

grams to encourage children to learn.

Again, I suggest to my colleagues on the other side that all nutrition programs which do not go directly to individuals should be taken out of this act.

Finally, under summaries provided by the Republicans of the Goodling substitute, several references are made to the funds being increased. However, estimates provided to my office by the State of Texas show the states' school nutrition programs taking a 6.5 percent cut in funding. This is when we have more children every year needing food.

I leave on this last note. Do we wish to be the Congress which cuts funds to feed even one hungry child? This may be reform but at what cost. Are we hard hearted enough to deny food to children?

FEDERAL HOUSING TRUST FUND ACT OF 1995

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 22, 1995

Mr. OWENS. Mr. Speaker, I rise to introduce the Federal Housing Trust Fund Act of 1995, a significant piece of legislation which would offer every family in this country the opportunity to live in decent, safe, and affordable housing.

In 1949, Congress enacted a comprehensive housing bill setting the national goal of a decent home and a suitable living environment for every American family. Today, we are further from that goal than ever before. The VA-HUD-Independent Agencies appropriations bill which finally passed the Senate last week does not even keep pace with the problem of low-income housing. Recently, the Department of Housing and Urban Development [HUD] released its worst case housing needs report, based on 1991 American Housing Survey data. It shows that the number of very low-income renter households with worst case housing needs is increasing at the rate of 100,000 per year. But the 1995 HUD appropriation provides money for only 88,000 additional households.

Low-income people have faced a housing crisis for many years, and each year it gets worse. The 1990 Census, which does not even count deteriorated or dilapidated housing, found that over 30 percent of American households have significant problems with housing costs, overcrowding, or lack of kitchens or complete plumbing facilities. These problems affect an estimated 70 million people.

Although this Nation has had federally subsidized housing programs for low-income people since the mid-1930's, the scope of the programs has been limited. In recent years, HUD has consistently found that there are over 5

ance. Moreover, for each household with a worst case need, there are four more households—27 million in all—which are overcrowded, lack kitchens or bathrooms, or must pay more than they can afford for housing.

While low-income housing programs have failed to meet the needs of their target population, special tax benefits have provided significant assistance for millions of higher-income Americans who already can afford a home. Official estimates of the Office of Management and Budget [OMB] indicate that the cost of these special benefits to the Federal Treasury has risen from \$10 billion in 1976 to \$84 billion in 1994.

A large majority of this cost to the Government is due to the deduction of home mortgage interest and real property taxes. While these tax deductions have helped millions of higher-income Americans achieve financial stability, they represent too high a proportion of Federal housing expenditures. For every dollar the Federal Government spends to provide housing assistance to a low-income family, a family in the top fifth of the income distribution receives \$3 in benefits from homeowner deductions, primarily for mortgage interest and property taxes.

The sad fact is that this Nation's housing subsidy system is upside down. While Congress restricts budget authority and outlays for low-income housing to help reduce the Federal budget deficit, higher-income people continue to receive their entitlement to benefits through homeowner deductions. Administration projections show that the cost of the mortgage interest deduction alone will amount to almost one-third of the deficit in fiscal year 1995.

One result of the gross imbalance in Federal housing benefits has been the growing segregation of different aspects of American society: rich and poor, white and people of color, urban and suburban. This trend poses a threat to the Nation's general welfare, family and community life, and economic stability. It has even led to increased drug use and crime. It therefore is in the interest of all Americans to address the housing problem effectively.

To reset the balance of Federal housing expenditures, I am introducing the Federal Housing Trust Fund Act of 1995. This bill would take only a fraction of mortgage interest and property tax deductions enjoyed by taxpayers in the top eighth of the income distribution¹ and place it in a Federal Housing Trust Fund for low-income families who lack decent, safe, and affordable housing. To raise additional revenue for the trust fund, the bill also would eliminate a huge tax loophole—the favorable tax treatment of inherited property. This loophole permits wealthy American families to pass their property to their children and grandchildren and completely escape any income

¹The Joint Tax Committee estimates for 1994 are that 10.6% of all "returns" have incomes above \$75,000. "Returns" includes filers with and without taxes due, and estimated numbers of non-filers. About 80-90% of filers in the above-\$75,000 income bracket claim homeowner deductions.

their incomes, would keep at least half of their current mortgage interest and property tax benefits, and only 1 household in 10 would pay higher taxes as a result of this bill. Moreover, these changes would be phased in over 5 years to reduce their immediate impact.

Thus, the bill would drastically reduce the cost to the Treasury for homeowner tax benefits for taxpayers with incomes above \$75,000, generating tens of billions of dollars for the trust fund. The Government then would be able to provide the money needed for a comprehensive and flexible program of housing grants to eligible State and local entities. In turn, such entities would provide housing costs assistance for owners and renters, increase and improve the supply of affordable housing, increase the capacity of the nonprofit sector, and improve fair housing efforts.

Specifically, two-thirds of the money in the trust fund would be designated for a housing costs assistance program, which would pay the difference between 30 percent of adjusted income and the fair market rent for a unit of the size needed in the area where the family resides or wishes to reside. Although the subsidy amount would be based on rental housing costs, the assistance could be used either to rent or purchase. The funds would be distributed by formula to cities, States, and Indian tribes, based on the number of households with severe affordability problems and the cost of housing.

The remaining one-third of the funds would be used to expand the housing supply and provide related services, including fair housing and capacity-building. All housing and related services provided through this program, except for emergency repairs and hazard abatement, would be subject to permanent restrictions on housing affordability. Like the housing costs program, these trust fund dollars would be distributed by formula, but the formula would be developed by HUD based on the relative need for improving and expanding the housing stock.

By limiting tax benefits for individuals who do not need them to be able to live in decent, affordable housing, the bill would provide the funding needed to attack the critical housing problems facing low- and moderate-income people, and contribute to family security, cohesiveness, and economic self-sufficiency.

This bill is the kind of bold measure we need to solve the low-income housing crisis. It provides the resources to address the full range of problems—not only worst case needs, but also the needs of young families without enough income to have realistic prospects of moving into decent neighborhoods or owning their own homes.

Within 10 years of passage of this bill, we could expect the same enhanced opportunities for low-income people to obtain housing as young families had after the end of World War II when, thanks to low-housing costs, an expanding economy, and Veterans Administration [VA] and Federal Housing Administration [FHA] mortgages, millions of Americans were

TRIBUTE TO THE NAVY DEPOT IN
JACKSONVILLE

HON. CORRINE BROWN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 22, 1995

Ms. BROWN of Florida. Mr. Speaker, I am happy to join here with the mayor of Jacksonville and other distinguished guests to proclaim the accomplishments of our navy depot in Jacksonville. When it comes to value, NADEP is tops. Yesterday, the State of Florida selected the depot as a finalist for the 1995 Florida Sterling Quality Award. NADEP has a record of quality products, good labor/management relations, excellence in work, and cost containment. I am proud that NADEP has turned a profit of over \$100 million the past 4 years.

BIRTH DEFECTS PREVENTION ACT

HON. HENRY BONILLA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 22, 1995

Mr. BONILLA. Mr. Speaker, I rise today to join my good friend from Texas [Mr. ORTIZ] as an original cosponsor of the Birth Defects Prevention Act of 1995. Similar legislation was introduced by my colleague from Texas last year.

This legislation sets up a national tracking system which is based on a tried and true model in the area of cancer, where the Centers for Disease Control has worked in partnership with States, funding programs to monitor the incidence and research the environmental cases.

The surveillance program would identify and address the causes of birth defects, including risks from environmental chemicals, diet, occupational hazards, personal habits and infections; evaluate and put in place the most effective prevention strategies for such birth defects as spina bifida and fetal alcohol syndrome, and design targeted intervention strategies responsive to community concerns for special problems in minority, rural, and other underserved populations.

Mr. Speaker, more children die from birth defects in the first year of life in the United States than from any other cause, including prematurity and low birth weight. Birth defects are also a leading cause of childhood disability.

A significant proportion of common birth defects are preventable. This bill would provide important information to future parents and grandparents to educate them on how to implement prevention strategies that are responsive to community concerns.

Preventive education has already been a positive factor in Texas. For example, studies

folic acid is a major means of preventing birth defects. Folic acid is needed before a woman becomes pregnant. A woman can find the nutrient in green leafy vegetables, beans, orange juice, and a variety of other foods.

Every couple wants to have a healthy baby; however, birth defects cut across all geographic areas, classes, and races. Until we can discover a cure for birth defects, it is essential that mothers and fathers-to-be plan ahead and give their child the prenatal care that every child deserves. It's a wise investment in our children.

This bill is the important first step in helping our next generation be healthy and active members in our communities.

LOCAL GOVERNMENT LAW ENFORCEMENT BLOCK GRANTS ACT
OF 1995

SPEECH OF

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, February 13, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 728) to control crime by providing law enforcement block grants.

Mr. LEVIN. Mr. Chairman, last year I made a commitment to the people of my district to put more cops in our local communities, and add 100,000 more cops across this country. That is a commitment I intend to keep.

The bill before us does not ensure a single new officer will be added to our communities so I must oppose it. In fact, it ensures nothing. The bill permits the \$10 billion block grant to be used for anything that generally reduces crime or improves public safety.

Proponents of the bill argue this is just the sort of flexibility we need: no limits, no guidelines. But just how flexible is this bill? Could it be used to construct highways or roads? Absolutely. In fact, an amendment I supported that would have prevented the \$10 billion from being used for these very purposes was defeated.

Taxpayers deserve more accountability than this. They deserve to know how their money is used. And when they ask for a crime bill they deserve to see more police in their neighborhoods.

The current law meets these goals with responsible flexibility for local government, and accountability for the taxpayers. The funding can be used to hire cops, purchase police technology and equipment, and bring on civilian clerks to free up officers from desk duty. Under an amendment I wrote, it can also be used to fund multijurisdictional task forces that allow local communities to pool their resources to focus on specific crime problems that don't respect suburban municipal boundaries.

The law we passed last year with bipartisan support ensures the purpose of the people,

REINVENTING GOVERNMENT

SPEECH OF

HON. BILL ORTON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah [Mr. ORTON] is recognized for 5 minutes.

Mr. ORTON. Madam Speaker, tonight I will talk about efforts taken by the Department of Housing and Urban Development to revitalize and reinvent the FHA single family housing program.

Created in 1934, the Federal Housing Administration—also known as FHA—has played a critical role in making homeownership a reality for more than 21 million Americans. Last year alone, FHA insured over 1.3 million single family loans, including 450,000 for first-time homebuyers. FHA carries out its mission of expanding homeownership through private sector lenders who have direct contact with borrowers. And, it does so without costing the taxpayer a single dollar, since homeowner premiums fully fund a reserve against future losses and pay all related administrative costs.

Commendably, however, FHA has not been content to rest on its record of accomplishments. It has aggressively developed and implemented changes in line with the overall reinventing government program. Let me tell you what has been done, and what is yet to be done.

Several years ago, largely as a result of regional recessions in some parts of the country, some concern developed over the long-term health of the FHA single family mortgage fund. This problem was promptly resolved through a change in the premium structure—the source of revenues for the program. As a result, the FHA reserve account easily exceeds required capital ratios, and Price Waterhouse has attested to the financial health of the fund.

As part of the reinventing government program, FHA has moved recently to cut costs, streamline operations, and improve customer service through consolidation of loan processing offices. Last year, FHA announced the opening of a regional loan processing center in Denver, CO. This center will perform loan processing that had been carried out by 17 HUD field offices in the Rocky Mountain and Southwest portions of the country. This consolidation should save approximately \$4 million a year. It is also expected to reduce loan processing time—from an average of about 5 weeks down to an average of about 5 days.

Just recently, FHA also announced changes in underwriting guidelines, to keep pace with procedures in the private sector. These changes more fully recognize second job and overtime income—a reflection of the increased