resolution making further appropriations for the fiscal year 1996, and for other purposes.

Under the authority of the order of the Senate of January 4, 1995, the President pro tempore [Mr. WARNER] signed the following enrolled bill:

H.R. 1358. An act to require the Secretary of Commerce to convey to the Commonwealth of Massachusetts the National Fisheries Service laboratory located on Emerson Avenue in Gloucester, MA.

Under the authority of the order of the Senate of January 4, 1995, the President of the Senate [Mr. GORE] signed the following enrolled joint resolution:

H.J. Res. 134. Joint resolution making further appropriations for the fiscal year 1996, and for other purposes.

MESSAGES FROM THE HOUSE

At 12:02 p.m., a message from the House of Representatives, delivered by one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 133. Concurrent resolution providing for an adjournment of the two Houses.

MEASURE PLACED ON THE CALENDAR

The following measure was read a second time by unanimous consent and placed on the calendar:

S. 1518. A bill to eliminate the Board of Tea Experts by prohibiting funding for the Board and by repealing the Tea Importation Act of 1897.

AMENDMENTS SUBMITTED

THE PUBLIC HOUSING REFORM AND EMPOWERMENT ACT OF 1995

MACK AMENDMENT NO. 3117

Mr. DOLE (for Mr. MACK) proposed an amendment to the bill (S. 1260) to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes; as follows:

On page 190, beginning on line 14, strike "CERTAIN PUBLIC AND ASSISTED HOUSING" and replace with "PUBLIC HOUSING".

On page 190, beginning on line 17, strike "dwelling units receiving tenant-based assistance under section 8 and"

On page 191, redesignate subsections (b) and (c) as (c) and (d), and insert on line 23:

(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED HOUSING.—

(1) IN GENERAL.—Of the dwelling units receiving tenant-based assistance under section 8 made available for occupancy in any fiscal year of the public housing agency—

(A) not less than 50 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families; and

(B) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

On page 255, after line 25, insert the following new section:

SEC. 209. DEFINITION.

For the purposes of this title, public housing agency has the same meaning as section 3 of the United States Housing Act of 1937, except that such term shall also include any other nonprofit entity serving more than one local government jurisdiction that was administering the Section 8 tenant-based assistance program pursuant to a contract with the Secretary or a public housing agency prior to the date of enactment of this Act.

On page 259, after line 7, insert the following new section:

SEC. 305. COORDINATION OF TAX CREDITS AND SECTION 8.

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

At the appropriate place, add the following:

SEC. . ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b), by inserting before the period at the end the following: "and includes any other assistance provided under the United States Housing Act of 1937";

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

"(h) VERIFICATION OF ELIGIBILITY.—

"(1) IN GENERAL.—Except in the case of an election under paragraph (2)(A), no individual or family applying for financial assistance may receive such financial assistance prior to the affirmative establishment and verification of eligibility of that individual or family under this section by the Secretary or other appropriate entity.

"(2) RULES APPLICABLE TO PUBLIC HOUSING AGENCIES.—A public housing agency (as that term is defined in section 3 of the United States Housing Act of 1937)—

"(A) may elect not to comply with this section; and

"(B) in complying with this section—

"(i) may initiate procedures to affirmatively establish or verify the eligibility of an individual or family under this section at any time at which the public housing agency determines that such eligibility is in question, regardless of whether or not that individual or family is at or near the top of the waiting list of the public housing agency;

"(ii) may affirmatively establish or verify the eligibility of an individual or family under this section in accordance with the procedures set forth in section 274A(b)(1) of the Immigration and Nationality Act; and

"(iii) shall have access to any relevant information contained in the SAVE system (or any successor thereto) that relates to any individual or family applying for financial assistance.

"(3) ELIGIBILITY OF FAMILIES.—For purposes of this subsection, with respect to a family, the term 'eligibility' means the eligibility of each family member.".

Amend the table of contents accordingly.

ADDITIONAL STATEMENTS

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

MILTON FELDSTEIN

• Mrs. BOXER. Mr. President, I rise to pay tribute to a remarkable man who is retiring after a career of leadership and public service spanning 38 years. Milton Feldstein has been a leader in air pollution control since the 1950's, well prior to national consciousness about this issue and passage of the Clean Air Act.

He began work at what is now the San Francisco Bay area air quality management district in the late 1950's and published several papers which led to the first industrial controls on smoke in the San Francisco Bay area in 1960. He became director of technical services in 1961, deputy air pollution control officer in 1973, and rose to the top position of air pollution control officer in 1979, in which he has served ever since. During the course of his tenure he has authored more than 80 papers on analytical methodology and air pollution control techniques.

Milton Feldstein has repeatedly developed innovative comprehensive and workable air pollution control strategies that have successfully reduced air pollution emissions in the bay area and which have served as models for improving air quality throughout the State of California, the Nation, and in other countries.

Throughout his career, he has always had as his primary focus the protection of the health of the 6 million-plus people of the San Francisco Bay area. In 1995 the bay area became the largest metropolitan area in the Nation to attain the national air quality standard for ground-level ozone, complying with all Federal standards. The air quality improvement resulting in attainment of such a standard is particularly significant considering the fact that population and motor vehicles have doubled as the air has become cleaner.

Milton Feldstein has made a truly national contribution to the cause of environmental protection during his almost 40-year career as an air pollution control pioneer. He represents the best in public service and deserves to be congratulated and recognized for his achievements which have provided a better environment for millions of people.•

ORDERS FOR MONDAY, JANUARY 22, 1996

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate reconvenes at 12 noon, Monday, January 22, 1996, immediately following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until 1 p.m., with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, for the information of all Senators, rollcall votes are not expected to occur during Monday's session of the Senate. The Senate could, however, turn to any Executive Calendar items cleared for action. I must also remind everybody that I think it is the 26th when the present continuing resolution expires. So we will need to take action on that before the expiration date. Hopefully, we can do that by agreement and not require a rollcall vote. If that can be done, I do not anticipate any rollcall votes the week of the 22d.

If there should be some change, we will try to notify our colleagues on both sides of the aisle and give them at least 24 hours notice, if possible. I will put that caveat in there, "if possible." I hope it will not be necessary.

Mr. President, let me just indicate this before we adjourn. As I understand it, next Wednesday there may be additional talks at the White House between myself, the Democratic leader, the leaders on the House side, and the President, with reference to a balanced budget. I think between now and then our attitudes should be positive. We should be trying to find ways to come together. Maybe we can, maybe we cannot. There are fundamental differences, and it is not just about numbers. But can we reach an agreement? I do not know. Is it doubtful? Probably. Is it possible? Yes.

So there are still differences. In my view, we have had a slight narrowing of the differences. We are talking about a difference in policy, not just in numbers on the blackboard or on charts. So we will see what happens this next week. I know that some of the staff will be meeting with the Chief of Staff, Mr. Panetta, or his designees, and perhaps by next Wednesday, there will be

some coming together, or maybe next Wednesday we will decide that there is no need to proceed further.

ADJOURNMENT UNTIL MONDAY, JANUARY 22, 1996

Mr. DOLE. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the provisions of House Concurrent Resolution 133.

There being no objection, the Senate, at 3:27 p.m., adjourned until Monday, January 22, 1996, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate January 10, 1996:

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be admiral

ADM. JOSEPH W. PRUEHER, [redacted]