

all appropriate action to secure their prompt release and safe exit from Iraq.

This incident, which has captured worldwide headlines, is yet another example of the unyielding position assumed by Saddam Hussein which compels the international community to maintain sanctions against Iraq. Such activity by the Iraqi Government further distances it from the community of civilized nations.

Mr. Speaker, I commend Representative STEARNS' commitment to his constituents through the introduction and consideration of House Resolution 120. We all hope that a swift resolution of this international incident will soon free Mr. Daliberti and Mr. Barloon. Accordingly, I urge my colleagues to adopt this resolution.

Ms. BROWN of Florida. Mr. Speaker, it saddens and angers me that Jacksonville resident, Mr. David Daliberti, and another American, Mr. Bill Barloon, have been detained in Iraq.

All indications are that the incident was a result of innocent mistakes. Mr. Daliberti, without hesitation, authorized the release of information about his case. The United Nations Iraq Kuwait Observer Mission [UNIKOM] has admitted that the Americans' crossing into Iraq was their error. During the recent trial, Mr. Daliberti and Mr. Barloon had a court appointed attorney who argued on their behalf but the judge found them in violation of an Iraqi residency law and sentenced them to 8 years in prison. I am outraged by the imprisonment of innocent Americans and join with my colleagues in condemning this action. Saddam Hussein should immediately pardon and release these two Americans.

I have urged President Clinton to use all necessary measures to bring this situation to a swift, negotiated and peaceful conclusion. I am continuing to monitor this international situation through daily contact with White House advisors and with the State Department. I am hopeful that the Americans will soon be returned to their awaiting friends and family.

Currently, the Clinton administration is working with Polish authorities who are our protecting power in Baghdad and through other diplomatic channels to obtain the release of these Americans. I strongly support the President's efforts to resolve this grave obstruction of justice and believe that these Americans should be released by Iraq immediately.

I pledge to do all that I can to work with the administration to resolve this situation quickly and peacefully.

In closing, I wish to express my concern and very strong support for Mr. Daliberti's wife, other relatives, and friends.

Mrs. FOWLER. Mr. Speaker, I rise today to express my strong support for House Resolution 120, a resolution that our colleague CLIFF STEARNS has introduced on behalf of two Americans who are currently being detained in Iraq.

David Daliberti of Jacksonville, FL, and William Barloon of New Hampton, IA, were taken into custody, tried, convicted, and sentenced to 8 years in prison by Iraqi authorities because they took a wrong turn at an unmarked intersection, were erroneously allowed to proceed by U.N. troops, and inadvertently found themselves in territory controlled by Iraqi forces. United Nations officials have conceded

that the United Nations was in error in allowing them to proceed.

In virtually any other nation, these individuals would have been allowed to go on their way after a cursory evaluation of the situation by the local authorities.

It is plainly apparent, however, that Saddam Hussein is attempting to use this inadvertent entry in an effort to exert pressure on the United States to lift current U.N. sanctions against Iraq. This strategy is misguided. Iraq would do better to divorce the sanctions matters from the case of the two Americans, because efforts to connect the two situations will only lead the American people to conclude that the Iraqi leadership is attempting to manipulate our Nation and will encourage further resolve against any normalization of our relations.

Mr. Speaker, the prompt resolution of this strictly non-political matter is in Iraq's best interest. I urge all of my colleagues to support this measure and hope that Saddam Hussein and other parties interested in a safe and stable Middle East will take heed of the strong sentiments of the American people in this regard.

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

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

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and agree to the resolution (H. Res. 120), as amended.

The question was taken.

Mr. STEARNS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1500

#### DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT OF 1995

Mr. CLINGER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1345) to eliminate budget deficits and management inefficiencies in the government of the District of Columbia through the establishment of the District of Columbia Financial Responsibility and Management Assistance Authority, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1345

*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 "District of Columbia Financial Responsibility and Management Assistance Act of 1995".

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings; purpose.

#### TITLE I—ESTABLISHMENT AND ORGANIZATION OF AUTHORITY

- Sec. 101. District of Columbia Financial Responsibility and Management Assistance Authority.
- Sec. 102. Executive director and staff of Authority.
- Sec. 103. Powers of Authority.
- Sec. 104. Exemption from liability for claims.
- Sec. 105. Treatment of actions arising from act.
- Sec. 106. Funding for operation of Authority.
- Sec. 107. Suspension of activities.
- Sec. 108. Application of laws of District of Columbia to Authority.

#### TITLE II—RESPONSIBILITIES OF AUTHORITY

##### Subtitle A—Establishment and Enforcement of Financial Plan and Budget for District Government

- Sec. 201. Development of financial plan and budget for District of Columbia.
- Sec. 202. Process for submission and approval of financial plan and annual District budget.
- Sec. 203. Review of activities of District government to ensure compliance with approved financial plan and budget.
- Sec. 204. Restrictions on borrowing by District during control year.
- "Sec. 601. Transitional provision for short-term advances.
- "Sec. 602. Short-term advances for seasonal cash-flow management.
- "Sec. 603. Security for advances.
- "Sec. 604. Reimbursement to the Treasury.
- "Sec. 605. Definitions.
- Sec. 205. Deposit of annual Federal payment with Authority.
- Sec. 206. Effect of finding of non-compliance with financial plan and budget.
- Sec. 207. Recommendations on financial stability and management responsibility.
- Sec. 208. Special rules for fiscal year 1996.
- Sec. 209. Control periods described.

##### Subtitle B—Issuance of Bonds

- Sec. 211. Authority to issue bonds.
- Sec. 212. Pledge of security interest in revenues of district government.
- Sec. 213. Establishment of debt service reserve fund.
- Sec. 214. Other requirements for issuance of bonds.
- Sec. 215. No full faith and credit of the United States.

##### Subtitle C—Other Duties of Authority

- Sec. 221. Duties of Authority during year other than control year.
- Sec. 222. General assistance in achieving financial stability and management efficiency.
- Sec. 223. Obtaining reports.
- Sec. 224. Reports and comments.

#### TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Other District budget reforms.
- Sec. 302. Establishment of Chief Financial Officer of District of Columbia.
- Sec. 303. Revisions to powers and duties of Inspector General of District of Columbia.
- Sec. 304. Council approval of certain contracts.
- Sec. 305. Definitions.

#### SEC. 2. FINDINGS; PURPOSE.

(a) FINDINGS.—Congress finds the following:

(1) A combination of accumulated operating deficits, cash shortages, management inefficiencies, and deficit spending in the current fiscal year have created a fiscal emergency in the District of Columbia.

(2) As a result of its current financial problems and management inefficiencies, the District of Columbia government fails to provide its citizens with effective and efficient services in areas such as education, health care, crime prevention, trash collection, drug abuse treatment and prevention, human services delivery, and the supervision and training of government personnel.

(3) The current financial and management problems of the District government have already adversely affected the long-term economic health of the District of Columbia by causing the migration of residents and business out of the District of Columbia and the failure of new residents and businesses to move to the District of Columbia.

(4) The fiscal and management problems in the District of Columbia government are pervasive across all segments of the government.

(5) A comprehensive approach to fiscal, management, and structural problems must be undertaken which exempts no part of the District government and which preserves home rule for the citizens of the District of Columbia.

(6) The current deficit of the District of Columbia must be resolved over a multi-year period, since it cannot be effectively addressed in a single year.

(7) The ability of the District government to obtain funds from capital markets in the future will be severely diminished without Congressional action to restore its financial stability.

(8) The failure to improve the financial situation of the District government will adversely affect the long-term economic health of the entire National Capital region.

(9) The efficient operation of the Federal Government may be adversely affected by the current problems of the District of Columbia not only through the services the District government provides directly to the Federal Government but through services provided indirectly such as street and traffic flow maintenance, public safety, and services affecting tourism.

(b) PURPOSE.—The purposes of this Act are as follows:

(1) To eliminate budget deficits and cash shortages of the District of Columbia through visionary financial planning, sound budgeting, accurate revenue forecasts, and careful spending.

(2) To ensure the most efficient and effective delivery of services, including public safety services, by the District government during a period of fiscal emergency.

(3) To conduct necessary investigations and studies to determine the fiscal status and operational efficiency of the District government.

(4) To assist the District government in—

(A) restructuring its organization and workforce to ensure that the residents of the District of Columbia are served by a local government that is efficient and effective;

(B) achieving an appropriate relationship with the Federal Government;

(C) ensuring the appropriate and efficient delivery of services; and

(D) modernizing its budget, accounting, personnel, procurement, information technology, and management systems to ensure the maximum financial and performance accountability of the District government and its officers and employees.

(5) To enhance the District government's access to the capital markets and to ensure the continued orderly payment of its debt service obligations.

(6) To ensure the long-term financial, fiscal, and economic vitality and operational efficiency of the District of Columbia.

(7) To examine the programmatic and structural relationship between the District government and the Federal Government.

(8) To provide for the review of the financial impact of activities of the District government before such activities are implemented or submitted for Congressional review.

(c) RULES OF CONSTRUCTION.—Nothing in this Act may be construed—

(1) to relieve any obligations existing as of the date of the enactment of this Act of the District government to repay any individual or entity from whom the District has borrowed funds, whether through the issuance of bonds or otherwise; or

(2) to limit the authority of Congress to exercise ultimate legislative authority over the District of Columbia pursuant to Article I, section 8, clause 17 of the Constitution of the United States.

## TITLE I—ESTABLISHMENT AND AUTHORITY

### SEC. 101. DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.

(a) ESTABLISHMENT.—Pursuant to Article I, section 8, clause 17 of the Constitution of the United States, there is hereby established the District of Columbia Financial Responsibility and Management Assistance Authority, consisting of members appointed by the President in accordance with subsection (b). Subject to the conditions described in section 108 and except as otherwise provided in this Act, the Authority is established as an entity within the government of the District of Columbia, and is not established as a department, agency, establishment, or instrumentality of the United States Government.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Authority shall consist of 5 members appointed by the President who meet the qualifications described in subsection (c), except that the Authority may take any action under this Act (or any amendments made by this Act) at any time after the President has appointed 3 of its members.

(2) CONSULTATION WITH CONGRESS.—The President shall appoint the members of the Authority after consulting with the Chair of the Committee on Appropriations and the Chair of the Committee on Government Reform and Oversight of the House of Representatives, the Chair of the Committee on Appropriations and the Chair of the Committee on Governmental Affairs of the Senate, and the Delegate to the House of Representatives from the District of Columbia.

(3) CHAIR.—The President shall designate one of the members of the Authority as the Chair of the Authority.

(4) SENSE OF CONGRESS REGARDING DEADLINE FOR APPOINTMENT.—It is the sense of Congress that the President should appoint the members of the Authority as soon as practicable after the date of the enactment of this Act, but in no event later than 25 days after the date of the enactment of this Act.

(5) TERM OF SERVICE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each member of the Authority shall be appointed for a term of 3 years.

(B) APPOINTMENT FOR TERM FOLLOWING INITIAL TERM.—As designated by the President at the time of appointment for the term immediately following the initial term, of the members appointed for the term immediately following the initial term—

(i) 1 member shall be appointed for a term of 1 year;

(ii) 2 members shall be appointed for a term of 2 years; and

(iii) 2 members shall be appointed for a term of 3 years.

(C) REMOVAL.—The President may remove any member of the Authority only for cause.

(c) QUALIFICATIONS FOR MEMBERSHIP.—An individual meets the qualifications for membership on the Authority if the individual—

(1) has knowledge and expertise in finance, management, and the organization or operation of business or government;

(2) does not provide goods or services to the District government (and is not the spouse, parent, child, or sibling of an individual who provides goods and services to the District government);

(3) is not an officer or employee of the District government; and

(4) during the most recent taxable year prior to appointment, paid personal income or business taxes to the District government.

(d) NO COMPENSATION FOR SERVICE.—Members of the Authority shall serve without pay, but may receive reimbursement for any reasonable and necessary expenses incurred by reason of service on the Authority.

(e) ADOPTION OF BY-LAWS FOR CONDUCTING BUSINESS OF AUTHORITY.—

(1) IN GENERAL.—As soon as practicable after the appointment of its members, the Authority shall adopt by-laws, rules, and procedures governing its activities under this Act, including procedures for hiring experts and consultants. Such by-laws, rules, and procedures shall be public documents, and shall be submitted by the Authority upon adoption to the Mayor, the Council, the President, and Congress.

(2) CERTAIN ACTIVITIES REQUIRING APPROVAL OF MAJORITY OF MEMBERS.—Under the by-laws adopted pursuant to paragraph (1), the Authority may conduct its operations under such procedures as it considers appropriate, except that an affirmative vote of a majority of the members the Authority shall be required in order for the Authority to—

(A) approve or disapprove a financial plan and budget under subtitle A of title II;

(B) implement recommendations on financial stability and management responsibility under section 207;

(C) give consent to the appointment of the Chief Financial Officer of the District of Columbia under section 424 of the District of Columbia Self-Government and Governmental Reorganization Act (as added by section 302); and

(D) give consent to the appointment of the Inspector General of the District of Columbia under section 208(a) of the District of Columbia Procurement Practices Act of 1985 (as amended by section 303(a)).

(3) ADOPTION OF RULES AND REGULATIONS OF DISTRICT OF COLUMBIA.—The Authority may incorporate in its by-laws, rules, and procedures under this subsection such rules and regulations of the District government as it considers appropriate to enable it to carry out its activities under this Act with the greatest degree of independence practicable.

### SEC. 102. EXECUTIVE DIRECTOR AND STAFF OF AUTHORITY.

(a) EXECUTIVE DIRECTOR.—The Authority shall have an Executive Director who shall be appointed by the Chair with the consent of the Authority. The Executive Director shall be paid at a rate determined by the Authority, except that such rate may not exceed the rate of basic pay payable for level IV of the Executive Schedule.

(b) STAFF.—With the approval of the Chair, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers appropriate, except that no individual appointed by the Executive Director may be paid at a rate greater than the rate of pay for the Executive Director.

(c) INAPPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Executive Director and staff of the Authority may be appointed without

regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates.

(d) **STAFF OF FEDERAL AGENCIES.**—Upon request of the Chair, the head of any Federal department or agency may detail, on a reimbursable or non-reimbursable basis, any of the personnel of that department or agency to the Authority to assist it in carrying out its duties under this Act.

(e) **PRESERVATION OF RETIREMENT AND CERTAIN OTHER RIGHTS OF FEDERAL EMPLOYEES WHO BECOME EMPLOYED BY THE AUTHORITY.**—

(1) **IN GENERAL.**—A Federal employee who, within 2 months after separating from the Federal Government, becomes employed by the Authority—

(A) may elect, for purposes of the retirement system in which that individual last participated before so separating, to have such individual's period of service with the Authority treated in the same way as if performed in the position within the Federal Government from which separated, subject to the requisite employee deductions and agency contributions being currently deposited in the appropriate fund; and

(B) if, after serving with the Authority, such employee becomes reemployed by the Federal Government, shall be entitled to credit, for the full period of such individual's service with the Authority, for purposes of determining the applicable leave accrual rate.

(2) **RETIREMENT.**—

(A) **CONTRIBUTIONS.**—For purposes of subparagraph (A) of paragraph (1)—

(i) the employee deductions referred to in such paragraph shall be made from basic pay for service with the Authority, and shall be computed using the same percentage as would then apply if the individual were instead serving in the position within the Federal Government from which separated; and

(ii) the agency contributions referred to in such paragraph shall be made by the Authority.

(B) **DOUBLE COVERAGE NOT PERMITTED.**—An individual who makes an election under paragraph (1)(A) shall be ineligible, while such election remains in effect, to participate in any retirement system for employees of the government of the District of Columbia.

(3) **REGULATIONS.**—The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out this subsection. Regulations to carry out paragraph (1)(A) shall be prescribed in consultation with the office or agency of the government of the District of Columbia having jurisdiction over any retirement system referred to in paragraph (2)(B).

#### **SEC. 103. POWERS OF AUTHORITY.**

(a) **HEARINGS AND SESSIONS.**—The Authority may, for the purpose of carrying out this Act, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Authority considers appropriate. The Authority may administer oaths or affirmations to witnesses appearing before it.

(b) **POWERS OF MEMBERS AND AGENTS.**—Any member or agent of the Authority may, if authorized by the Authority, take any action which the Authority is authorized to take by this section.

(c) **OBTAINING OFFICIAL DATA.**—

(1) **FROM FEDERAL GOVERNMENT.**—Notwithstanding sections 552 (commonly known as the Freedom of Information Act) and 552b (the Government in the Sunshine Act) of title 5, United States Code, the Authority may secure directly from any department or agency of the United States information nec-

essary to enable it to carry out this Act, with the approval of the head of that department or agency.

(2) **FROM DISTRICT GOVERNMENT.**—Notwithstanding any other provision of law, the Authority shall have the right to secure copies of such records, documents, information, or data from any entity of the District government necessary to enable the Authority to carry out its responsibilities under this Act. At the request of the Authority, the Authority shall be granted direct access to such information systems, records, documents or information or data as will enable the Authority to carry out its responsibilities under this Act. The head of the entity of the District government responsible shall provide the Authority with such information and assistance (including granting the Authority direct access to automated or other information systems) as the Authority requires under this paragraph.

(d) **GIFTS, BEQUESTS, AND DEVICES.**—The Authority may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Authority. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in such account as the Authority may establish and shall be available for disbursement upon order of the Chair.

(e) **SUBPOENA POWER.**—

(1) **IN GENERAL.**—The Authority may issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence relating to any matter under investigation by the Authority. The attendance of witnesses and the production of evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) **FAILURE TO OBEY A SUBPOENA.**—If a person refuses to obey a subpoena issued under paragraph (1), the Authority may apply to a United States district court for an order requiring that person to appear before the Authority to give testimony, produce evidence, or both, relating to the matter under investigation. The application may be made within the judicial district where the hearing is conducted or where that person is found, resides, or transacts business. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) **SERVICE OF SUBPOENAS.**—The subpoenas of the Authority shall be served in the manner provided for subpoenas issued by United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) **SERVICE OF PROCESS.**—All process of any court to which application is made under paragraph (2) may be served in the judicial district in which the person required to be served resides or may be found.

(f) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon the request of the Authority, the Administrator of General Services may provide to the Authority, on a reimbursable basis, the administrative support services necessary for the Authority to carry out its responsibilities under this Act.

(g) **AUTHORITY TO ENTER INTO CONTRACTS.**—The Executive Director may enter into such contracts as the Executive Director considers appropriate (subject to the approval of the Chair) to carry out the Authority's responsibilities under this Act.

(h) **CIVIL ACTIONS TO ENFORCE POWERS.**—

The Authority may seek judicial enforcement of its authority to carry out its responsibilities under this Act.

(i) **PENALTIES.**—

(1) **ACTS PROHIBITED.**—Any officer or employee of the District government who—

(A) takes any action in violation of any valid order of the Authority or fails or refuses to take any action required by any such order; or

(B) prepares, presents, or certifies any information (including any projections or estimates) or report for the Board or any of its agents that is false or misleading, or, upon learning that any such information is false or misleading, fails to immediately advise the Board or its agents thereof in writing, shall be guilty of a misdemeanor.

(2) **ADMINISTRATIVE DISCIPLINE.**—In addition to any other applicable penalty, any officer or employee of the District government who knowingly and willfully violates paragraph (1) shall be subject to appropriate administrative discipline, including (when appropriate) suspension from duty without pay or removal from office by order of either the Mayor or Authority.

(3) **REPORT BY MAYOR ON DISCIPLINARY ACTIONS TAKEN.**—In the case of a violation of paragraph (1) by an officer or employee of the District government, the Mayor shall immediately report to the Board all pertinent facts together with a statement of the action taken thereon.

#### **SEC. 104. EXEMPTION FROM LIABILITY FOR CLAIMS.**

The Authority and its members may not be liable for any obligation of or claim against the District of Columbia resulting from actions taken to carry out this Act.

#### **SEC. 105. TREATMENT OF ACTIONS ARISING FROM ACT.**

(a) **JURISDICTION ESTABLISHED IN DISTRICT COURT FOR DISTRICT OF COLUMBIA.**—Except as provided in section 103(e)(2) (relating to the issuance of an order enforcing a subpoena), any action against the Authority or any action otherwise arising out of this Act, in whole or in part, shall be brought in the United States District Court for the District of Columbia.

(b) **PROMPT APPEAL.**—

(1) **COURT OF APPEALS.**—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia which is issued pursuant to an action brought under subsection (a) shall be reviewable only pursuant to a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit.

(2) **SUPREME COURT.**—Notwithstanding any other provision of law, review by the Supreme Court of the United States of a decision of the Court of Appeals which is issued pursuant to paragraph (1) may be had only if the petition for such review is filed within 10 days after the entry of such decision.

(c) **TIMING OF RELIEF.**—No order of any court granting declaratory or injunctive relief against the Authority, including relief permitting or requiring the obligation, borrowing, or expenditure of funds, shall take effect during the pendency of the action before such court, during the time appeal may be taken, or (if appeal is taken) during the period before the court has entered its final order disposing of such action.

(d) **EXPEDITED CONSIDERATION.**—It shall be the duty of the United States District Court for the District of Columbia, the United States Court of Appeals for the District of Columbia Circuit, and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under subsection (a).

#### **SEC. 106. FUNDING FOR OPERATION OF AUTHORITY.**

(a) **ANNUAL BUDGETING PROCESS.**—

(1) **SUBMISSION OF BUDGET.**—The Authority shall submit a proposed budget for each fiscal year to the President for inclusion in the annual budget for the District of Columbia

under part D of title IV of the District of Columbia Self-Government and Governmental Reorganization Act not later than the May 1 prior to the first day of the fiscal year. In the case of the budget for fiscal year 1996, the Authority shall submit its proposed budget not later than July 15, 1995.

(2) **CONTENTS OF BUDGET.**—The budget shall describe—

(A) expenditures of the Authority by each object class, including expenditures for staff of the Authority;

(B) services of personnel and other services provided by or on behalf of the Authority for which the Authority made no reimbursement; and

(C) any gifts or bequests made to the authority during the previous fiscal year.

(3) **APPROPRIATIONS REQUIRED.**—No amount may be obligated or expended by the Authority for a fiscal year (beginning with fiscal year 1996) unless such amount has been approved by Act of Congress, and then only according to such Act.

(4) **CONFORMING AMENDMENT.**—Section 453(c) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 47-304.1(c), D.C. Code) is amended by striking the period at the end and inserting the following: “, or to the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.”.

(b) **SPECIAL RULE FOR FUNDING OF OPERATIONS DURING FISCAL YEAR 1995.**—As soon as practicable after the appointment of its members, the Authority shall submit to the Mayor and the President—

(1) a request for reprogramming of funds under subsection (c)(1); and

(2) a description of anticipated expenditures of the Authority for fiscal year 1995 (which shall be transmitted to Congress).

(c) **SOURCES OF FUNDS.**—

(1) **USE OF PREVIOUSLY APPROPRIATED FUNDS IN DISTRICT BUDGET.**—The Mayor shall transfer funds previously appropriated to the District government for a fiscal year for auditing and consulting services to the Authority (in such amounts as are provided in the budget request of the Authority under subsection (a) or, with respect to fiscal year 1995, the request submitted under subsection (b)(1)) for the purpose of carrying out the Authority's activities during the fiscal year.

(2) **OTHER SOURCES OF FUNDS.**—For provisions describing the sources of funds available for the operations of the Authority during a fiscal year (in addition to any interest earned on accounts of the Authority during the year), see section 204(b)(1)(A) (relating to the set-aside of amounts requisitioned from the Treasury by the Mayor) and section 213(b)(3) (relating to the use of interest accrued from amounts in a debt service reserve fund of the Authority).

#### **SEC. 107. SUSPENSION OF ACTIVITIES.**

(a) **SUSPENSION UPON PAYMENT OF AUTHORITY OBLIGATIONS.**—

(1) **IN GENERAL.**—Upon the expiration of the 12-month period which begins on the date that the Authority certifies that all obligations arising from the issuance by the Authority of bonds, notes, or other obligations pursuant to subtitle B of title II have been discharged, and that all borrowings by or on behalf of the District of Columbia pursuant to title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code) have been repaid, the Authority shall suspend any activities carried out under this Act and the terms of the members of the Authority shall expire.

(2) **NO SUSPENSION DURING CONTROL YEAR.**—The Authority may not suspend its activities

pursuant to paragraph (1) at any time during a control year.

(b) **REACTIVATION UPON INITIATION OF CONTROL PERIOD.**—Upon receiving notice from the Chairs of the Appropriations Committees of the House of Representatives and the Senate that a control period has been initiated (as described in section 209) at any time after the Authority suspends its activities under subsection (a), the President shall appoint members of the Authority, and the Authority shall carry out activities under this Act, in the same manner as the President appointed members and the Authority carried out activities prior to such suspension.

#### **SEC. 108. APPLICATION OF LAWS OF DISTRICT OF COLUMBIA TO AUTHORITY.**

(a) **IN GENERAL.**—The following laws of the District of Columbia (as in effect on the date of the enactment of this Act) shall apply to the members and activities of the Authority:

(1) Section 742 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-1504, D.C. Code).

(2) Sections 201 through 206 of the District of Columbia Freedom of Information Act (secs. 1-1521 through 1-1526, D.C. Code).

(3) Section 601 of the District of Columbia Campaign Finance Reform and Conflict of Interest Act (sec. 1-1461, D.C. Code).

(b) **NO CONTROL, SUPERVISION, OVERSIGHT, OR REVIEW BY MAYOR OR COUNCIL.**—

(1) **IN GENERAL.**—Neither the Mayor nor the Council may exercise any control, supervision, oversight, or review over the Authority or its activities.

(2) **PROHIBITION AGAINST LEGISLATION AFFECTING AUTHORITY.**—Section 602(a) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-233(a), D.C. Code) is amended—

(A) by striking “or” at the end of paragraph (8);

(B) by striking the period at the end of paragraph (9) and inserting “; or”; and

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

“(10) enact any act, resolution, or rule with respect to the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.”.

(c) **AUTHORITY NOT SUBJECT TO REPRESENTATION BY CORPORATION COUNSEL.**—In any action brought by or on behalf of the Authority, and in any action brought against the Authority, the Authority shall be represented by such counsel as it may select, but in no instance may the Authority be represented by the Corporation Counsel of the District of Columbia.

### **TITLE II—RESPONSIBILITIES OF AUTHORITY**

#### **Subtitle A—Establishment and Enforcement of Financial Plan and Budget for District Government**

##### **SEC. 201. DEVELOPMENT OF FINANCIAL PLAN AND BUDGET FOR DISTRICT OF COLUMBIA.**

(a) **DEVELOPMENT OF FINANCIAL PLAN AND BUDGET.**—For each fiscal year for which the District government is in a control period, the Mayor shall develop and submit to the Authority a financial plan and budget for the District of Columbia in accordance with this section.

(b) **CONTENTS OF FINANCIAL PLAN AND BUDGET.**—A financial plan and budget for the District of Columbia for a fiscal year shall specify the budgets for the District government under part D of title IV of the District of Columbia Self-Government and Governmental Reorganization Act for the applicable fiscal year and the next 3 fiscal years (including the projected revenues and expendi-

tures of each fund of the District government for such years), in accordance with the following requirements:

(1) The financial plan and budget shall meet the standards described in subsection (c) to promote the financial stability of the District government.

(2) The financial plan and budget shall provide for estimates of revenues and expenditures on a modified accrual basis.

(3) The financial plan and budget shall—

(A) describe lump sum expenditures by department by object class;

(B) describe capital expenditures (together with a schedule of projected capital commitments of the District government and proposed sources of funding);

(C) contain estimates of short-term and long-term debt (both outstanding and anticipated to be issued); and

(D) contain cash flow forecasts for each fund of the District government at such intervals as the Authority may require.

(4) The financial plan and budget shall include a statement describing methods of estimations and significant assumptions.

(5) The financial plan and budget shall include any other provisions and shall meet such other criteria as the Authority considers appropriate to meet the purposes of this Act, including provisions for changes in personnel policies and levels for each department or agency of the District government, changes in the structure and organization of the District government, and management initiatives to promote productivity, improvement in the delivery of services, or cost savings.

(c) **STANDARDS TO PROMOTE FINANCIAL STABILITY DESCRIBED.**—

(1) **IN GENERAL.**—The standards to promote the financial stability of the District government applicable to the financial plan and budget for a fiscal year are as follows:

(A) In the case of the financial plan and budget for fiscal year 1996, the expenditures of the District government for each fiscal year (beginning with fiscal year 1999) may not exceed the revenues of the District government for each such fiscal year.

(B) During fiscal years 1996, 1997, and 1998, the District government shall make continuous, substantial progress towards equalizing the expenditures and revenues of the District government for such fiscal years (in equal annual installments to the greatest extent possible).

(C) The District government shall provide for the orderly liquidation of the cumulative fund balance deficit of the District government, as evidenced by financial statements prepared in accordance with generally accepted accounting principles.

(D) If funds in accounts of the District government which are dedicated for specific purposes have been withdrawn from such accounts for other purposes, the District government shall fully restore the funds to such accounts.

(E) The financial plan and budget shall assure the continuing long-term financial stability of the District government, as indicated by factors including access to short-term and long-term capital markets, the efficient management of the District government's workforce, and the effective provision of services by the District government.

(2) **APPLICATION OF SOUND BUDGETARY PRACTICES.**—In meeting the standards described in paragraph (1) with respect to a financial plan and budget for a fiscal year, the District government shall apply sound budgetary practices, including reducing costs and other expenditures, improving productivity, increasing revenues, or combinations of such practices.

(3) ASSUMPTIONS BASED ON CURRENT LAW.—In meeting the standards described in paragraph (1) with respect to a financial plan and budget for a fiscal year, the District government shall base estimates of revenues and expenditures on Federal law as in effect at the time of the preparation of the financial plan and budget.

(d) REPEAL OF OFFSETS AGAINST FEDERAL PAYMENT AND OTHER DISTRICT REVENUES.—Section 138 of the District of Columbia Appropriations Act, 1995, is amended—

(1) by striking subsection (c); and  
(2) by redesignating subsections (d) and (e) as subsections (c) and (d).

**SEC. 202. PROCESS FOR SUBMISSION AND APPROVAL OF FINANCIAL PLAN AND ANNUAL DISTRICT BUDGET.**

(a) SUBMISSION OF PRELIMINARY FINANCIAL PLAN AND BUDGET BY MAYOR.—Not later than the February 1 preceding a fiscal year for which the District government is in a control period, the Mayor shall submit to the Authority and the Council a financial plan and budget for the fiscal year which meets the requirements of section 201.

(b) REVIEW BY AUTHORITY.—Upon receipt of the financial plan and budget for a fiscal year from the Mayor under subsection (a), the Authority shall promptly review the financial plan and budget. In conducting the review, the Authority may request any additional information it considers necessary and appropriate to carry out its duties under this subtitle.

(c) ACTION UPON APPROVAL OF MAYOR'S PRELIMINARY FINANCIAL PLAN AND BUDGET.—

(1) CERTIFICATION TO MAYOR.—

(A) IN GENERAL.—If the Authority determines that the financial plan and budget for the fiscal year submitted by the Mayor under subsection (a) meets the requirements applicable under section 201—

(i) the Authority shall approve the financial plan and budget and shall provide the Mayor, the Council, the President, and Congress with a notice certifying its approval; and

(ii) the Mayor shall promptly submit the financial plan and budget to the Council pursuant to section 442 of the District of Columbia Self-Government and Governmental Reorganization Act.

(B) DEEMED APPROVAL AFTER 30 DAYS.—

(i) IN GENERAL.—If the Authority has not provided the Mayor, the Council, and Congress with a notice certifying approval under subparagraph (A)(i) or a statement of disapproval under subsection (d)(1) upon the expiration of the 30-day period which begins on the date the Authority receives the financial plan and budget from the Mayor under subsection (a), the Authority shall be deemed to have approved the financial plan and budget and to have provided the Mayor, the Council, the President, and Congress with the notice certifying approval described in subparagraph (A)(i).

(ii) EXPLANATION OF FAILURE TO RESPOND.—If clause (i) applies with respect to a financial plan and budget, the Authority shall provide the Mayor, the Council, the President and Congress with an explanation for its failure to provide the notice certifying approval or the statement of disapproval during the 30-day period described in such clause.

(2) ADOPTION OF FINANCIAL PLAN AND BUDGET BY COUNCIL AFTER RECEIPT OF APPROVED FINANCIAL PLAN AND BUDGET.—Notwithstanding the first sentence of section 446 of the District of Columbia Self-Government and Governmental Reorganization Act, not later than 30 days after receiving the financial plan and budget for the fiscal year from the Mayor under paragraph (1)(A)(ii), the Council shall by Act adopt a financial plan and budget for the fiscal year which shall serve

as the adoption of the budgets of the District government for the fiscal year under such section, and shall submit such financial plan and budget to the Mayor and the Authority.

(3) REVIEW OF COUNCIL FINANCIAL PLAN AND BUDGET BY AUTHORITY.—Upon receipt of the financial plan and budget for a fiscal year from the Council under paragraph (2) (taking into account any items or provisions disapproved by the Mayor or disapproved by the Mayor and reenacted by the Council under section 404(f) of the District of Columbia Self-Government and Governmental Reorganization Act, as amended by subsection (f)(2)), the Authority shall promptly review the financial plan and budget. In conducting the review, the Authority may request any additional information it considers necessary and appropriate to carry out its duties under this subtitle.

(4) RESULTS OF AUTHORITY REVIEW OF COUNCIL'S INITIAL FINANCIAL PLAN AND BUDGET.—

(A) APPROVAL OF COUNCIL'S INITIAL FINANCIAL PLAN AND BUDGET.—If the Authority determines that the financial plan and budget for the fiscal year submitted by the Council under paragraph (2) meets the requirements applicable under section 201—

(i) the Authority shall approve the financial plan and budget and shall provide the Mayor, the Council, the President, and Congress with a notice certifying its approval; and

(ii) the Council shall promptly submit the financial plan and budget to the Mayor for transmission to the President and Congress under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act.

(B) DISAPPROVAL OF COUNCIL'S INITIAL BUDGET.—If the Authority determines that the financial plan and budget for the fiscal year submitted by the Council under paragraph (2) does not meet the requirements applicable under section 201, the Authority shall disapprove the financial plan and budget, and shall provide the Mayor, the Council, the President, and Congress with a statement containing—

(i) the reasons for such disapproval;

(ii) the amount of any shortfall in the budget or financial plan; and

(iii) any recommendations for revisions to the budget the Authority considers appropriate to ensure that the budget is consistent with the financial plan and budget.

(C) DEEMED APPROVAL AFTER 15 DAYS.—

(i) IN GENERAL.—If the Authority has not provided the Mayor, the Council, the President, and Congress with a notice certifying approval under subparagraph (A)(i) or a statement of disapproval under subparagraph (B) upon the expiration of the 15-day period which begins on the date the Authority receives the financial plan and budget from the Council under paragraph (2), the Authority shall be deemed to have approved the financial plan and budget and to have provided the Mayor, the Council, the President, and Congress with the notice certifying approval described in subparagraph (A)(i).

(ii) EXPLANATION OF FAILURE TO RESPOND.—If clause (i) applies with respect to a financial plan and budget, the Authority shall provide the Mayor, the Council, the President and Congress with an explanation for its failure to provide the notice certifying approval or the statement of disapproval during the 15-day period described in such clause.

(5) AUTHORITY REVIEW OF COUNCIL'S REVISED FINANCIAL PLAN AND BUDGET.—

(A) SUBMISSION OF COUNCIL'S REVISED FINANCIAL PLAN AND BUDGET.—Not later than 15 days after receiving the statement from the Authority under paragraph (4)(B), the Council shall promptly by Act adopt a revised financial plan and budget for the fiscal year

which addresses the reasons for the Authority's disapproval cited in the statement, and shall submit such financial plan and budget to the Mayor and the Authority.

(B) APPROVAL OF COUNCIL'S REVISED FINANCIAL PLAN AND BUDGET.—If, after reviewing the revised financial plan and budget for a fiscal year submitted by the Council under subparagraph (A) in accordance with the procedures described in this subsection, the Authority determines that the revised financial plan and budget meets the requirements applicable under section 201—

(i) the Authority shall approve the financial plan and budget and shall provide the Mayor, the Council, the President, and Congress with a notice certifying its approval; and

(ii) the Council shall promptly submit the financial plan and budget to the Mayor for transmission to the President and Congress under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act.

(C) DISAPPROVAL OF COUNCIL'S REVISED FINANCIAL PLAN AND BUDGET.—

(i) IN GENERAL.—If, after reviewing the revised financial plan and budget for a fiscal year submitted by the Council under subparagraph (A) in accordance with the procedures described in this subsection, the Authority determines that the revised financial plan and budget does not meet the applicable requirements under section 201, the Authority shall—

(I) disapprove the financial plan and budget;

(II) provide the Mayor, the Council, the President, and Congress with a statement containing the reasons for such disapproval and describing the amount of any shortfall in the financial plan and budget; and

(III) approve and recommend a financial plan and budget for the District government which meets the applicable requirements under section 201, and submit such financial plan and budget to the Mayor, the Council, the President, and Congress.

(ii) TRANSMISSION OF REJECTED FINANCIAL PLAN AND BUDGET.—The Council shall promptly submit the revised financial plan and budget disapproved by the Authority under this subparagraph to the Mayor for transmission to the President and Congress under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act.

(D) DEEMED APPROVAL AFTER 15 DAYS.—

(i) IN GENERAL.—If the Authority has not provided the Mayor, the Council, the President, and Congress with a notice certifying approval under subparagraph (B)(i) or a statement of disapproval under subparagraph (C) upon the expiration of the 15-day period which begins on the date the Authority receives the revised financial plan and budget submitted by the Council under subparagraph (A), the Authority shall be deemed to have approved the revised financial plan and budget and to have provided the Mayor, the Council, the President, and Congress with the notice certifying approval described in subparagraph (B)(i).

(ii) EXPLANATION OF FAILURE TO RESPOND.—If clause (i) applies with respect to a financial plan and budget, the Authority shall provide the Mayor, the Council, the President and Congress with an explanation for its failure to provide the notice certifying approval or the statement of disapproval during the 15-day period described in such clause.

(6) DEADLINE FOR TRANSMISSION OF FINANCIAL PLAN AND BUDGET BY AUTHORITY.—Notwithstanding any other provision of this section, not later than the June 15 preceding each fiscal year which is a control year, the Authority shall—

(A) provide Congress with a notice certifying its approval of the Council's initial financial plan and budget for the fiscal year under paragraph (4)(A);

(B) provide Congress with a notice certifying its approval of the Council's revised financial plan and budget for the fiscal year under paragraph (5)(B); or

(C) submit to Congress an approved and recommended financial plan and budget of the Authority for the District government for the fiscal year under paragraph (5)(C).

(d) ACTION UPON DISAPPROVAL OF MAYOR'S PRELIMINARY FINANCIAL PLAN AND BUDGET.—

(1) STATEMENT OF DISAPPROVAL.—If the Authority determines that the financial plan and budget for the fiscal year submitted by the Mayor under subsection (a) does not meet the requirements applicable under section 201, the Authority shall disapprove the financial plan and budget, and shall provide the Mayor and the Council with a statement containing—

(A) the reasons for such disapproval;

(B) the amount of any shortfall in the financial plan and budget; and

(C) any recommendations for revisions to the financial plan and budget the Authority considers appropriate to ensure that the financial plan and budget meets the requirements applicable under section 201.

(2) AUTHORITY REVIEW OF MAYOR'S REVISED FINANCIAL PLAN AND BUDGET.—

(A) SUBMISSION OF MAYOR'S REVISED FINANCIAL PLAN AND BUDGET.—Not later than 15 days after receiving the statement from the Authority under paragraph (1), the Mayor shall promptly submit to the Authority and the Council a revised financial plan and budget for the fiscal year which addresses the reasons for the Authority's disapproval cited in the statement.

(B) APPROVAL OF MAYOR'S REVISED FINANCIAL PLAN AND BUDGET.—If the Authority determines that the revised financial plan and budget for the fiscal year submitted by the Mayor under subparagraph (A) meets the requirements applicable under section 201—

(i) the Authority shall approve the financial plan and budget and shall provide the Mayor, the Council, the President, and Congress with a notice certifying its approval; and

(ii) the Mayor shall promptly submit the financial plan and budget to the Council pursuant to section 442 of the District of Columbia Self-Government and Governmental Reorganization Act.

(C) DISAPPROVAL OF MAYOR'S REVISED FINANCIAL PLAN AND BUDGET.—

(i) IN GENERAL.—If the Authority determines that the revised financial plan and budget for the fiscal year submitted by the Mayor under subparagraph (A) does not meet the requirements applicable under section 201, the Authority shall—

(I) disapprove the financial plan and budget;

(II) shall provide the Mayor, the Council, the President, and Congress with a statement containing the reasons for such disapproval; and

(III) recommend a financial plan and budget for the District government which meets the requirements applicable under section 201 and submit such financial plan and budget to the Mayor and the Council.

(ii) SUBMISSION OF REJECTED FINANCIAL PLAN AND BUDGET.—The Mayor shall promptly submit the revised financial plan and budget disapproved by the Authority under this subparagraph to the Council pursuant to section 442 of the District of Columbia Self-Government and Governmental Reorganization Act.

(D) DEEMED APPROVAL AFTER 15 DAYS.—

(i) IN GENERAL.—If the Authority has not provided the Mayor, the Council, the Presi-

dent, and Congress with a notice certifying approval under subparagraph (B)(i) or a statement of disapproval under subparagraph (C) upon the expiration of the 15-day period which begins on the date the Authority receives the revised financial plan and budget submitted by the Mayor under subparagraph (A), the Authority shall be deemed to have approved the revised financial plan and budget and to have provided the Mayor, the Council, the President, and Congress with the notice certifying approval described in subparagraph (B)(i).

(ii) EXPLANATION OF FAILURE TO RESPOND.—If clause (i) applies with respect to a financial plan and budget, the Authority shall provide the Mayor, the Council, the President and Congress with an explanation for its failure to provide the notice certifying approval or the statement of disapproval during the 15-day period described in such clause.

(3) ACTION BY COUNCIL.—

(A) ADOPTION OF FINANCIAL PLAN AND BUDGET.—Notwithstanding the first sentence of section 446 of the District of Columbia Self-Government and Governmental Reorganization Act, not later than 30 days after receiving the Mayor's approved revised financial plan and budget for the fiscal year under paragraph (2)(B) or (in the case of a financial plan and budget disapproved by the Authority) the financial plan and budget recommended by the Authority under paragraph (2)(C)(i)(III), the Council shall by Act adopt a financial plan and budget for the fiscal year which shall serve as the adoption of the budgets of the District government for the fiscal year under such section, and shall submit the financial plan and budget to the Mayor and the Authority.

(B) REVIEW BY AUTHORITY.—The financial plan and budget submitted by the Council under subparagraph (A) shall be subject to review by the Authority and revision by the Council in the same manner as the financial plan and budget submitted by the Council after an approved preliminary financial plan and budget of the Mayor under paragraphs (3), (4), (5), and (6) of subsection (c).

(e) REVISIONS TO FINANCIAL PLAN AND BUDGET.—

(1) PERMITTING MAYOR TO SUBMIT REVISIONS.—The Mayor may submit proposed revisions to the financial plan and budget for a control year to the Authority at any time during the year.

(2) PROCESS FOR REVIEW, APPROVAL, DISAPPROVAL, AND COUNCIL ACTION.—Except as provided in paragraph (3), the procedures described in subsections (b), (c), and (d) shall apply with respect to a proposed revision to a financial plan and budget in the same manner as such procedures apply with respect to the original financial plan and budget, except that subparagraph (B) of subsection (c)(1) (relating to deemed approval by the Authority of a preliminary financial plan and budget of the Mayor) shall be applied as if the reference to the term "30-day period" were a reference to "20-day period".

(3) EXCEPTION FOR REVISIONS NOT AFFECTING APPROPRIATIONS.—To the extent that a proposed revision to a financial plan and budget adopted by the Council pursuant to this subsection does not increase the amount of spending with respect to any account of the District government, the revision shall become effective upon the Authority's approval of such revision (subject to review by Congress under section 602(c) of the District of Columbia Self-Government and Governmental Reorganization Act).

(f) CONFORMING AMENDMENT TO BUDGET PROCESS REQUIREMENTS UNDER HOME RULE ACT.—

(1) SUBMISSION OF UNBALANCED BUDGETS.—Section 603 of the District of Columbia Self-

Government and Governmental Reorganization Act (sec. 47-313, D.C. Code) is amended—

(A) in subsection (c), by striking "The Council" the first place it appears and inserting "Except as provided in subsection (f), the Council";

(B) in subsection (d), by striking "The Mayor" and inserting "Except as provided in subsection (f), the Mayor"; and

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

"(f) In the case of a fiscal year which is a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995)—

"(1) subsection (c) (other than the fourth sentence) and subsection (d) shall not apply; and

"(2) the Council may not approve, and the Mayor may not forward to the President, any budget which is not consistent with the financial plan and budget established for the fiscal year under subtitle A of title II of such Act."

(2) EXPEDITED PROCEDURES FOR DISAPPROVAL OF ITEMS AND PROVISIONS OF COUNCIL BUDGET BY MAYOR.—Section 404(f) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-227(f), D.C. Code) is amended by adding at the end the following new sentence: "In the case of any budget act for a fiscal year which is a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), this subsection shall apply as if the reference in the second sentence to 'ten-day period' were a reference to 'five-day period' and the reference in the third sentence to 'thirty calendar days' were a reference to '5 calendar days'."

(g) PERMITTING MAYOR AND COUNCIL TO SPECIFY EXPENDITURES UNDER SCHOOL BOARD BUDGET DURING CONTROL YEAR.—

(1) MAYOR'S ESTIMATE INCLUDED IN ANNUAL FINANCIAL PLAN AND BUDGET.—Section 2(h) of the Act entitled "An Act to fix and regulate the salaries of teachers, school officers, and other employees of the board of education of the District of Columbia", approved June 20, 1906 (sec. 31-103, D.C. Code) is amended by striking the period at the end and inserting the following: ", except that in the case of a year which is a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), the Mayor shall transmit the same together with the Mayor's own request for the amount of money required for the public schools for the year."

(2) SPECIFICATION OF EXPENDITURES.—Section 452 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 31-104, D.C. Code) is amended by adding at the end the following new sentence: "This section shall not apply with respect to the annual budget for any fiscal year which is a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995)."

(h) PERMITTING SEPARATION OF EMPLOYEES IN ACCORDANCE WITH FINANCIAL PLAN AND BUDGET.—The fourth sentence of section 422(3) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-242(3), D.C. Code) is amended by striking "pursuant to procedures" and all that follows through "Act of 1991" and inserting the following: "in the implementation of a financial plan and budget for the District government approved under subtitle A of title II of the District of Columbia Financial Responsibility and Management Assistance Act of 1995".



**SEC. 203. REVIEW OF ACTIVITIES OF DISTRICT GOVERNMENT TO ENSURE COMPLIANCE WITH APPROVED FINANCIAL PLAN AND BUDGET.**

(a) REVIEW OF COUNCIL ACTS.—

(1) SUBMISSION OF ACTS TO AUTHORITY.—The Council shall submit to the Authority each Act passed by the Council and signed by the Mayor during a control year or vetoed by the Mayor and repassed by two-thirds of the Council present and voting during a control year, and each Act passed by the Council and allowed to become effective without the Mayor's signature during a control year, together with the estimate of costs accompanying such Act required under section 602(c)(3) of the District of Columbia Self-Government and Governmental Reorganization Act (as added by section 301(d)).

(2) PROMPT REVIEW BY AUTHORITY.—Upon receipt of an Act from the Council under paragraph (1), the Authority shall promptly review the Act to determine whether it is consistent with the applicable financial plan and budget approved under this subtitle and with the estimate of costs accompanying the Act (described in paragraph (1)).

(3) ACTIONS BY AUTHORITY.—

(A) APPROVAL.—Except as provided in subparagraph (C), if the Authority determines that an Act is consistent with the applicable financial plan and budget, the Authority shall notify the Council that it approves the Act, and the Council shall submit the Act to Congress for review in accordance with section 602(c) of the District of Columbia Self-Government and Governmental Reorganization Act.

(B) FINDING OF INCONSISTENCY.—Except as provided in subparagraph (C), if the Authority determines that an Act is significantly inconsistent with the applicable financial plan and budget, the Authority shall—

(i) notify the Council that of its finding;

(ii) provide the Council with an explanation of the reasons for its finding; and

(iii) to the extent the Authority considers appropriate, provide the Council with recommendations for modifications to the Act.

(C) EXCEPTION FOR EMERGENCY ACTS.—Subparagraphs (A) and (B) shall not apply with respect to any act which the Council determines according to section 412(a) of the District of Columbia Self-Government and Governmental Reorganization Act should take effect immediately because of emergency circumstances.

(4) EFFECT OF FINDING.—If the Authority makes a finding with respect to an Act under paragraph (3)(B), the Council may not submit the Act to Congress for review in accordance with section 602(c) of the District of Columbia Self-Government and Governmental Reorganization Act.

(5) DEEMED APPROVAL.—If the Authority does not notify the Council that it approves or disapproves an Act submitted under this subsection during the 7-day period which begins on the date the Council submits the Act to the Authority, the Authority shall be deemed to have approved the Act in accordance with paragraph (3)(A). At the option of the Authority, the previous sentence shall be applied as if the reference to "7-day period" were a reference to "14-day period" if during such 7-day period the Authority so notifies the Council and the Mayor.

(6) PRELIMINARY REVIEW OF PROPOSED ACTS.—At the request of the Council, the Authority may conduct a preliminary review of proposed legislation before the Council to determine whether the legislation as proposed would be consistent with the applicable financial plan and budget approved under this subtitle, except that any such preliminary review shall not be binding on the Authority in reviewing any Act subsequently submitted under this subsection.

(b) EFFECT OF APPROVED FINANCIAL PLAN AND BUDGET ON CONTRACTS AND LEASES.—

(1) MANDATORY PRIOR APPROVAL FOR CERTAIN CONTRACTS AND LEASES.—

(A) IN GENERAL.—In the case of a contract or lease described in subparagraph (B) which is proposed to be entered into by the District government during a control year, the Mayor (or the appropriate officer or agent of the District government) shall submit the proposed contract or lease to the Authority. The Authority shall review each contract or lease submitted under this subparagraph, and the Mayor (or the appropriate officer or agent of the District government) may not enter into the contract or lease unless the Authority determines that the proposed contract or lease is consistent with the financial plan and budget for the fiscal year.

(B) CONTRACTS AND LEASES DESCRIBED.—A contract or lease described in this subparagraph is—

(i) a labor contract entered into through collective bargaining; or

(ii) such other type of contract or lease as the Authority may specify for purposes of this subparagraph.

(2) AUTHORITY TO REVIEW OTHER CONTRACTS AND LEASES AFTER EXECUTION.—

(A) IN GENERAL.—In addition to the prior approval of certain contracts and leases under paragraph (1), the Authority may require the Mayor (or the appropriate officer or agent of the District government) to submit to the Authority any other contract (including a contract to carry out a grant) or lease entered into by the District government during a control year which is executed after the Authority has approved the financial plan and budget for the year under section 202(c) or 202(d), or any proposal of the District government to renew, extend, or modify a contract or lease during a control year which is made after the Authority has approved such financial plan and budget.

(B) REVIEW BY AUTHORITY.—The Authority shall review each contract or lease submitted under subparagraph (A) to determine if the contract or lease is consistent with the financial plan and budget for the fiscal year. If the Authority determines that the contract or lease is not consistent with the financial plan and budget, the Mayor shall take such actions as are within the Mayor's powers to revise the contract or lease, or shall submit a proposed revision to the financial plan and budget in accordance with section 202(e), so that the contract or lease will be consistent with the financial plan and budget.

(3) SPECIAL RULE FOR FISCAL YEAR 1995.—The Authority may require the Mayor to submit to the Authority any proposal to renew, extend, or modify a contract or lease in effect during fiscal year 1995 to determine if the renewal, extension, or modification is consistent with the budget for the District of Columbia under the District of Columbia Appropriations Act, 1995.

(4) SPECIAL RULE FOR CONTRACTS SUBJECT TO COUNCIL APPROVAL.—In the case of a contract or lease which is required to be submitted to the Authority under this subsection and which is subject to approval by the Council under the laws of the District of Columbia, the Mayor shall submit such contract or lease to the Authority only after the Council has approved the contract or lease.

(c) RESTRICTIONS ON REPROGRAMMING OF AMOUNTS IN BUDGET DURING CONTROL YEARS.—

(1) SUBMISSIONS OF REQUESTS TO AUTHORITY.—If the Mayor submits a request to the Council for the reprogramming of any amounts provided in a budget for a fiscal year which is a control year after the budget is adopted by the Council, the Mayor shall submit such request to the Authority, which

shall analyze the affect of the proposed reprogramming on the financial plan and budget for the fiscal year and submit its analysis to the Council not later than 15 days after receiving the request.

(2) NO ACTION PERMITTED UNTIL ANALYSIS RECEIVED.—The Council may not adopt a reprogramming during a fiscal year which is a control year, and no officer or employee of the District government may carry out any reprogramming during such a year, until the Authority has provided the Council with an analysis of a request for the reprogramming in accordance with paragraph (1).

**SEC. 204. RESTRICTIONS ON BORROWING BY DISTRICT DURING CONTROL YEAR.**

(a) PRIOR APPROVAL REQUIRED.—

(1) IN GENERAL.—The District government may not borrow money during a control year unless the Authority provides prior certification that both the receipt of funds through such borrowing and the repayment of obligations incurred through such borrowing are consistent with the financial plan and budget for the year.

(2) REVISIONS TO FINANCIAL PLAN AND BUDGET PERMITTED.—If the Authority determines that the borrowing proposed to be undertaken by the District government is not consistent with the financial plan and budget, the Mayor may submit to the Authority a proposed revision to the financial plan and budget in accordance with section 202(e) so that the borrowing will be consistent with the financial plan and budget as so revised.

(3) BORROWING DESCRIBED.—This subsection shall apply with respect to any borrowing undertaken by the District government, including borrowing through the issuance of bonds under part E of title IV of the District of Columbia Self-Government and Governmental Reorganization Act, the exercise of authority to obtain funds from the United States Treasury under title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code), or any other means.

(4) SPECIAL RULES FOR TREASURY BORROWING DURING FISCAL YEAR 1995.—

(A) NO PRIOR APPROVAL REQUIRED DURING INITIAL PERIOD FOLLOWING APPOINTMENT.—The District government may requisition advances from the United States Treasury under title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code) without the prior approval of the Authority during the 45-day period which begins on the date of the appointment of the members of the Authority (subject to the restrictions described in such title, as amended by subsection (C)).

(B) CRITERIA FOR APPROVAL DURING REMAINDER OF FISCAL YEAR.—The District government may requisition advances described in subparagraph (A) during the portion of fiscal year 1995 occurring after the expiration of the 45-day period described in such subparagraph if the Authority finds that—

(i) such borrowing is appropriate to meet the needs of the District government to reduce deficits and discharge payment obligations; and

(ii) the District government is making appropriate progress toward meeting its responsibilities under this Act (and the amendments made by this Act).

(b) DEPOSIT OF FUNDS OBTAINED THROUGH TREASURY WITH AUTHORITY.—

(1) AUTOMATIC DEPOSIT DURING CONTROL YEAR.—If the Mayor requisitions funds from the Secretary of the Treasury pursuant to title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code) during a control year (beginning with fiscal year 1996), such funds shall be deposited by the Secretary into an escrow account held by the Authority, to be used as follows:

(A) The Authority shall expend a portion of the funds for its operations during the fiscal year in which the funds are requisitioned, in such amount and under such conditions as are established under the budget of the Authority for the fiscal year under section 106(a).

(B) The Authority shall allocate the remainder of such funds to the Mayor at such intervals and in accordance with such terms and conditions as it considers appropriate, consistent with the financial plan and budget for the year and with any other withholding of funds by the Authority pursuant to this Act.

(2) **OPTIONAL DEPOSIT DURING FISCAL YEAR 1995.**—

(A) **DURING INITIAL PERIOD FOLLOWING APPOINTMENT.**—If the Mayor requisitions funds described in paragraph (1) during the 45-day period which begins on the date of the appointment of the members of the Authority, the Secretary of the Treasury shall notify the Authority, and at the request of the Authority shall deposit such funds into an escrow account held by the Authority in accordance with paragraph (1).

(B) **DURING REMAINDER OF FISCAL YEAR.**—If the Mayor requisitions funds described in paragraph (1) during the portion of fiscal year 1995 occurring after the expiration of the 45-day period described in subparagraph (A), the Secretary of the Treasury shall deposit such funds into an escrow account held by the Authority in accordance with paragraph (1) at the request of the Authority.

(C) **CONDITIONS ON REQUISITIONS FROM TREASURY.**—Title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code) is amended by striking all after the heading and inserting the following:

**"SEC. 601. TRANSITIONAL PROVISION FOR SHORT-TERM ADVANCES.**

"(a) **TRANSITIONAL SHORT-TERM ADVANCES MADE BEFORE OCTOBER 1, 1995.**—

"(1) **IN GENERAL.**—If the conditions in paragraph (2) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not otherwise appropriated, for the purpose of assisting the District government in meeting its general expenditures, as authorized by Congress.

"(2) **CONDITIONS TO MAKING ANY TRANSITIONAL SHORT-TERM ADVANCE BEFORE OCTOBER 1, 1995.**—The Secretary shall make an advance under this subsection if the following conditions are satisfied:

"(A) the Mayor delivers to the Secretary a requisition for an advance under this section;

"(B) as of the date on which the requisitioned advance is to be made, the Authority has not approved a financial plan and budget for the District government as meeting the requirements of the District of Columbia Financial Responsibility and Management Assistance Act of 1995;

"(C) the date on which the requisitioned advance is to be made is not later than September 30, 1995;

"(D) the District government has delivered to the Secretary—

"(i) a schedule setting forth the anticipated timing and amounts of requisitions for advances under this subsection; and

"(ii) evidence demonstrating to the satisfaction of the Secretary that the District government is effectively unable to obtain credit in the public credit markets or elsewhere in sufficient amounts and on sufficiently reasonable terms to meet the District government's financing needs;

"(E) the Secretary determines that there is reasonable assurance of reimbursement for the advance from the amount authorized to be appropriated as the annual Federal payment to the District of Columbia under title

V of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year ending September 30, 1996; and

"(F) except during the 45-day period beginning on the date of the appointment of the members of the Authority, the Authority makes the findings described in section 204(a)(4)(B) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

"(3) **AMOUNT OF ANY TRANSITIONAL SHORT-TERM ADVANCE MADE BEFORE OCTOBER 1, 1995.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (C), if the conditions described in subparagraph (B) are satisfied, each advance made under this subsection shall be in the amount designated by the Mayor in the Mayor's requisition for such advance, except that—

"(i) the total amount requisitioned under this subsection during the 30-day period which begins on the date of the first requisition made under this subsection may not exceed 33⅓ percent of the fiscal year 1995 limit;

"(ii) the total amount requisitioned under this subsection during the 60-day period which begins on the date of the first requisition made under this subsection may not exceed 66⅔ percent of the fiscal year 1995 limit; and

"(iii) the total amount requisitioned under this subsection after the expiration of the 60-day period which begins on the date of the first requisition made under this subsection may not exceed 100 percent of the fiscal year 1995 limit.

"(B) **CONDITIONS APPLICABLE TO DESIGNATED AMOUNT.**—Subparagraph (A) applies if the Mayor determines that the amount designated in the Mayor's requisition for such advance is needed to accomplish the purpose described in paragraph (1), and (except during the 45-day period beginning on the date of the appointment of the members of the Authority) the Authority approves such amount.

"(C) **AGGREGATE MAXIMUM AMOUNT OUTSTANDING.**—The sum of the anticipated principal and interest requirements of all advances made under this subsection may not be greater than the fiscal year 1995 limit.

"(D) **FISCAL YEAR 1995 LIMIT DESCRIBED.**—In this paragraph, the 'fiscal year 1995 limit' means the amount authorized to be appropriated to the District of Columbia as the annual Federal payment to the District of Columbia under title V of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year ending September 30, 1995.

"(4) **MATURITY OF ANY TRANSITIONAL SHORT-TERM ADVANCE MADE BEFORE OCTOBER 1, 1995.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), each advance made under this subsection shall mature on the date designated by the Mayor in the Mayor's requisition for such advance.

"(B) **LATEST PERMISSIBLE MATURITY DATE.**—Notwithstanding subparagraph (A), the maturity date for any advance made under this subsection shall not be later than October 1, 1995.

"(5) **INTEREST RATE.**—Each advance made under this subsection shall bear interest at an annual rate equal to the rate determined by the Secretary at the time that the Secretary makes such advance taking into consideration the prevailing yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturity of such advance, plus ⅛ of 1 percent.

"(6) **DEPOSIT OF ADVANCES.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), each advance made under this subsection for the account of the Dis-

trict government shall be deposited by the Secretary into such account as is designated by the Mayor in the Mayor's requisition for such advance.

"(B) **EXCEPTION.**—Notwithstanding subparagraph (A), if (in accordance with section 204(b)(2) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995) the Authority delivers a letter requesting the Secretary to deposit all advances made under this subsection for the account of the District government in an escrow account held by the Authority, each advance made under this subsection for the account of the District government after the date of such letter shall be deposited by the Secretary into the escrow account specified by the Authority in such letter.

"(b) **TRANSITIONAL SHORT-TERM ADVANCES MADE ON OR AFTER OCTOBER 1, 1995 AND BEFORE FEBRUARY 1, 1996.**—

"(1) **IN GENERAL.**—If the conditions in paragraph (2) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not otherwise appropriated, for the same purpose as advances are made under subsection (a).

"(2) **TERMS AND CONDITIONS.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), paragraphs (2), (4), and (5) of subsection (a) (other than subparagraph (F) of paragraph (2)) shall apply to any advance made under this subsection.

"(B) **EXCEPTIONS.**—

"(i) **NEW CONDITIONS PRECEDENT TO MAKING ADVANCES.**—The conditions described in subsection (a)(2) shall apply with respect to making advances on or after October 1, 1995, in the same manner as such conditions apply with respect to making advances before October 1, 1995, except that—

"(I) subparagraph (C) (relating to the last day on which advances may be made) shall be applied as if the reference to 'September 30, 1995' were a reference to 'January 31, 1996';

"(II) subparagraph (E) (relating to the Secretary's determination of reasonable assurance of reimbursement from the annual Federal payment appropriated to the District of Columbia) shall be applied as if the reference to 'September 30, 1996' were a reference to 'September 30, 1997';

"(III) the Secretary may not make an advance under this subsection unless all advances made under subsection (a) are fully reimbursed by withholding from the annual Federal payment appropriated to the District of Columbia for the fiscal year ending September 30, 1996, under title V of the District of Columbia Self-Government and Governmental Reorganization Act, and applying toward reimbursement for such advances an amount equal to the amount needed to fully reimburse the Treasury for such advances; and

"(IV) the Secretary may not make an advance under this subsection unless the Authority has provided the Secretary with the prior certification described in section 204(a)(1) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

"(ii) **NEW LATEST PERMISSIBLE MATURITY DATE.**—The provisions of subsection (a)(4) shall apply with respect to the maturity of advances made after October 1, 1995, in the same manner as such provisions apply with respect to the maturity of advances made before October 1, 1995, except that subparagraph (B) of such subsection (relating to the latest permissible maturity date) shall apply as if the reference to 'October 1, 1995' were a reference to 'October 1, 1996'.

"(C) **NEW MAXIMUM AMOUNT OUTSTANDING.**—

"(i) **IN GENERAL.**—Except as provided in clause (iii), if the conditions described in



clause (ii) are satisfied, each advance made under this subsection shall be in the amount designated by the Mayor in the Mayor's requisition for such advance.

"(ii) CONDITIONS APPLICABLE TO DESIGNATED AMOUNT.—Clause (i) applies if the Mayor determines that the amount designated in the Mayor's requisition for such advance is needed to accomplish the purpose described in paragraph (1), and the Authority approves such amount.

"(iii) AGGREGATE MAXIMUM AMOUNT OUTSTANDING.—The sum of the anticipated principal and interest requirements of all advances made under this paragraph may not be greater than 60 percent of the fiscal year 1996 limit.

"(D) DEPOSIT OF ADVANCES.—As provided in section 204(b) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, each advance made under this subsection for the account of the District shall be deposited by the Secretary into an escrow account held by the Authority.

"(E) FISCAL YEAR 1996 LIMIT DESCRIBED.—In this paragraph, the 'fiscal year 1996 limit' means the amount authorized to be appropriated to the District of Columbia as the annual Federal payment to the District of Columbia under title V of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year ending September 30, 1996.

"(c) TRANSITIONAL SHORT-TERM ADVANCES MADE ON OR AFTER FEBRUARY 1, 1996 AND BEFORE OCTOBER 1, 1996.—

"(1) IN GENERAL.—If the conditions in paragraph (2) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not otherwise appropriated, for the same purpose as advances are made under subsection (a).

"(2) TERMS AND CONDITIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), subsection (b)(2) shall apply to any advance made under this subsection.

"(B) EXCEPTIONS.—The conditions applicable under subsection (b)(2) (other than paragraph (2)(B) of subsection (a)) shall apply with respect to making advances on or after February 1, 1996, and before October 1, 1996, in the same manner as such conditions apply to making advances under such subsection, except that—

"(i) in applying subparagraph (C) of subsection (a)(2) (as described in subsection (b)(2)(B)(i)(I)), the reference to 'October 1, 1995' shall be deemed to be a reference to 'September 30, 1996';

"(ii) subparagraph (C)(iii) of subsection (b)(2) shall apply as if the reference to '60 percent' were a reference to '40 percent'; and

"(iii) no advance may be made unless the Secretary has been provided the certifications and information described in paragraphs (3) through (6) of section 602(b).

"(d) TRANSITIONAL SHORT-TERM ADVANCES MADE ON OR AFTER OCTOBER 1, 1996 AND BEFORE OCTOBER 1, 1997.—

"(1) IN GENERAL.—If the conditions in paragraph (2) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not otherwise appropriated, for the same purpose as advances are made under subsection (a).

"(2) TERMS AND CONDITIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), paragraphs (2), (4), and (5) of subsection (a) (other than subparagraphs (B) and (F) of paragraph (2)) shall apply to any advance made under this subsection.

"(B) EXCEPTIONS.—

"(i) NEW CONDITIONS PRECEDENT TO MAKING ADVANCES.—The conditions described in subsection (a)(2) shall apply with respect to making advances on or after October 1, 1996,

and before October 1, 1997, in the same manner as such conditions apply with respect to making advances before October 1, 1995, except that—

"(I) subparagraph (C) (relating to the last day on which advances may be made) shall be applied as if the reference to 'September 30, 1995' were a reference to 'September 30, 1997';

"(II) subparagraph (E) (relating to the Secretary's determination of reasonable assurance of reimbursement from the annual Federal payment appropriated to the District of Columbia) shall be applied as if the reference to 'September 30, 1996' were a reference to 'September 30, 1997';

"(III) the Secretary may not make an advance under this subsection unless all advances made under subsections (b) and (c) are fully reimbursed by withholding from the annual Federal payment appropriated to the District of Columbia for the fiscal year ending September 30, 1997, under title V of the District of Columbia Self-Government and Governmental Reorganization Act, and applying toward reimbursement for such advances an amount equal to the amount needed to fully reimburse the Treasury for such advances; and

"(IV) the Secretary may not make an advance under this subsection unless the Secretary has been provided the certifications and information described in paragraphs (3) through (6) of section 602(b).

"(ii) NEW LATEST PERMISSIBLE MATURITY DATE.—The provisions of subsection (a)(4) shall apply with respect to the maturity of advances made under this subsection, in the same manner as such provisions apply with respect to the maturity of advances made before October 1, 1995, except that subparagraph (B) of such subsection (relating to the latest permissible maturity date) shall apply as if the reference to 'September 30, 1995' were a reference to 'September 30, 1997'.

"(C) NEW MAXIMUM AMOUNT OUTSTANDING.—

"(i) IN GENERAL.—Except as provided in clause (iii), if the conditions described in clause (ii) are satisfied, each advance made under this subsection shall be in the amount designated by the Mayor in the Mayor's requisition for such advance.

"(ii) CONDITIONS APPLICABLE TO DESIGNATED AMOUNT.—Clause (i) applies if the Mayor determines that the amount designated in the Mayor's requisition for such advance is needed to accomplish the purpose described in paragraph (1), and the Authority approves such amount.

"(iii) AGGREGATE MAXIMUM AMOUNT OUTSTANDING.—The sum of the anticipated principal and interest requirements of all advances made under this paragraph may not be greater than 100 percent of the fiscal year 1997 limit.

"(iv) FISCAL YEAR 1997 LIMIT DESCRIBED.—In this subparagraph, the 'fiscal year 1997 limit' means the amount authorized to be appropriated to the District of Columbia as the annual Federal payment to the District of Columbia under title V of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year ending September 30, 1997.

"(D) DEPOSIT OF ADVANCES.—As provided in section 204(b) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, each advance made under this subsection for the account of the District shall be deposited by the Secretary into an escrow account held by the Authority.

#### "SEC. 602. SHORT-TERM ADVANCES FOR SEASONAL CASH-FLOW MANAGEMENT.

"(a) IN GENERAL.—If the conditions in subsection (b) are satisfied, the Secretary shall make an advance of funds from time to time, out of any money in the Treasury not other-

wise appropriated, for the purpose of assisting the District government in meeting its general expenditures, as authorized by Congress, at times of seasonal cash-flow deficiencies.

"(b) CONDITIONS TO MAKING ANY SHORT-TERM ADVANCE.—The Secretary shall make an advance under this section if—

"(1) the Mayor delivers to the Secretary a requisition for an advance under this section;

"(2) the date on which the requisitioned advance is to be made is in a control period;

"(3) the Authority certifies to the Secretary that—

"(A) the District government has prepared and submitted a financial plan and budget for the District government;

"(B) there is an approved financial plan and budget in effect under the District of Columbia Financial Responsibility and Management Assistance Act of 1995 for the fiscal year for which the requisition is to be made;

"(C) at the time of the Mayor's requisition for an advance, the District government is in compliance with the financial plan and budget;

"(D) both the receipt of funds from such advance and the reimbursement of Treasury for such advance are consistent with the financial plan and budget for the year; and

"(E) such advance will not adversely affect the financial stability of the District government;

"(4) the Authority certifies to the Secretary, at the time of the Mayor's requisition for an advance, that the District government is effectively unable to obtain credit in the public credit markets or elsewhere in sufficient amounts and on sufficiently reasonable terms to meet the District government's financing needs;

"(5) the Inspector General of the District of Columbia certifies to the Secretary the information described in paragraph (3) by providing the Secretary with a certification conducted by an outside auditor under a contract entered into pursuant to section 208(a)(4) of the District of Columbia Procurement Practices Act of 1985;

"(6) the Secretary receives such additional certifications and opinions relating to the financial position of the District government as the Secretary determines to be appropriate from such other Federal agencies and instrumentalities as the Secretary determines to be appropriate; and

"(7) the Secretary determines that there is reasonable assurance of reimbursement for the advance from the amount authorized to be appropriated as the annual Federal payment to the District of Columbia under title V of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year following the fiscal year in which such advance is made.

"(c) AMOUNT OF ANY SHORT-TERM ADVANCE.—

"(1) IN GENERAL.—Except as provided in paragraph (3), if the conditions in paragraph (2) are satisfied, each advance made under this section shall be in the amount designated by the Mayor in the Mayor's requisition for such advance.

"(2) CONDITIONS APPLICABLE TO DESIGNATED AMOUNT.—Paragraph (1) applies if—

"(A) the Mayor determines that the amount designated in the Mayor's requisition for such advance is needed to accomplish the purpose described in subsection (a); and

"(B) the Authority—

"(i) concurs in the Mayor's determination under subparagraph (A); and

"(ii) determines that the reimbursement obligation of the District government for an advance made under this section in the

amount designated in the Mayor's requisition is consistent with the financial plan for the year.

"(3) MAXIMUM AMOUNT OUTSTANDING.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), the unpaid principal balance of all advances made under this section in any fiscal year of the District government shall not at any time be greater than 100 percent of applicable limit.

"(B) SPECIAL RULE FOR FISCAL YEAR 1997.—The unpaid principal balance of all advances made under this section in fiscal year 1997 of the District government shall not at any time be greater than the difference between—

"(i) 150 percent of the applicable limit for such fiscal year; and

"(ii) the unpaid principal balance of any advances made under section 601(d).

"(C) APPLICABLE LIMIT DEFINED.—In this paragraph, the 'applicable limit' for a fiscal year is the amount authorized under title V of the District of Columbia Self-Government and Governmental Reorganization Act for appropriation as the Federal payment to the District of Columbia for the fiscal year following the fiscal year in which the advance is made.

"(d) MATURITY OF ANY SHORT-TERM ADVANCE.—

"(1) IN GENERAL.—Except as provided in paragraph (3), if the condition in paragraph (2) is satisfied, each advance made under this section shall mature on the date designated by the Mayor in the Mayor's requisition for such advance.

"(2) CONDITION APPLICABLE TO DESIGNATED MATURITY.—Paragraph (1) applies if the Authority determines that the reimbursement obligation of the District government for an advance made under this section having the maturity date designated in the Mayor's requisition is consistent with the financial plan for the year.

"(3) LATEST PERMISSIBLE MATURITY DATE.—Notwithstanding paragraph (1), the maturity date for any advance made under this section shall not be later than 11 months after the date on which such advance is made.

"(e) INTEREST RATE.—Each advance made under this section shall bear interest at an annual rate equal to a rate determined by the Secretary at the time that the Secretary makes such advance taking into consideration the prevailing yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturity of such advance, plus  $\frac{1}{8}$  of 1 percent.

"(f) 10 BUSINESS-DAY ZERO BALANCE REQUIREMENT.—After the expiration of the 12-month period beginning on the date on which the first advance is made under this section, the Secretary shall not make any new advance under this section unless the District government has—

"(1) reduced to zero at the same time the principal balance of all advances made under this section at least once during the previous 12-month period; and

"(2) not requisitioned any advance to be made under this section in any of the 10 business days following such reduction.

"(g) DEPOSIT OF ADVANCES.—As provided in section 204(b) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, advances made under this section for the account of the District government shall be deposited by the Secretary into an escrow account held by the Authority.

#### **"SEC. 603. SECURITY FOR ADVANCES.**

"(a) IN GENERAL.—The Secretary shall require the District government to provide such security for any advance made under this title as the Secretary determines to be appropriate.

"(b) AUTHORITY TO REQUIRE SPECIFIC SECURITY.—As security for any advance made under this title, the Secretary may require the District government to—

"(1) pledge to the Secretary specific taxes and revenue of the District government, if such pledging does not cause the District government to violate existing laws or contracts; and

"(2) establish a debt service reserve fund pledged to the Secretary.

#### **"SEC. 604. REIMBURSEMENT TO THE TREASURY.**

"(a) REIMBURSEMENT AMOUNT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), on any date on which a reimbursement payment is due to the Treasury under the terms of any advance made under this title, the District shall pay to the Treasury the amount of such reimbursement payment out of taxes and revenue collected for the support of the District government.

"(2) EXCEPTIONS FOR TRANSITIONAL ADVANCES.—

"(A) ADVANCES MADE BEFORE OCTOBER 1, 1995.—

"(i) FINANCIAL PLAN AND BUDGET APPROVED.—If the Authority approves a financial plan for the District government before October 1, 1995, the District government may use the proceeds of any advance made under section 602 to discharge its obligation to reimburse the Treasury for any advance made under section 601(a).

"(ii) FINANCIAL PLAN AND BUDGET NOT APPROVED.—If the Authority has not approved a financial plan and budget for the District government by October 1, 1995, the annual Federal payment appropriated to the District government for the fiscal year ending September 30, 1996, shall be withheld and applied to discharge the District government's obligation to reimburse the Treasury for any advance made under section 601(a).

"(B) ADVANCES MADE ON OR AFTER OCTOBER 1, 1995.—

"(i) FINANCIAL PLAN AND BUDGET APPROVED.—If the Authority approves a financial plan and budget for the District government during fiscal year 1996, the District may use the proceeds of any advance made under section 602 to discharge its obligation to reimburse the Treasury for any advance made under section 601(b).

"(ii) FINANCIAL PLAN AND BUDGET NOT APPROVED.—If the Authority has not approved a financial plan and budget for the District government by October 1, 1996, the annual Federal payment appropriated to the District government for the fiscal year ending September 30, 1997, shall be withheld and applied to discharge the District government's obligation to reimburse the Treasury for any advance made under section 601(b).

"(b) REMEDIES FOR FAILURE TO REIMBURSE.—If, on any date on which a reimbursement payment is due to the Treasury under the terms of any advance made under this title, the District government does not make such reimbursement payment, the Secretary shall take the actions listed in this subsection.

"(1) WITHHOLD ANNUAL FEDERAL PAYMENT.—Notwithstanding any other law, before turning over to the Authority (on behalf of the District government under section 205 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995) any annual Federal payment appropriated to the District government for any fiscal year under title V of the District of Columbia Self-Government and Governmental Reorganization Act (if any), the Secretary shall withhold from such annual Federal payment, and apply toward reimbursement for the payment not made, an amount equal to the amount needed to fully reimburse the Treasury for the payment not made.

"(2) WITHHOLD OTHER FEDERAL PAYMENTS.—If, after the Secretary takes the action described in paragraph (1), the Treasury is not fully reimbursed, the Secretary shall withhold from each grant, entitlement, loan, or other payment to the District government by the Federal Government not dedicated to making entitlement or benefit payments to individuals, and apply toward reimbursement for the payment not made, an amount that, when added to the amount withheld from each other such grant, entitlement, loan, or other payment, will be equal to the amount needed to fully reimburse the Treasury for the payment not made.

"(3) ATTACH AVAILABLE DISTRICT REVENUES.—If, after the Secretary takes the actions described in paragraphs (1) and (2), the Treasury is not fully reimbursed, the Secretary shall attach any and all revenues of the District government which the Secretary may lawfully attach, and apply toward reimbursement for the payment not made, an amount equal to the amount needed to fully reimburse the Treasury for the payment not made.

"(4) TAKE OTHER ACTIONS.—If, after the Secretary takes the actions described in paragraphs (1) through (3), the Treasury is not fully reimbursed, the Secretary shall take any and all other actions permitted by law to recover from the District government the amount needed to fully reimburse the Treasury for the payment not made.

#### **"SEC. 605. DEFINITIONS.**

"For purposes of this title—

"(1) the term 'Authority' means the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995;

"(2) the term 'control period' has the meaning given such term under section 305(4) of such Act;

"(3) the term 'District government' has the meaning given such term under section 305(5) of such Act;

"(4) the term 'financial plan and budget' has the meaning given such term under section 305(6) of such Act; and

"(5) the term 'Secretary' means the Secretary of the Treasury."

(d) EXPENDITURE OF FUNDS FROM ACCOUNT IN ACCORDANCE WITH AUTHORITY INSTRUCTIONS.—Any funds allocated by the Authority to the Mayor from the escrow account described in subsection (b)(1) may be expended by the Mayor only in accordance with the terms and conditions established by the Authority at the time the funds are allocated.

(e) PROHIBITION AGAINST BORROWING WHILE SUIT PENDING.—The Mayor may not requisition advances from the Treasury pursuant to title VI of the District of Columbia Revenue Act of 1939 if there is an action filed by the Mayor or the Council which is pending against the Authority challenging the establishment of or any action taken by the Authority.

#### **SEC. 205. DEPOSIT OF ANNUAL FEDERAL PAYMENT WITH AUTHORITY.**

(a) IN GENERAL.—

(1) DEPOSIT INTO ESCROW ACCOUNT.—In the case of a fiscal year which is a control year, the Secretary of the Treasury shall deposit the annual Federal payment to the District of Columbia for the year authorized under title V of the District of Columbia Self-Government and Governmental Reorganization Act into an escrow account held by the Authority, which shall allocate the funds to the Mayor at such intervals and in accordance with such terms and conditions as it considers appropriate to implement the financial plan for the year. In establishing such terms

and conditions, the Authority shall give priority to using the Federal payment for cash flow management and the payment of outstanding bills owed by the District government.

(2) EXCEPTION FOR AMOUNTS WITHHELD FOR ADVANCES.—Paragraph (1) shall not apply with respect to any portion of the Federal payment which is withheld by the Secretary of the Treasury in accordance with section 604 of title VI of the District of Columbia Revenue Act of 1939 (as added by section 204(c)) to reimburse the Secretary for advances made under title VI of such Act.

(b) EXPENDITURE OF FUNDS FROM ACCOUNT IN ACCORDANCE WITH AUTHORITY INSTRUCTIONS.—Any funds allocated by the Authority to the Mayor from the escrow account described in paragraph (1) may be expended by the Mayor only in accordance with the terms and conditions established by the Authority at the time the funds are allocated.

**SEC. 206. EFFECT OF FINDING OF NON-COMPLIANCE WITH FINANCIAL PLAN AND BUDGET.**

(a) SUBMISSION OF REPORTS.—Not later than 30 days after the expiration of each quarter of each fiscal year (beginning with fiscal year 1996), the Mayor shall submit reports to the Authority describing the actual revenues obtained and expenditures made by the District government during the quarter with its cash flows during the quarter, and comparing such actual revenues, expenditures, and cash flows with the most recent projections for these items.

(b) DEMAND FOR ADDITIONAL INFORMATION.—If the Authority determines, based on reports submitted by the Mayor under subsection (a), independent audits, or such other information as the Authority may obtain, that the revenues or expenditures of the District government during a control year are not consistent with the financial plan and budget for the year, the Authority shall require the Mayor to provide such additional information as the Authority determines to be necessary to explain the inconsistency.

(c) CERTIFICATION OF VARIANCE.—

(1) IN GENERAL.—After requiring the Mayor to provide additional information under subsection (b), the Authority shall certify to the Council, the President, the Secretary of the Treasury, and Congress that the District government is at variance with the financial plan and budget unless—

(A)(i) the additional information provides an explanation for the inconsistency which the Authority finds reasonable and appropriate, or

(ii) the District government adopts or implements remedial action (including revising the financial plan and budget pursuant to section 202(e)) to correct the inconsistency which the Authority finds reasonable and appropriate, taking into account the terms of the financial plan and budget; and

(B) the Mayor agrees to submit the reports described in subsection (a) on a monthly basis for such period as the Authority may require.

(2) SPECIAL RULE FOR INCONSISTENCIES ATTRIBUTABLE TO ACTS OF CONGRESS.—

(A) DETERMINATION BY AUTHORITY.—If the Authority determines that the revenues or expenditures of the District government during a control year are not consistent with the financial plan and budget for the year as approved by the Authority under section 202 as a result of the terms and conditions of the budget of the District government for the year as enacted by Congress or as a result of any other law enacted by Congress which affects the District of Columbia, the Authority shall so notify the Mayor.

(B) CERTIFICATION.—In the case of an inconsistency described in subparagraph (A), the Authority shall certify to the Council,

the President, the Secretary of the Treasury, and Congress that the District government is at variance with the financial plan and budget unless the District government adopts or implements remedial action (including revising the financial plan and budget pursuant to section 202(e)) to correct the inconsistency which the Authority finds reasonable and appropriate, taking into account the terms of the financial plan and budget.

(d) EFFECT OF CERTIFICATION.—If the Authority certifies to the Secretary of the Treasury that a variance exists—

(1) the Authority may withhold any funds deposited with the Authority under section 204(b) or section 205(a) which would otherwise be expended on behalf of the District government; and

(2) the Secretary shall withhold funds otherwise payable to the District of Columbia under such Federal programs as the Authority may specify (other than funds dedicated to making entitlement or benefit payments to individuals), in such amounts and under such other conditions as the Authority may specify.

**SEC. 207. RECOMMENDATIONS ON FINANCIAL STABILITY AND MANAGEMENT RESPONSIBILITY.**

(a) IN GENERAL.—The Authority may at any time submit recommendations to the Mayor, the Council, the President, and Congress on actions the District government or the Federal Government may take to ensure compliance by the District government with a financial plan and budget or to otherwise promote the financial stability, management responsibility, and service delivery efficiency of the District government, including recommendations relating to—

(1) the management of the District government's financial affairs, including cash forecasting, information technology, placing controls on expenditures for personnel, reducing benefit costs, reforming procurement practices, and placing other controls on expenditures;

(2) the relationship between the District government and the Federal Government;

(3) the structural relationship of departments, agencies, and independent agencies within the District government;

(4) the modification of existing revenue structures, or the establishment of additional revenue structures;

(5) the establishment of alternatives for meeting obligations to pay for the pensions of former District government employees;

(6) modifications or transfers of the types of services which are the responsibility of and are delivered by the District government;

(7) modifications of the types of services which are delivered by entities other than the District government under alternative service delivery mechanisms (including privatization and commercialization);

(8) the effects of District of Columbia laws and court orders on the operations of the District government;

(9) the establishment of a personnel system for employees of the District government which is based upon employee performance standards; and

(10) the improvement of personnel training and proficiency, the adjustment of staffing levels, and the improvement of training and performance of management and supervisory personnel.

(b) RESPONSE TO RECOMMENDATIONS FOR ACTIONS WITHIN AUTHORITY OF DISTRICT GOVERNMENT.—

(1) IN GENERAL.—In the case of any recommendations submitted under subsection (a) during a control year which are within the authority of the District government to adopt, not later than 90 days after receiving the recommendations, the Mayor or the

Council (whichever has the authority to adopt the recommendation) shall submit a statement to the Authority, the President, and Congress which provides notice as to whether the District government will adopt the recommendations.

(2) IMPLEMENTATION PLAN REQUIRED FOR ADOPTED RECOMMENDATIONS.—If the Mayor or the Council (whichever is applicable) notifies the Authority and Congress under paragraph (1) that the District government will adopt any of the recommendations submitted under subsection (a), the Mayor or the Council (whichever is applicable) shall include in the statement a written plan to implement the recommendation which includes—

(A) specific performance measures to determine the extent to which the District government has adopted the recommendation; and

(B) a schedule for auditing the District government's compliance with the plan.

(3) EXPLANATIONS REQUIRED FOR RECOMMENDATIONS NOT ADOPTED.—If the Mayor or the Council (whichever is applicable) notifies the Authority, the President, and Congress under paragraph (1) that the District government will not adopt any recommendation submitted under subsection (a) which the District government has authority to adopt, the Mayor or the Council shall include in the statement explanations for the rejection of the recommendations.

(c) IMPLEMENTATION OF REJECTED RECOMMENDATIONS BY AUTHORITY.—

(1) IN GENERAL.—If the Mayor or the Council (whichever is applicable) notifies the Authority, the President, and Congress under subsection (b)(1) that the District government will not adopt any recommendation submitted under subsection (a) which the District government has authority to adopt, the Authority may by a majority vote of its members take such action concerning the recommendation as it deems appropriate, after consulting with the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(2) EFFECTIVE DATE.—This subsection shall apply with respect to recommendations of the Authority made after the expiration of the 6-month period which begins on the date of the enactment of this Act.

**SEC. 208. SPECIAL RULES FOR FISCAL YEAR 1996.**

(a) ADOPTION OF TRANSITION BUDGET.—Notwithstanding any provision of section 202 to the contrary, in the case of fiscal year 1996, the following rules shall apply:

(1) Not later than 45 days after the appointment of its members, the Authority shall review the proposed budget for the District of Columbia for such fiscal year submitted to Congress under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act (taking into account any items or provisions disapproved by the Mayor or disapproved by the Mayor and reenacted by the Council under section 404(f) of the District of Columbia Self-Government and Governmental Reorganization Act, as amended by section 202(f)(2)) and the multiyear plan for the District of Columbia prepared pursuant to section 443 of the District of Columbia Self-Government and Governmental Reorganization Act, and shall submit any recommendations for modifications to such financial plan and budget to promote the financial stability of the District government to the Mayor, the Council, the President, and Congress.

(2) Not later than 15 days after receiving the recommendations of the Authority submitted under paragraph (1), the Council (in consultation with the Mayor) shall promptly adopt a revised budget for the fiscal year (in this section referred to as the "transition

budget"), and shall submit the transition budget to the Authority, the President, and Congress.

(3) Not later than 15 days after receiving the transition budget from the Council under paragraph (2), the Authority shall submit a report to the Mayor, the Council, the President, and Congress analyzing the budget (taking into account any items or provisions disapproved by the Mayor or disapproved by the Mayor and reenacted by the Council under section 404(f) of the District of Columbia Self-Government and Governmental Reorganization Act, as amended by section 202(f)(2)), and shall include in the report such recommendations for revisions to the transition budget as the Authority considers appropriate to promote the financial stability of the District government during the fiscal year.

**(b) FINANCIAL PLAN AND BUDGET.—**

(1) **DEADLINE FOR SUBMISSION.**—For purposes of section 202, the Mayor shall submit the financial plan and budget for fiscal year 1996 as soon as practicable after the date of the enactment of this Act (in accordance with guidelines established by the Authority).

(2) **ADOPTION BY COUNCIL.**—In accordance with the procedures applicable under section 202 (including procedures providing for review by the Authority)—

(A) the Council shall adopt the financial plan and budget for the fiscal year (including the supplemental budget incorporated in the financial plan and budget) prior to the submission by the Mayor of the financial plan and budget for fiscal year 1997 under section 202(a); and

(B) the financial plan and budget adopted by the Council (and, in the case of a financial plan and budget disapproved by the Authority, together with the financial plan and budget approved and recommended by the Authority) shall be submitted to Congress (in accordance with the procedures applicable under such section) as a supplemental budget request for fiscal year 1996 (in accordance with section 446 of the District of Columbia Self-Government and Governmental Reorganization Act).

(3) **TRANSITION BUDGET AS TEMPORARY FINANCIAL PLAN AND BUDGET.**—Until the approval of the financial plan and budget for fiscal year 1996 by the Authority under this subsection, the transition budget established under subsection (a) (as enacted by Congress) shall serve as the financial plan and budget adopted under this subtitle for purposes of this Act (and any provision of law amended by this Act) for fiscal year 1996.

**(c) RESTRICTIONS ON ADVANCES FROM TREASURY.—**

(1) **MONTHLY DETERMINATION OF PROGRESS TOWARD FINANCIAL PLAN AND BUDGET.**—During each month of fiscal year 1996 prior to the adoption of the financial plan and budget, the Authority shall determine whether the District government is making appropriate progress in preparing and adopting a financial plan and budget for the fiscal year under this subtitle.

(2) **CERTIFICATION.**—The Authority shall provide the President and Congress with a certification if the Authority finds that the District government is not making appropriate progress in developing the financial plan and budget for a month, and shall notify the President and Congress that the certification is no longer in effect if the Authority finds that the District government is making such progress after the certification is provided.

(3) **PROHIBITION AGAINST ALLOCATION OF ADVANCES IF CERTIFICATION IN EFFECT.**—At any time during which a certification under paragraph (2) is in effect, Authority may not allocate any funds obtained through ad-

vances to the Mayor under title VI of the District of Columbia Revenue Act of 1939 from the escrow account in which the funds are held.

**SEC. 209. CONTROL PERIODS DESCRIBED.**

(a) **INITIATION.**—For purposes of this Act, a "control period" is initiated upon the occurrence of any of the following events (as determined by the Authority based upon information obtained through the Mayor, the Inspector General of the District of Columbia, or such other sources as the Authority considers appropriate):

(1) The requisitioning by the Mayor of advances from the Treasury of the United States under title VI of the District of Columbia Revenue Act of 1939 (sec. 47-3401, D.C. Code), or the existence of any unreimbursed amounts obtained pursuant to such authority.

(2) The failure of the District government to provide sufficient revenue to a debt service reserve fund of the Authority under subtitle B.

(3) The default by the District government with respect to any loans, bonds, notes, or other form of borrowing.

(4) The failure of the District government to meet its payroll for any pay period.

(5) The existence of a cash deficit of the District government at the end of any quarter of the fiscal year in excess of the difference between the estimated revenues of the District government and the estimated expenditures of the District government (including repayments of temporary borrowings) during the remainder of the fiscal year or the remainder of the fiscal year together with the first 6 months of the succeeding fiscal year (as determined by the Authority in consultation with the Chief Financial Officer of the District of Columbia).

(6) The failure of the District government to make required payments relating to pensions and benefits for current and former employees of the District government.

(7) The failure of the District government to make required payments to any entity established under an interstate compact to which the District of Columbia is a signatory.

**(b) TERMINATION.—**

(1) **IN GENERAL.**—A control period terminates upon the certification by the Authority that—

(A) the District government has adequate access to both short-term and long-term credit markets at reasonable interest rates to meet its borrowing needs; and

(B) for 4 consecutive fiscal years (occurring after the date of the enactment of this Act) the expenditures made by the District government during each of the years did not exceed the revenues of the District government during such years (as determined in accordance with generally accepted accounting principles, as contained in the comprehensive annual financial report for the District of Columbia under section 448(a)(4) of the District of Columbia Self-Government and Governmental Reorganization Act).

(2) **CONSULTATION WITH INSPECTOR GENERAL.**—In making the determination under this subsection, the Authority shall consult with the Inspector General of the District of Columbia.

(c) **CONTROL PERIOD DEEMED TO EXIST UPON ENACTMENT.**—For purposes of this subtitle, a control period is deemed to exist upon the enactment of this Act.

**Subtitle B—Issuance of Bonds**

**SEC. 211. AUTHORITY TO ISSUE BONDS.**

**(a) IN GENERAL.—**

(1) **REQUEST OF MAYOR.**—Subject to the requirements of this subtitle, the Authority may at the request of the Mayor pursuant to an Act of the Council issue bonds, notes, or other obligations to borrow funds to obtain

funds for the use of the District government, in such amounts and in such manner as the Authority considers appropriate.

(2) **SPECIAL RULE FOR INSTRUMENTALITIES WITH INDEPENDENT BORROWING AUTHORITY.**—In the case of an agency or instrumentality of the District government which under law has the authority to issue bonds, notes, or obligations to borrow funds without the enactment of an Act of the Council, the Authority may issue bonds, notes, or other obligations to borrow funds for the use or functions of such agency or instrumentality at the request of the head of the agency or instrumentality.

(b) **DEPOSIT OF FUNDS OBTAINED THROUGH BORROWING WITH AUTHORITY.**—Any funds obtained by the District government through borrowing by the Authority pursuant to this subtitle shall be deposited into an escrow account held by the Authority, which shall allocate such funds to the District government in such amounts and at such times as the Authority considers appropriate, consistent with the specified purposes of such funds and the applicable financial plan and budget under subtitle A.

(c) **USES OF FUNDS OBTAINED THROUGH BONDS.**—Any funds obtained through the issuance of bonds, notes, or other obligations pursuant to this subtitle may be used for any purpose (consistent with the applicable financial plan and budget) under subtitle A for which the District government may use borrowed funds under the District of Columbia Self-Government and Governmental Reorganization Act and for any other purpose which the Authority considers appropriate.

**SEC. 212. PLEDGE OF SECURITY INTEREST IN REVENUES OF DISTRICT GOVERNMENT.**

(a) **IN GENERAL.**—The Authority may pledge or grant a security interest in revenues to individuals or entities purchasing bonds, notes, or other obligations issued pursuant to this subtitle.

(b) **DEDICATION OF REVENUE STREAM FROM DISTRICT GOVERNMENT.**—The Authority shall require the Mayor—

(1) to pledge or direct taxes or other revenues otherwise payable to the District government (which are not otherwise pledged or committed), including payments from the Federal Government, to the Authority for purposes of securing repayment of bonds, notes, or other obligations issued pursuant to this subtitle; and

(2) to transfer the proceeds of any tax levied for purposes of securing such bonds, notes, or other obligations to the Authority immediately upon collection.

**SEC. 213. ESTABLISHMENT OF DEBT SERVICE RESERVE FUND.**

(a) **IN GENERAL.**—As a condition for the issuance of bonds, notes, or other obligations pursuant to this subtitle, the Authority shall establish a debt service reserve fund in accordance with this section.

**(b) REQUIREMENTS FOR FUND.—**

(1) **FUND DESCRIBED.**—A debt service reserve fund established by the Authority pursuant to this subsection shall consist of such funds as the Authority may make available, and shall be a trust fund held for the benefit and security of the obligees of the Authority whose bonds, notes, or other obligations are secured by such fund.

(2) **USES OF FUNDS.**—Amounts in a debt service reserve fund may be used solely for the payment of the principal of bonds secured in whole or in part by such fund, the purchase or redemption of such bonds, the payment of interest on such bonds, or the payment of any redemption premium required to be paid when such bonds and notes are redeemed prior to maturity.

(3) **RESTRICTIONS ON WITHDRAWALS.—**

(A) IN GENERAL.—Amounts in a debt service reserve fund may not be withdrawn from the fund at any time in an amount that would reduce the amount of the fund to less than the minimum reserve fund requirement established for such fund in the resolution of the Authority creating such fund, except for withdrawals for the purpose of making payments when due of principal, interest, redemption premiums and sinking fund payments, if any, with respect to such bonds for the payment of which other moneys of the Authority are not available, and for the purpose of funding the operations of the Authority for a fiscal year (in such amounts and under such conditions as are established under the budget of the Authority for the fiscal year under section 106(a)).

(B) USE OF EXCESS FUNDS.—Nothing in subparagraph (A) may be construed to prohibit the Authority from transferring any income or interest earned by, or increments to, any debt service reserve fund due to the investment thereof to other funds or accounts of the Authority (to the extent such transfer does not reduce the amount of the debt service reserve fund below the minimum reserve fund requirement established for such fund) for such purposes as the Authority considers appropriate to promote the financial stability and management efficiency of the District government.

#### **SEC. 214. OTHER REQUIREMENTS FOR ISSUANCE OF BONDS.**

(a) MINIMUM DEBT SERVICE RESERVE FUND REQUIREMENT.—The Authority may not at any time issue bonds, notes, or other obligations pursuant to this subtitle which are secured in whole or in part by a debt service reserve fund under section 213 if issuance of such bonds would cause the amount in the debt reserve fund to fall below the minimum reserve requirement for such fund, unless the Authority at the time of issuance of such bonds shall deposit in the fund an amount (from the proceeds of the bonds to be issued or from other sources) which when added to the amount already in such fund will cause the total amount on deposit in such fund to equal or exceed the minimum reserve fund requirement established by the Authority at the time of the establishment of the fund.

(b) AMOUNTS INCLUDED IN AGGREGATE LIMIT ON DISTRICT BORROWING.—Any amounts provided to the District government through the issuance of bonds, notes, or other obligations to borrow funds pursuant to this subtitle shall be taken into account in determining whether the amount of funds borrowed by the District of Columbia during a fiscal year exceeds the limitation on such amount provided under section 603(b) of the District of Columbia Self-Government and Governmental Reorganization Act.

#### **SEC. 215. NO FULL FAITH AND CREDIT OF THE UNITED STATES.**

The full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by the Authority pursuant to this subtitle. The United States is not responsible or liable for the payment of any principal of or interest on any bond, note, or other obligation issued by the Authority pursuant to this subtitle.

##### **Subtitle C—Other Duties of Authority**

#### **SEC. 221. DUTIES OF AUTHORITY DURING YEAR OTHER THAN CONTROL YEAR.**

(a) IN GENERAL.—During the period beginning upon the termination of a control period pursuant to section 209(b) and ending with the suspension of its activities pursuant to section 107(a), the Authority shall conduct the following activities:

(1) The Authority shall review the budgets of the District government adopted by the

Council under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act for each fiscal year occurring during such period.

(2) At such time prior to the enactment of such budget by Congress as the Authority considers appropriate, the Authority shall prepare a report analyzing the budget and submit the report to the Mayor, the Council, the President, and Congress.

(3) The Authority shall monitor the financial status of the District government and shall submit reports to the Mayor, the Council, the President, and Congress if the Authority determines that a risk exists that a control period may be initiated pursuant to section 209(a).

(4) The Authority shall carry out activities under subtitle B with respect to bonds, notes, or other obligations of the Authority outstanding during such period.

(b) REQUIRING MAYOR TO SUBMIT BUDGETS TO AUTHORITY.—With respect to the budget for each fiscal year occurring during the period described in subsection (a), at the time the Mayor submits the budget of the District government adopted by the Council to the President under section 446 of the District of Columbia Self-Government and Governmental Reorganization Act, the Mayor shall submit such budget to the Authority.

#### **SEC. 222. GENERAL ASSISTANCE IN ACHIEVING FINANCIAL STABILITY AND MANAGEMENT EFFICIENCY.**

In addition to any other actions described in this title, the Authority may undertake cooperative efforts to assist the District government in achieving financial stability and management efficiency, including—

(1) assisting the District government in avoiding defaults, eliminating and liquidating deficits, maintaining sound budgetary practices, and avoiding interruptions in the delivery of services;

(2) assisting the District government in improving the delivery of municipal services, the training and effectiveness of personnel of the District government, and the efficiency of management and supervision; and

(3) making recommendations to the President for transmission to Congress on changes to this Act or other Federal laws, or other actions of the Federal Government, which would assist the District government in complying with an approved financial plan and budget under subtitle A.

#### **SEC. 223. OBTAINING REPORTS.**

The Authority may require the Mayor, the Chair of the Council, the Chief Financial Officer of the District of Columbia, and the Inspector General of the District of Columbia, to prepare and submit such reports as the Authority considers appropriate to assist it in carrying out its responsibilities under this Act, including submitting copies of any reports regarding revenues, expenditures, budgets, costs, plans, operations, estimates, and other financial or budgetary matters of the District government.

#### **SEC. 224. REPORTS AND COMMENTS.**

(a) ANNUAL REPORTS TO CONGRESS.—Not later than 30 days after the last day of each fiscal year which is a control year, the Authority shall submit a report to Congress describing—

(1) the progress made by the District government in meeting the objectives of this Act during the fiscal year;

(2) the assistance provided by the Authority to the District government in meeting the purposes of this Act for the fiscal year; and

(3) any other activities of the Authority during the fiscal year.

(b) REVIEW AND ANALYSIS OF PERFORMANCE AND FINANCIAL ACCOUNTABILITY REPORTS.—

(1) IN GENERAL.—The Authority shall review each report prepared and submitted by the Mayor under section 456 of the District of Columbia Self-Government and Governmental Reorganization Act (as added by section 3(a) of the Federal Payment Reauthorization Act of 1994), and shall submit a report to Congress analyzing the completeness and accuracy of such reports.

(2) SUBMISSION OF REPORTS BY MAYOR.—Section 456 of the District of Columbia Self-Government and Governmental Reorganization Act, as added by section 3(a) of the Federal Payment Reauthorization Act of 1994, is amended by adding at the end the following new subsection:

“(e) SUBMISSION OF REPORTS TO DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.—In the case of any report submitted by the Mayor under this section for a fiscal year (or any quarter of a fiscal year) which is a control year under the District of Columbia Financial Responsibility and Management Assistance Act of 1995, the Mayor shall submit the report to the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of such Act in addition to any other individual to whom the Mayor is required to submit the report under this section.”.

(c) COMMENTS REGARDING ACTIVITIES OF DISTRICT GOVERNMENT.—At any time during a control year, the Authority may submit a report to Congress describing any action taken by the District government (or any failure to act by the District government) which the Authority determines will adversely affect the District government's ability to comply with an approved financial plan and budget under subtitle A or will otherwise have a significant adverse impact on the best interests of the District of Columbia.

(d) REPORTS ON EFFECT OF FEDERAL LAWS ON DISTRICT GOVERNMENT.—At any time during any year, the Authority may submit a report to the Mayor, the Council, the President, and Congress on the effect of laws enacted by Congress on the financial plan and budget for the year and on the financial stability and management efficiency of the District government in general.

(e) MAKING REPORTS PUBLICLY AVAILABLE.—The Authority shall make any report submitted under this section available to the public, except to the extent that the Authority determines that the report contains confidential material.

### **TITLE III—MISCELLANEOUS PROVISIONS**

#### **SEC. 301. OTHER DISTRICT BUDGET REFORMS.**

(a) INCLUSION OF ALL FUNDS OF DISTRICT IN BUDGET OF DISTRICT GOVERNMENT.—

(1) IN GENERAL.—Section 103 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-202, D.C. Code) is amended—

(A) by amending paragraph (10) to read as follows:

“(10) The term ‘District revenues’ means all funds derived from taxes, fees, charges, miscellaneous receipts, the annual Federal payment to the District authorized under title V, grants and other forms of financial assistance, or the sale of bonds, notes, or other obligations, and any funds administered by the District government under cost sharing arrangements.”;

(B) by amending paragraph (14) to read as follows:

“(14) The term ‘resources’ means revenues, balances, enterprise or other revolving funds, and funds realized from borrowing.”; and

(C) by amending paragraph (15) to read as follows:

"(15) The term 'budget' means the entire request for appropriations or loan or spending authority for all activities of all departments or agencies of the District of Columbia financed from all existing, proposed or anticipated resources, and shall include both operating and capital expenditures."

(2) **EFFECTIVE DATE.**—The amendments made by paragraph (1) shall apply with respect to revenues, resources, and budgets of the District of Columbia for fiscal years beginning with fiscal year 1996.

(b) **RESTRICTIONS ON REPROGRAMMING OF FUNDS.**—

(1) **IN GENERAL.**—Section 446 of such Act (sec. 47-304, D.C. Code) is amended by adding at the end the following: "After the adoption of the annual budget for a fiscal year (beginning with the annual budget for fiscal year 1995), no reprogramming of amounts in the budget may occur unless the Mayor submits to the Council a request for such reprogramming and the Council approves the request, but only if any additional expenditures provided under such request for an activity are offset by reductions in expenditures for another activity."

(2) **CONFORMING AMENDMENT.**—Section 5 of D.C. Law 3-100 (sec. 47-364, D.C. Code) is hereby repealed.

(c) **PERMITTING COUNCIL TO REQUEST BUDGET ADJUSTMENTS FROM MAYOR.**—Section 442 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 47-301, D.C. Code) is amended by adding at the end the following new subsection:

"(d) The Mayor shall prepare and submit to the Council a proposed supplemental or deficiency budget recommendation under subsection (c) if the Council by resolution requests the Mayor to submit such a recommendation."

(d) **REQUIRING BUDGETARY IMPACT STATEMENTS TO ACCOMPANY ACTS OF COUNCIL.**—

(1) **IN GENERAL.**—Section 602(c) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-233(c), D.C. Code) is amended by adding at the end the following new paragraph:

"(3) The Council shall submit with each Act transmitted under this subsection an estimate of the costs which will be incurred by the District of Columbia as a result of the enactment of the Act in each of the first 4 fiscal years for which the Act is in effect, together with a statement of the basis for such estimate."

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to Acts of the Council transmitted on or after October 1, 1995.

(e) **EXTENSION OF AUTHORIZATION OF ANNUAL FEDERAL PAYMENT.**—Section 503(c) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 47-3406.1(c), D.C. Code), as added by section 2 of the Federal Payment Reauthorization Act of 1994, is amended by striking "fiscal year 1996" and inserting "each of the fiscal years 1996, 1997, 1998, and 1999".

#### **SEC. 302. ESTABLISHMENT OF CHIEF FINANCIAL OFFICER OF DISTRICT OF COLUMBIA.**

(a) **IN GENERAL.**—Part B of title IV of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end the following new section:

"CHIEF FINANCIAL OFFICER OF THE DISTRICT OF COLUMBIA

"SEC. 424. (a) **ESTABLISHMENT OF OFFICE.**—

"(1) **IN GENERAL.**—There is hereby established within the executive branch of the government of the District of Columbia an Office of the Chief Financial Officer of the District of Columbia (hereafter referred to as the 'Office'), which shall be headed by the

Chief Financial Officer of the District of Columbia (hereafter referred to as the 'Chief Financial Officer').

"(2) **OFFICE OF THE TREASURER.**—The Office shall include the Office of the Treasurer, which shall be headed by the Treasurer of the District of Columbia, who shall be appointed by the Chief Financial Officer and subject to the Chief Financial Officer's direction and control.

"(3) **TRANSFER OF OTHER OFFICES.**—Effective with the appointment of the first Chief Financial Officer under subsection (b), the functions and personnel of the following offices are transferred to the Office:

"(A) The Controller of the District of Columbia.

"(B) The Office of the Budget.

"(C) The Office of Financial Information Services.

"(D) The Department of Finance and Revenue.

"(4) **SERVICE OF HEADS OF OTHER OFFICES.**—

"(A) **OFFICE HEADS APPOINTED BY MAYOR.**—With respect to the head of the Office of the Budget and the head of the Department of Finance and Revenue—

"(i) the Mayor shall appoint such individuals with the advice and consent of the Council, subject to the approval of the Authority during a control year; and

"(ii) during a control year, the Authority may remove such individuals from office for cause, after consultation with the Mayor.

"(B) **OFFICE HEADS APPOINTED BY CHIEF FINANCIAL OFFICER.**—With respect to the Controller of the District of Columbia and the head of the Office of Financial Information Services—

"(i) the Chief Financial Officer shall appoint such individuals subject to the approval of the Mayor; and

"(ii) the Chief Financial Officer may remove such individuals from office for cause, after consultation with the Mayor.

"(b) **APPOINTMENT.**—

"(1) **IN GENERAL.**—

"(A) **CONTROL YEAR.**—During a control year, the Chief Financial Officer shall be appointed by the Mayor as follows:

"(i) Prior to the appointment of the Chief Financial Officer, the Authority may submit recommendations for the appointment to the Mayor.

"(ii) In consultation with the Authority and the Council, the Mayor shall nominate an individual for appointment and notify the Council of the nomination.

"(iii) After the expiration of the 7-day period which begins on the date the Mayor notifies the Council of the nomination under clause (ii), the Mayor shall notify the Authority of the nomination.

"(iv) The nomination shall be effective subject to approval by a majority vote of the Authority.

"(B) **OTHER YEARS.**—During a year other than a control year, the Chief Financial Officer shall be appointed by the Mayor with the advice and consent of the Council. Prior to appointment, the Authority may submit recommendations for the appointment.

"(2) **REMOVAL.**—

"(A) **CONTROL YEAR.**—During a control year, the Chief Financial Officer may be removed for cause by the Authority or by the Mayor with the approval of the Authority.

"(B) **OTHER YEARS.**—During a year other than a control year, the Chief Financial Officer shall serve at the pleasure of the Mayor, except that the Chief Financial Officer may only be removed for cause.

"(3) **SALARY.**—The Chief Financial Officer shall be paid at an annual rate determined by the Mayor, except that such rate may not exceed the rate of basic pay payable for level IV of the Executive Schedule.

"(c) **FUNCTIONS DURING CONTROL YEAR.**—During a control year, the Chief Financial Officer shall have the following duties:

"(1) Preparing the financial plan and budget for the use of the Mayor for purposes of subtitle A of title II of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

"(2) Preparing the budgets of the District of Columbia for the year for the use of the Mayor for purposes of part D.

"(3) Assuring that all financial information presented by the Mayor is presented in a manner, and is otherwise consistent with, the requirements of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

"(4) Implementing appropriate procedures and instituting such programs, systems, and personnel policies within the Officer's authority, to ensure that budget, accounting and personnel control systems and structures are synchronized for budgeting and control purposes on a continuing basis.

"(5) With the approval of the Authority, preparing and submitting to the Mayor and the Council—

"(A) annual estimates of all revenues of the District of Columbia (without regard to the source of such revenues), including proposed revenues, which shall be binding on the Mayor and the Council for purposes of preparing and submitting the budget of the District government for the year under part D, except that the Mayor and the Council may prepare the budget based on estimates of revenues which are lower than those prepared by the Chief Financial Officer; and

"(B) quarterly re-estimates of the revenues of the District of Columbia during the year.

"(6) Supervising and assuming responsibility for financial transactions to ensure adequate control of revenues and resources, and to ensure that appropriations are not exceeded.

"(7) Maintaining systems of accounting and internal control designed to provide—

"(A) full disclosure of the financial impact of the activities of the District government;

"(B) adequate financial information needed by the District government for management purposes;

"(C) effective control over, and accountability for, all funds, property, and other assets of the District of Columbia; and

"(D) reliable accounting results to serve as the basis for preparing and supporting agency budget requests and controlling the execution of the budget.

"(8) Submitting to the Council a financial statement of the District government, containing such details and at such times as the Council may specify.

"(9) Supervising and assuming responsibility for the assessment of all property subject to assessment and special assessments within the corporate limits of the District of Columbia for taxation, preparing tax maps, and providing such notice of taxes and special assessments (as may be required by law).

"(10) Supervising and assuming responsibility for the levying and collection of all taxes, special assessments, licensing fees, and other revenues of the District of Columbia (as may be required by law), and receiving all amounts paid to the District of Columbia from any source (including the Authority).

"(11) Maintaining custody of all public funds belonging to or under the control of the District government (or any department or agency of the District government), and depositing all amounts paid in such depositories and under such terms and conditions as may be designated by the Council or the Authority.



"(12) Maintaining custody of all investment and invested funds of the District government or in possession of the District government in a fiduciary capacity, and maintaining the safekeeping of all bonds and notes of the District government and the receipt and delivery of District government bonds and notes for transfer, registration, or exchange.

"(13) Apportioning the total of all appropriations and funds made available during the year for obligation so as to prevent obligation or expenditure in a manner which would result in a deficiency or a need for supplemental appropriations during the year, and (with respect to appropriations and funds available for an indefinite period and all authorizations to create obligations by contract in advance of appropriations) apportioning the total of such appropriations, funds, or authorizations in the most effective and economical manner.

"(14) Certifying all contracts (whether directly or through delegation) prior to execution as to the availability of funds to meet the obligations expected to be incurred by the District government under such contracts during the year.

"(15) Prescribing the forms of receipts, vouchers, bills, and claims to be used by all agencies, offices, and instrumentalities of the District government.

"(16) Certifying and approving prior to payment all bills, invoices, payrolls, and other evidences of claims, demands, or charges against the District government, and determining the regularity, legality, and correctness of such bills, invoices, payrolls, claims, demands, or charges.

"(17) In coordination with the Inspector General of the District of Columbia, performing internal audits of accounts and operations and records of the District government, including the examination of any accounts or records of financial transactions, giving due consideration to the effectiveness of accounting systems, internal control, and related administrative practices of the departments and agencies of the District government.

"(d) FUNCTIONS DURING ALL YEARS.—At all times, the Chief Financial Officer shall have the following duties:

"(1) Exercising responsibility for the administration and supervision of the District of Columbia Treasurer (except that the Chief Financial Officer may delegate any portion of such responsibility as the Chief Financial Officer considers appropriate and consistent with efficiency).

"(2) Administering all borrowing programs of the District government for the issuance of long-term and short-term indebtedness.

"(3) Administering the cash management program of the District government, including the investment of surplus funds in governmental and non-governmental interest-bearing securities and accounts.

"(4) Administering the centralized District government payroll and retirement systems.

"(5) Governing the accounting policies and systems applicable to the District government.

"(6) Preparing appropriate annual, quarterly, and monthly financial reports of the accounting and financial operations of the District government.

"(7) Not later than 120 days after the end of each fiscal year (beginning with fiscal year 1995), preparing the complete financial statement and report on the activities of the District government for such fiscal year, for the use of the Mayor under section 448(a)(4) of the District of Columbia Self-Government and Governmental Reorganization Act.

"(e) FUNCTIONS OF TREASURER.—At all times, the Treasurer shall have the following duties:

"(1) Assisting the Chief Financial Officer in reporting revenues received by the District government, including submitting annual and quarterly reports concerning the cash position of the District government not later than 60 days after the last day of the quarter (or year) involved. Such reports shall include:

"(A) Comparative reports of revenue and other receipts by source, including tax, nontax, and Federal revenues, grants and reimbursements, capital program loans, and advances. Each source shall be broken down into specific components.

"(B) Statements of the cash flow of the District government for the preceding quarter or year, including receipts, disbursements, net changes in cash inclusive of the beginning balance, cash and investment, and the ending balance, inclusive of cash and investment. Such statements shall reflect the actual, planned, better or worse dollar amounts and the percentage change with respect to the current quarter, year-to-date, and fiscal year.

"(C) Quarterly cash flow forecast for the quarter or year involved, reflecting receipts, disbursements, net change in cash inclusive of the beginning balance, cash and investment, and the ending balance, inclusive of cash and investment with respect to the actual dollar amounts for the quarter or year, and projected dollar amounts for each of the 3 succeeding quarters.

"(D) Monthly reports reflecting a detailed summary analysis of all District of Columbia government investments, including, but not limited to—

"(i) the total of long-term and short-term investments;

"(ii) a detailed summary analysis of investments by type and amount, including purchases, sales (maturities), and interest;

"(iii) an analysis of investment portfolio mix by type and amount, including liquidity, quality/risk of each security, and similar information;

"(iv) an analysis of investment strategy, including near-term strategic plans and projects of investment activity, as well as forecasts of future investment strategies based on anticipated market conditions, and similar information;

"(v) an analysis of cash utilization, including—

"(i) comparisons of budgeted percentages of total cash to be invested with actual percentages of cash invested and the dollar amounts;

"(ii) comparisons of the next return on invested cash expressed in percentages (yield) with comparable market indicators and established District of Columbia government yield objectives; and

"(iii) comparisons of estimated dollar return against actual dollar yield.

"(E) Monthly reports reflecting a detailed summary analysis of long-term and short-term borrowings inclusive of debt as authorized by section 603, in the current fiscal year and the amount of debt for each succeeding fiscal year not to exceed 5 years. All such reports shall reflect—

"(i) the amount of debt outstanding by type of instrument;

"(ii) the amount of authorized and unissued debt, including availability of short-term lines of credit, United States Treasury borrowings, and similar information;

"(iii) a maturity schedule of the debt;

"(iv) the rate of interest payable upon the debt; and

"(v) the amount of debt service requirements and related debt service reserves.

"(2) Such other functions assigned to the Chief Financial Officer under subsection (c)

or subsection (d) as the Chief Financial Officer may delegate.

"(f) DEFINITIONS.—In this section—

"(1) the term 'Authority' means the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995;

"(2) the term 'control year' has the meaning given such term under section 305(4) of such Act; and

"(3) the term 'District government' has the meaning given such term under section 305(5) of such Act."

(b) PROHIBITING DELEGATION OF CHIEF FINANCIAL OFFICER'S AUTHORITY.—Section 422(6) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-242(6), D.C. Code) is amended by adding at the end the following: "Nothing in the previous sentence may be construed to permit the Mayor to delegate any functions assigned to the Chief Financial Officer of the District of Columbia under section 424, without regard to whether such functions are assigned to the Chief Financial Officer under such section during a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995) or during any other year."

(c) CONFORMING AMENDMENT.—Effective upon the appointment of the Chief Financial Officer of the District of Columbia under section 424(b) of the District of Columbia Self-Government and Governmental Reorganization Act (as added by subsection (a)), D.C. Law 3-138 (sec. 47-314 et seq., D.C. Code) is repealed.

(d) CLERICAL AMENDMENT.—The table of contents of part B of title IV of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end the following new item:

"Sec. 424. Chief Financial Officer of the District of Columbia."

#### **SEC. 303. REVISIONS TO POWERS AND DUTIES OF INSPECTOR GENERAL OF DISTRICT OF COLUMBIA.**

(a) APPOINTMENT AND TERM OF SERVICE; INDEPENDENCE OF BUDGET.—Section 208(a) of the District of Columbia Procurement Practices Act of 1985 (sec. 1-1182.8(a), D.C. Code) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1)(A) There is created within the executive branch of the government of the District of Columbia the Office of the Inspector General. The Office shall be headed by an Inspector General appointed pursuant to subparagraph (B), who shall serve for a term of 6 years and shall be subject to removal only for cause by the Mayor (with the approval of the District of Columbia Financial Responsibility and Management Assistance Authority in a control year) or (in the case of a control year) by the Authority. The Inspector General may be reappointed for additional terms.

"(B) During a control year, the Inspector General shall be appointed by the Mayor as follows:

"(i) Prior to the appointment of the Inspector General, the Authority may submit recommendations for the appointment to the Mayor.

"(ii) In consultation with the Authority and the Council, the Mayor shall nominate an individual for appointment and notify the Council of the nomination.

"(iii) After the expiration of the 7-day period which begins on the date the Mayor notifies the Council of the nomination under clause (ii), the Mayor shall notify the Authority of the nomination.

(iv) The nomination shall be effective subject to approval by a majority vote of the Authority.

(C) During a year which is not a control year, the Inspector General shall be appointed by the Mayor with the advice and consent of the Council. Prior to appointment, the Authority may submit recommendations for the appointment.

(D) The Inspector General shall be appointed without regard to party affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial management analysis, public administration, or investigations.

(E) The Inspector General shall be paid at an annual rate determined by the Mayor, except that such rate may not exceed the rate of basic pay payable for level IV of the Executive Schedule.

(2) The annual budget for the Office shall be adopted as follows:

(A) The Inspector General shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia under part D of title IV of the District of Columbia Self-Government and Governmental Reorganization Act for the year, annual estimates of the expenditures and appropriations necessary for the operation of the Office for the year. All such estimates shall be forwarded by the Mayor to the Council of the District of Columbia for its action pursuant to sections 446 and 603(c) of such Act, without revision but subject to recommendations. Notwithstanding any other provision of such Act, the Council may comment or make recommendations concerning such estimates, but shall have no authority to revise such estimates.

(B) Upon receipt of the annual Federal payment for the District of Columbia authorized under title V of the District of Columbia Self-Government and Governmental Reorganization Act, the Mayor shall deposit a portion of the payment (equal to the estimate of necessary appropriations described in subparagraph (A)) into a dedicated fund within the government of the District of Columbia.

(C) Amounts deposited in the dedicated fund described in subparagraph (B) shall be available solely for the operation of the Office, and shall be paid to the Inspector General by the Mayor (acting through the Chief Financial Officer of the District of Columbia) in such installments and at such times as the Inspector General requires.

(b) ADDITIONAL POWERS AND DUTIES.—

(1) IN GENERAL.—Section 208(a)(3) of the District of Columbia Procurement Practices Act of 1985 (sec. 1-1182.8(a)(3), D.C. Code) is amended—

(A) by striking “and” at the end of subparagraph (E);

(B) by striking the period at the end of subparagraph (F) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

(G) Pursuant to a contract described in paragraph (4), provide certifications under section 602(b)(5) of title VI of the District of Columbia Revenue Act of 1939;

(H) Pursuant to a contract described in paragraph (4), audit the complete financial statement and report on the activities of the District government for such fiscal year, for the use of the Mayor under section 448(a)(4) of the District of Columbia Self-Government and Governmental Reorganization Act; and

(I) Not later than 30 days before the beginning of each fiscal year (beginning with fiscal year 1996) and in consultation with the Mayor, the Council, and the Authority, establish an annual plan for audits to be conducted under this paragraph during the fiscal year under which the Inspector General shall

report only those variances which are in an amount equal to or greater than \$1,000,000 or 1 percent of the applicable annual budget for the program in which the variance is found (whichever is lesser).’.

(2) LIMITATION ON CONTRACT WITH OUTSIDE AUDITOR.—Section 208(a) of such Act (sec. 1-1182.8(a), D.C. Code) is amended by adding at the end the following new paragraph:

“(4) The Inspector General shall enter into a contract with an auditor who is not an officer or employee of the Office to—

“(A) audit the financial statement and report described in paragraph (3)(H) for a fiscal year, except that the financial statement and report may not be audited by the same auditor (or an auditor employed by or affiliated with the same auditor) for more than 3 consecutive fiscal years; and

“(B) audit the certification described in paragraph (3)(G).’.

(3) SUBPOENA POWER.—Section 208(c) of such Act (sec. 1-1182.8(c), D.C. Code) is amended—

(A) by striking “(c)” and inserting “(c)(1)”;

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

“(2)(A) The Inspector General may issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence relating to any matter under investigation by the Inspector General.

“(B) If a person refuses to obey a subpoena issued under subparagraph (A), the Inspector General may apply to the Superior Court of the District of Columbia for an order requiring that person to appear before the Inspector General to give testimony, produce evidence, or both, relating to the matter under investigation. Any failure to obey the order of the court may be punished by the Superior Court as civil contempt.”.

(4) REFERRAL OF FINDINGS OF CRIMINAL ACTIVITY TO ATTORNEY GENERAL.—Section 208 of such Act (sec. 1-1182.8, D.C. Code) is amended by adding at the end the following new subsection:

“(f) In carrying out the duties and responsibilities established under this section, the Inspector General shall report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal or District criminal law.”.

(c) REVISION OF CURRENT POWERS AND DUTIES.—

(1) LIAISON REPRESENTATIVE FOR ALL EXTERNAL AUDITS OF DISTRICT GOVERNMENT.—Section 208(a)(3)(B) of such Act (sec. 1-1182.8(a)(3)(B), D.C. Code) is amended by striking “executive branch”.

(2) APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.—Section 208(b) of such Act (sec. 1-1182.8(b), D.C. Code) is amended by inserting “accounting and” after “accepted”.

(3) ACCESS TO ALL NECESSARY RECORDS.—Section 208(c)(1) of such Act (sec. 1-1182.8(c), D.C. Code), as amended by subsection (b)(3), is amended by striking “relating to contracts and procurement”.

(4) SUBMISSION OF REPORTS TO AUTHORITY DURING CONTROL YEAR.—Section 208(d) of such Act (sec. 1-1182.8(d), D.C. Code) is amended—

(A) in paragraph (1), by striking “the Mayor and the Council” and inserting “the Authority (or, with respect to a fiscal year which is not a control year, the Mayor and the Council)”; and

(B) in paragraph (2), by striking “the Mayor” and inserting “the Authority, the Mayor.”.

(5) MAKING REPORTS PUBLICLY AVAILABLE.—Section 208(d) of such Act (sec. 1-1182.8(d), D.C. Code) is amended by adding at the end the following new paragraph:

“(4) The Inspector General shall make each report submitted under this subsection available to the public, except to the extent that the report contains information determined by the Inspector General to be privileged.”.

(6) RESPONDING TO REQUESTS OF AUTHORITY.—Section 208(e) of such Act (sec. 1-1182.8(e), D.C. Code) is amended by striking “the Director” and inserting “the Authority”.

(d) DEFINITIONS.—Section 208 of such Act (sec. 1-1182.8, D.C. Code), as amended by subsection (b)(4), is amended by adding at the end the following new subsection:

“(g) In this section—

“(1) the term ‘Authority’ means the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995;

“(2) the term ‘control year’ has the meaning given such term under section 305(4) of such Act; and

“(3) the term ‘District government’ has the meaning given such term under section 305(5) of such Act.”.

(e) DEADLINE FOR APPOINTMENT.—

(1) IN GENERAL.—Not later than 30 days after its members are appointed, the Authority shall appoint the Inspector General of the District of Columbia pursuant to section 208(a)(1) of the District of Columbia Procurement Practices Act of 1985 (as amended by subsection (a)).

(2) TRANSITION RULE.—The term of service of the individual serving as the Inspector General under section 208(a) of the District of Columbia Procurement Practices Act of 1985 prior to the appointment of the Inspector General by the Authority under section 208(a)(1) of such Act (as amended by subsection (a)) shall expire upon the appointment of the Inspector General by the Authority.

#### SEC. 304. COUNCIL APPROVAL OF CERTAIN CONTRACTS.

(a) IN GENERAL.—Section 451 of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 1-1130, D.C. Code) is amended—

(1) by amending the heading to read as follows: “SPECIAL RULES REGARDING CERTAIN CONTRACTS”;

(2) by striking “No contract” and inserting “(a) CONTRACTS EXTENDING BEYOND ONE YEAR.—No contract”; and

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

“(b) CONTRACTS EXCEEDING CERTAIN AMOUNT.—

“(1) IN GENERAL.—No contract involving expenditures in excess of \$1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract (in accordance with criteria established by act of the Council).

“(2) DEEMED APPROVAL.—For purposes of paragraph (1), the Council shall be deemed to approve a contract if—

“(A) during the 10-day period beginning on the date the Mayor submits the contract to the Council, no member of the Council introduces a resolution approving or disapproving the contract; or

“(B) during the 45-calendar day period beginning on the date the Mayor submits the contract to the Council, the Council does not disapprove the contract.”.

(b) CLERICAL AMENDMENT.—The table of contents of the District of Columbia Self-Government and Governmental Reorganization Act is amended by amending the item relating to section 451 to read as follows:

“Sec. 451. Special rules regarding certain contracts.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to contracts made on or after the date of the enactment of this Act.

#### SEC. 305. DEFINITIONS.

In this Act, the following definitions apply:

(1) The term "Authority" means the District of Columbia Financial Responsibility and Management Assistance Authority established under section 101(a).

(2) The term "Council" means the Council of the District of Columbia.

(3) The term "control period" has the meaning given such term in section 209.

(4) The term "control year" means any fiscal year for which a financial plan and budget approved by the Authority under section 202(b) is in effect, and includes fiscal year 1996.

(5) The term "District government" means the government of the District of Columbia, including any department, agency or instrumentality of the government of the District of Columbia; any independent agency of the District of Columbia established under part F of title IV of the District of Columbia Self-Government and Governmental Reorganization Act or any other agency, board, or commission established by the Mayor or the Council; the courts of the District of Columbia; the Council of the District of Columbia; and any other agency, public authority, or public benefit corporation which has the authority to receive monies directly or indirectly from the District of Columbia (other than monies received from the sale of goods, the provision of services, or the loaning of funds to the District of Columbia), except that such term does not include the Authority.

(6) The term "financial plan and budget" means a financial plan and budget described in subtitle A of title II, and includes the budgets of the District government for the fiscal years which are subject to the financial plan and budget (as described in section 201(b)).

(7) The term "Mayor" means the Mayor of the District of Columbia.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Pursuant to the rule, the gentleman from Pennsylvania [Mr. CLINGER] will be recognized for 20 minutes, and the gentlewoman from Illinois [Mrs. COLLINS] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Pennsylvania [Mr. CLINGER].

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

(Mr. CLINGER asked and was given permission to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, as I stated the day the Government Reform and Oversight Committee favorably reported this bill, I believe the district of Columbia will today move one step closer to self-sufficiency, to financial independence, perhaps even to true home rule. The District government is bankrupt. In about 1 month, the city government will not have the money to pay the bills that await. The legislation we are about to pass is designed to reverse that crisis and put the residents of the District and their government back on sound financial track.

While I want the D.C. Subcommittee Chairman, TOM DAVIS, to summarize this legislation, I want to remind my colleagues that while other solutions to the District's problems were avail-

able, none of them provide the appropriate answers at this time.

Some have called for a cash bailout—a solution that is simply unacceptable to this Member of Congress and I suspect a majority of my colleagues. It is quite obvious that without meaningful government reform and strong fiscal discipline, there is absolutely no evidence that a large infusion of cash would permanently relieve the underlying causes of the District's current budget crisis.

At the other end of the spectrum, some have called for the District to be placed into receivership—in effect, the total elimination of home rule. While that step is not an option today, nobody should doubt the resolve of this body to take any steps necessary if District government officials do not cooperate with the financial control board established by this legislation. We anticipate that this cooperation will be forthcoming and that home rule will prevail.

Make no mistake, however, pain and suffering is inevitable for the District to bring back its financial health. The day of reckoning has arrived.

Some have questioned the need for a control board in the first place and the appropriateness of Congress, which seems incapable of balancing our own budget, forcing the District to balance its budget in the second. To that I say I agree that we in Congress need an outside discipline to force us to act responsibly just as much or more than the District does.

Just as I believe a balanced budget amendment would have made it easier for Congress to say no to otherwise meritorious proposals, I also believe the existence of the control board and its threat of a hammer will make it easier for the mayor and the council to make the kind of tough decisions that are going to be necessary. It is my fervent hope that those decisions will in fact be made by the mayor and council and that it will not be necessary for the control board to be relevant.

Last, I want to express my personal appreciation to the Members and staff responsible for bringing this bill to the floor. TOM DAVIS and ELEANOR HOLMES NORTON have worked as an effective team to help solve the District's problems and bring economic vigor and vitality to the entire Washington region. I also thank those staff who worked tirelessly in drafting this bill and the committee report.

I encourage each Member of the House to support this fine legislation.

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

Mrs. COLLINS of Illinois. Mr. Speaker, I yield myself such time as I may consume.

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Speaker, I wish to congratulate and commend the D.C. Subcommittee's ranking member, ELEANOR HOLMES NORTON, and

the Subcommittee's Chair, TOM DAVIS, for the fine work that they did on this legislation which is so sorely needed. They put in many long arduous hours to produce this legislation. It took some tough negotiations, but they delivered the bill in time to meet the critical need for congressional action before the April recess. I would be remiss if I did not commend Chairman CLINGER for insisting that the committee reach a bipartisan solution to the needs of the District. That effort is evidenced by the 45-to-0 vote to report it to the House.

As we can all see, H.R. 1345 is a complex bill which attempts to carefully balance the interests of the District and Federal governments. The bill provides the District with desperately needed relief from the extreme financial crisis confronting it and yet it does so in a way that keeps the Congress out of the day-to-day internal affairs of the District government, while assuring the continued delivery of essential services to local residents, Federal agencies, and the many millions of visitors who come to the Nation's Capital each year.

I am pleased that this bill won the unanimous support of the Members serving on our committee, and that it enjoys the broad bipartisan support of so many others. This should ensure that it receives the favorable consideration it deserves. However, I find little delight in what we do here today, because the District's long-standing pursuit of complete self-governance has been set back.

While I recognize that the current fiscal crisis makes the action we take today inevitable, I am determined to ensure that this setback for the District is a temporary one, and I plan to work closely with Chairmen CLINGER and DAVIS, and Delegate NORTON, to take the steps necessary to restore the District's financial health and quickly bring an end to this new authority.

Back in November 1993, this body considered the New Columbia Admission Act, a bill which I cosponsored and strongly supported. That bill provided for D.C. statehood. I strongly believe that its enactment still represents the best action Congress could take to help the District of Columbia. Statehood would give District residents full democratic rights, and give the District government the freedom to manage its own financial affairs, without the restraints imposed by Congress.

In my view, the financial problems of the District of Columbia are grounded in more than declining revenues and management difficulties. They are attributable, to a significant extent, to the extraordinary burdens the Congress placed on the District when it was granted limited Home Rule over 20 years ago, by giving the District the responsibility for numerous functions normally performed by States such as: operating a State court system and prison system; providing mental health, foster care, and adoption services; and bearing the cost of Medicaid and AFDC benefits; to name just a few. At the same time, the Home Rule Charter did not confer State authority. The district's ability to pay for these State

functions was limited by a congressionally imposed ban on taxing nonresident income earned within its borders as other states and many other cities do.

The District leads the Nation in the percentage of income earned in the city by nonresidents. Two of every three dollars earned here are earned by a nonresident. If nonresidents were subject to a flat rate of only 2 percent, the District could raise about \$370 million per year. In fact, more than 22,000 of the District government's own employees enjoy life in the suburbs on an income drawn from the city treasury. The District government estimates it could raise \$50 million annually by taxing their income. These Catch-22 circumstances are patently unfair and have substantially contributed to the economic distress. They have got to change, and I hope they will soon.

There is also the burden of the unfunded pension liability which must be addressed. In 1979, Congress transferred \$2 billion of liability for a pension system it established for police, firefighters, and teachers at a time when District employees were considered Federal employees. Now, largely due to interest, the liability has grown to almost \$5 billion. The District contributes about \$300 million a year toward this pension system's cost, while the Federal Government contributes only \$52 million. The Federal Government is not paying its fair share, while each year the spiraling costs consume more and more of the District's limited revenues.

I am pleased that Members on both sides of the aisle acknowledge that the unfunded pension liability is a problem for which the Federal Government bears some responsibility, and that the D.C. Subcommittee's chair is committed to taking action on this matter during the 104th Congress.

The District's financial stability is also encumbered by the fact that only 43 percent of its real property can be taxed. The rest, 57 percent, is owned by the Federal Government, foreign governments, the District government, or tax exempt entities. With respect to this latter group, I note that the D.C. Council and even some Members are now questioning the propriety of continuing such tax breaks, given the current crisis.

Finally, it is absolutely essential that everyone recognize that the financial crisis confronting the District of Columbia is not a unique one. The hearings which the D.C. Subcommittee held on this matter demonstrated that several other major American cities have reached the brink of insolvency before. In most of those cases, financial control or oversight boards were established by the State legislatures and the boards worked cooperatively with city officials to successfully stabilize each situation. I have no doubt that this will happen here.

The District of Columbia lies in the heart of a metropolitan area that ranks first among the 15 largest metropolitan areas on several desirable income, educational, and employment indices. It ranks at the top in: per capita income; individuals completing more than 16 years of school; and employ-

ment in professional, managerial, and technical jobs. It has the lowest rate of unemployment. So clearly, the District is a city rich with talent. The District is a city with resources. The District is a city with a future. It will be back on its feet soon.

Mr. Speaker, I yield the remainder of my time to the gentleman from the District of Columbia [Ms. NORTON], who has worked so hard in this instance, and I ask unanimous consent that she be allowed to yield that time in such way as she sees fit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CLINGER. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. BLILEY], the chairman of the Committee on Commerce and a very active member who has been involved in the District's affairs for many, many years.

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise today in strong support of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

The District of Columbia has testified under oath that it expects to run out of money by early May.

Under present law the District is entitled to draw on the U.S. Treasury to pay its bill. This bill places necessary fiscal conditions on any borrowing in accordance with the findings and purposes as stated in the act.

The authority in this bill is the strongest ever created for any U.S. city. It will finally place necessary controls on District spending. The authority will require an accurate, annual balanced budget and a 4-year financial plan. It will have enforcement power.

In the past I worked closely with Delegate NORTON to ensure the financial stability of the District of Columbia. We worked to increase the Federal payment, and we worked to ensure the District would be able to manage itself. Sadly, this has not occurred.

This legislation does not abolish home rule, rather during the control period certain fiscal functions of the District will be supplanted by the Board. By stabilizing the District's finances, the city will emerge in a stronger position that it is today.

Without this bill city workers, residents, businesses, and visitors will continue to live under a cloud of fiscal uncertainty which is present and growing.

The dollar-for-dollar reductions for overspending in last year's budget resolution must be lifted now so that the Treasury will be able to lend through the Authority. The annual Federal payment will serve as the collateral.

The Financial Control Authority created in this bill will control District fi-

nance until the city balances four budgets in a row and has repaid any money borrowed with the Authority's cooperation.

The Authority will have five members, appointed by the President after congressional consultation. These members will serve without salaries for 3 years, and they must be District residents.

As soon as this bill is enacted, they must submit a 5-year financial recovery plan to the Authority as soon as practicable.

The Authority will have to review this plan, adopt it or submit modifications to the city council. If the city council proposes modifications which meet with the disapproval of the Authority, it may then submit its own proposal to Congress for consideration.

This plan ensures that all affected parties, the people, the council, the Mayor, the Authority, and the Congress will have their voices heard to ensure our Nation's Capital gets on sounder financial footing.

I commend Representative DAVIS and Delegate NORTON for reaching consensus on this very important initiative, and urge its adoption by the House.

Mr. CLINGER. Mr. Speaker, I yield the balance of my time to the gentleman from Virginia [Mr. DAVIS], the prime author of this legislation, and I ask unanimous consent that he may be permitted to control the balance of the time remaining on the majority side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DAVIS. Mr. Speaker, I yield myself such time as I may require.

(Mr. DAVIS asked and was given permission to revise and extend his remarks.)

Mr. DAVIS. Mr. Speaker, this emergency legislation is the cornerstone of our Nation's response to the tragic and completely unacceptable financial condition of our Nation's Capital. Life in Washington, DC, is coming apart at the seams. This legislation will halt the decay of the city government's ability to provide basic municipal services to the residents of the District and begin the difficult but necessary process of making the common life of the city whole once again. It is critical not only for this region and for those who live here, but for those who visit here as well.

As chairman of the Subcommittee on the District of Columbia of the Government Reform and Oversight Committee, I rise as the principal sponsor of the District of Columbia Financial Responsibility and Management Assistance Act of 1995. It would not have been possible for this piece of emergency legislation to be here before the House so early in the session without the active cooperation and hard work of many Members and their staffs.

Mr. Speaker, I want to thank on the staff side the GAO staff. I would like to thank John Simmons of Congressman

WALSH's staff, Migo McConey from the Appropriations staff, Cheryl Smith, also of the Appropriations staff, and Brian Seward, as well as Donna Brazile and Cedric Hendricks from the District of Columbia Subcommittee staff, Ron Hamm, our director, Ellen Brown, Howie Dennis, Roland Gunn, who put in numerous hours on this effort, Al Felzenberg, and Ann Mack, Tim Leeth and Kevin Sabo from the Senate staff, and Jim Clarke from the full committee staff.

I also want to express my deep gratitude to the House leadership and to Chairman CLINGER, as well as the gentlewoman from Illinois, Mrs. CARDISS COLLINS, for their willingness to provide the necessary advice and assistance to move this bill forward.

I also want to thank our colleague from the District of Columbia, the gentlewoman from the District of Columbia [Ms. NORTON], who is a true leader and without whose efforts and advice this bill would not be here today. She has shown her leadership once again on this bill, and I look forward to working with her in the future on many other issues concerning the District. And I would say to Congressman WALSH and the gentleman from California, Mr. DIXON, of the District of Columbia Appropriations Subcommittee that their efforts in this regard and their ability to work together as a team have brought this legislation here today, and I thank them for their efforts.

Without their constant personal attention throughout a seemingly endless series of negotiations, we would not be nearly so far along in our response to the problems of the District. I also want to thank the members of the subcommittee, especially my vice-chair, Mr. GUTKNECHT, for their willingness to hold hearings on short notice and to move this legislation on an exceptionally fast tract. But, above all, I am grateful for the willingness of all of the Members involved in this process to reach across party and ideological lines for the good of the entire Nation. This effort has been extraordinary and inspirational. Finally, none of this would have been possible without the long, hard hours of work by the personal and committee staff who have devoted themselves to working out the details of this complex bill. They are all deeply aware of the urgency of the crisis facing the District of Columbia.

The current crisis stems from the unwillingness of the political leadership of the city and of past Congresses to make the hard but necessary decisions to keep the District's spending in line with its income. The result of this policy is not surprising: the District of Columbia is insolvent. If the city were to begin to write the checks necessary to pay all its current bills, it would run out of cash long before it came to the bottom of its stack of bills. The dire condition of the city's finances spills over to and harms the entire region. Currently, the city is not able to make its payments to regional authorities

like Metro and Council of Governments. Without the city paying its full share, these vital regional organizations will not be able to carry out their important missions. One of the things this bill seeks to accomplish is the orderly payment of these obligations. Piled up, unpaid bills force many small businesses all across the region to lay off workers, or in some cases, to fail. Thus the whole region suffers as long as the city is broke. The time to act is now.

The city's insolvency is not the result of an unanticipated natural disaster. It is not the result of an inadequate revenue stream. In fact, for a city its size, it has more than adequate revenue to fund the full range of services needed by its citizens. But, beginning with the collapse of real estate values in 1989 and continuing even as I speak, the city simply spends more money than it collects. The District of Columbia's government continues to try to fund everything it wants while neglecting to adequately fund what it truly needs as a municipal government. Much of the money it spends, it does not spend wisely. According to a recent study by Thomas Edmonds and Raymond Keating, during the 1991-92 school year the District spent more per pupil on primary and secondary education than any State in our Nation. Yet, we read in the local press that there are over 8,000 fire code violations in the schools in need of repair. This is but one of many instances of local political decisions that have unintended but completely unacceptable consequences for the city's least powerful and most vulnerable residents.

It would be all too easy for me to place all the blame for the unraveling of the city on poor decisions made by Washington's local political leaders. But, this would be neither an accurate nor a responsible course for me to take. Our Constitution clearly gives Congress the responsibility "to exercise exclusive Legislation in all Cases whatsoever," in the seat of the national government. Congress has not always used this power wisely. There has been an understandable reluctance to interfere with local political decisions. This reluctance, has perhaps, at times slipped over into failure to provide proper oversight. There has been a spirit of generosity that gave the District government access to \$1.277 billion more cash during the Kelly administration than previously scheduled payments dictated. This generosity became indulgence. The result of inadequate congressional oversight is not acceptable. We see before us today a broken city. We cannot continue these policies. We must carry out our oversight responsibilities in a more responsible and effective way. The bill before us this afternoon provides us with the appropriate vehicle to meet our responsibility.

H.R. 1345 is designed to provide the strong medicine necessary to heal our beloved but battered Capital City. It

establishes the strongest financial oversight authority in our Nation's history. We have looked with great care at what other cities facing similar crises have done to solve their problems. We have studied what has worked well and what has failed. We think we have applied these lessons to the unique and special facts of Washington, DC. We have carefully crafted our nation's response to this crisis. The most important thing we have learned is that no city has been able to solve its problems alone. In the case of other cities, State governments have stepped in to provide assistance. In this respect, Washington, DC, is unique. It has no State to turn to for assistance. The entire American people, acting as a collective body through their elected Representatives in Congress, constitute Washington, DC's state.

I am not going to present a complete outline of this 145-page legislation. I want to focus on its essential features. The central feature of this legislation is the establishment of the District of Columbia Financial Responsibility and Management Assistance Authority to assist our Nation's Capital on its way back to financial soundness. The purpose of the Authority is to help the city knit itself back together. It is designed to work with Congress and the local government without being a component part of either government. I expect it will make many recommendations both to Congress and the city about necessary changes in the management of the city and the role of the Federal Government in the city's life. The Authority is composed of five Presidential appointees who are stakeholders in the city. The President will make these selections after consultation with the relevant committee chairs and the Delegate from the District. The Authority will be assisted by a small professional staff.

The Authority has all the power to accomplish its mission of financial responsibility and management assistance. In dealing with the local government, the initiative generally belongs to local elected leaders. For example, the Mayor still submits his budget the city council. But, it is submitted to the Authority as well. The Authority, as well as the city council, examine the budget critically. If the Authority decides the proposed budget is neither balanced or in not accordance with the city's long-term plan, the Authority cannot approve the budget. It is returned with the Authority's recommendations to the council. After this process works itself out, Congress receives either an Authority-approved budget or the final council-approved budget along with the Authority's comments. Congress retains its responsibility to give final approval to the city's budget.

In addition to the creation of the Authority, this legislation creates a permanent, statutory chief financial officer for the District of Columbia. The

CFO is appointed by the Mayor, in consultation with the city council, and the approval of the Authority. The CFO is responsible for assembling accurate financial information to serve as the foundation of the city's budgetary and spending decisions. The CFO also must certify all bills and contracts, assess and collect all taxes, and provide accurate accounting. This office reports to the Mayor, the council, and the Authority.

The creation of the Authority and of a CFO provides only part of the administrative framework necessary to assist the city back to financial health. The final structural change is the enhancement of the Office of the Inspector General. The IG, like the CFO, is appointed by the Mayor in consultation with the city council and the approval of the Authority. We have taken special care to make sure the IG has the political independence and financial resources to act as a strong watchdog over the city government. In addition to a fixed 6-year term, the budget of the IG can only be changed by Congress. In order to assure the timely dissemination of information, the IG's reports become public documents in a timely manner. The IG reports not only to the Mayor, but also to the council and the Authority. The IG is also responsible for letting the contract for an annual, independent audit of the city's finances.

The Authority, the CFO, and the enhanced IG form the nucleus of a more efficient, responsible, and responsive city government. It provides the city with an ideal opportunity to examine critically the range and level of services it seeks to provide. The locally elected leaders of the city need to decide what they can realistically afford to fund. I hope the enactment of this legislation provides the occasion for a dramatic restructuring of the local government. After the District has begun to make the hard choices necessary to bring their spending in line with their revenue, the question of the proper relationship between the city and the Federal Government will be addressed.

This legislation is not punitive. It is the strong medicine needed to bring the city back to financial health. One of the effects of this legislation will be the restoration of the city's access to the credit markets. This is important for the enhancement of home rule. I hope that the Authority and the city working together with the Congress will, sooner rather than later, be holding groundbreaking ceremonies for the new arena and convention center. These projects will enhance the quality of life not only in the District but throughout the entire region.

We stand at a critical moment in the life of our Nation's Capital. We can no longer afford the price of congressional inaction. The District will soon run out of cash. Under present law, the Mayor can requisition cash from the Federal Treasury. If we fail to act, Mayor

Barry will be forced to take the District's bills to the Treasury Department without conditions or restrictions. We must not allow this to happen. If we enact this legislation, when the city runs out of cash, Congress will have put the proper structure in place to regulate and facilitate its access to the Treasury window. There are no viable alternatives. We are in effect pulling the District's credit card to the U.S. Treasury and setting conditions for borrowing that can lead to economic recovery. The present crisis is a direct consequence of destructive fiscal policies. This bill represents fundamental change. I urge you to vote in favor of H.R. 1345.

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

□ 1515

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

(Ms. NORTON asked and was given permission to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, thanks to Chairman BILL CLINGER, ranking Member CARLIS COLLINS, and subcommittee Chairman TOM DAVIS, we are seeing a rare moment in any Congress, and certainly in this one. A very difficult bill has been crafted and then unanimously embraced in subcommittee and committee because of their leadership. Yet, H.R. 1345 has no precedent in this House. It has substantial precedent in this country, of course. New York City, Philadelphia, and Cleveland, among other jurisdictions, became insolvent and have had similar authorities or boards established to guide them back to fiscal health. To those inclined to harshly judge the District, the self-same ordeals of these great American cities should give some pause. And, unlike those cities, the District has had to fund not only municipal but also State and county functions as well, among them today's daunting costs of Medicaid and prisons. Before long, the Congress will have to face the reality that no American city today can fund these State and county missions alone and that the District will need more funds from the Congress. Such huge cost, as well as the congressionally imposed unfunded pension liability, in today's atmosphere of urban distress, have simply overwhelmed the city.

Chairman CLINGER and ranking Member COLLINS were executive producers of this effort, setting the tone, steering the course, insisting upon flexibility, yet drawing the bright lines to achieve an effective bill. Subcommittee Chairman TOM DAVIS was the producer. He worked closely with D.C. Appropriations Subcommittee Chairman JIM WALSH, whose strong and skillful leadership is also reflected throughout the bill.

Chairman DAVIS has given the world "freshman" new respect for the extraordinary reach of his vision for the bill and the determined skill with which he carried his vision to fruition. Setting for himself the expansive goal

of a consensus bill, Chairman DAVIS first wrote H.R. 1345 simultaneously with majority Members in the House and the Senate. Onto this bicameralism, he superimposed bipartisanship, inviting ranking Members to suggest and negotiate changes. Representative JULIAN DIXON, the ranking member of the D.C. Appropriations Subcommittee, was an indispensable party to this bill, bringing unmatched depth, intelligence, and objectivity. Some of our changes were rejected and others compromised, but many were accepted.

The process that Chairman DAVIS developed is what has enabled me to cosponsor H.R. 1345 and to urge my colleagues to vote today for passage. Like all bills that come to the floor, it is the majority's bill, but it has accommodated many changes and compromises not only from me but from the Mayor and the chairman and members of the city council of my city. Thus, this bill is quite literally a collaboration among all directly concerned: The chairs and ranking members of the authorizing and appropriations committees and subcommittees of the House and Senate and the elected representatives of the District of Columbia.

Section upon section of the bill vindicate both the process and the substance of H.R. 1345. Many of the changes are modifications and nuances that only locally elected officials and others who live with the District's problems could recognize. By accepting changes that reflect the experience of governing and living in the District, Chairman DAVIS and his colleagues have gone a long way toward assuring that H.R. 1345 is able to do its job.

Two urgent reasons make this bill not only mandatory but also the only viable option available: First, without the authority established in this bill, the District, already technically insolvent, will run out of cash sufficient to pay its employees and keep services in operation within the next few weeks; second, without the authority established in this bill, the District will bear a destructive penalty for being in violation of existing law that requires a balanced budget, a mandate that cannot possibly be met without spreading the city's huge structural deficit over several years.

However, I am able to cosponsor H.R. 1345, not only because of its urgent necessity. I am a cosponsor of this bill because it does not violate the other essential and overriding principle—the right of District residents to maintain every bit of what limited home rule powers we have managed to achieve. Our democratic right to self-government is more precious to us than to other Americans quite simply because they, all of them, including the four territories, have it, and we don't. For this reason, I have measured self-government by the strictest standard I could locate: whether the provisions of H.R. 1345 are any more intrusive than those of the other similarly situated



jurisdictions. This is the best standard because no one has suggested that with the establishment of similar authorities, New York, Philadelphia, or Cleveland lost their dignity or independence. Anyone who takes the time and trouble to compare H.R. 1345 with prior State statutes, especially New York's law, as I did throughout the negotiations, will find the self-government standard fully met.

The Mayor and the city council retain their respective powers. The initiative in all matters committed to them under the home rule charter remains theirs alone. This is important not only to preserve democracy. It is important because the point of this effort is to encourage elected leaders to take responsibility so that when the authority recedes, their necessary discipline is fully built into the way they conduct the city's business. Thus, the authority is a monitor whose purpose is to check and enforce new rules of fiscal and operational discipline that the Mayor and the council place upon themselves in multiyear plans and annual budgets that these elected officials themselves will write.

I have no doubt that the District will take the initiative to solve its own problems, just as our elected officials have helped make H.R. 1345 a better bill. This morning before this matter had even come to the floor, at the invitation of the Mayor, I went to his cabinet meeting to discuss H.R. 1345 and what it means for District officials. Further, today the Mayor has announced a nationwide search for a chief financial officer, who will be a central figure in the District's financial recovery.

I take special pride in these early initiatives by the Mayor to make H.R. 1345 work and in the recent rough and tough actions of the city council, who even without the monitoring authority, have made courageous cuts and taken their lumps for their trouble.

I take particular comfort from Members of the House, who have uniformly expressed respect and admiration for what authorities like that established in H.R. 1345 have done, working with local officials, in their own cities. Expect no less from the District.

Notwithstanding this crisis, the District remains one of the most promising large cities in the United States. Among the 25 largest cities, we proudly rank first per capita in residents in the Nation's top job categories, third per capita in residents with college and post-college degrees, and fifth per capita in income. In the midst of this crisis, our business community is using its own private resources to build an arena and a convention center which will bring many millions in revenue to the District. This is the raw material for a dazzling comeback.

Just beyond the horizon, the Capital of the United States is a city with a future. But, it is more than that. It is such livable city that more Members of the House and Senate have chosen to

live here than in any part of the region. It is city of world class beauty. The District's problems must not be allowed to obscure its potential. With help from the Congress, but under its own initiative and by its own hand, this shall soon be a city on the rise like the sun on a clear morning.

□ 1530

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

Mr. DAVIS. Mr. Speaker, may I inquire of the Chair how much time remains on both sides?

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The gentleman from Virginia [Mr. DAVIS] has 3 minutes remaining, and the gentlewoman from the District of Columbia [Ms. NORTON] has 7 minutes remaining.

Mr. DAVIS. Mr. Speaker, I ask unanimous consent that both sides be given an additional 5 minutes.

Ms. NORTON. Mr. Speaker, I join in the request of the gentleman.

The SPEAKER pro tempore. Without objection, each side will have an additional 5 minutes.

There was no objection.

Mr. DAVIS. Mr. Speaker, I yield 4 minutes and 30 seconds to the gentleman from New York [Mr. WALSH], the chairman of the Appropriations Subcommittee, who has done so much to help bring this bill to its final stages. We appreciate his efforts.

(Mr. WALSH asked and was given permission to revise and extend his remarks.)

Mr. WALSH. Mr. Speaker, I thank the gentleman for yielding time to me and I thank him for his hard work on a very vigorous project, one sorely in need.

Mr. Speaker, I rise in strong support of H.R. 1345. I think this is a good bill. It is the culmination of many hours and long days of discussions and negotiations. It is a nonpartisan issue. Every one on both sides of the aisle in this body as well as the other body and the White House has worked diligently with one objective in mind, to do what is best for our Nation's Capital.

This bill will establish a financial responsibility and management assistance authority, a control board, consisting of five members to be appointed by the President in consultation with the Congress within 25 days of its enactment.

Results of our hearings indicate that the District's financial management and information systems are inadequate to provide the data that is essential for the efficient operation of the District government. H.R. 1345 establishes a chief financial officer of the District of Columbia who will be appointed by the Mayor and subject to the approval by a majority of the vote of the authority and removed only with authority approval.

The CFO will be responsible for all financial activities of the District government, from revenue estimates and cash receipts to expenditures and cash disbursements. So this is going to be a

very important position, in my judgment, the most important position. Because the position is so important, this person must have as much independence to carry out the mission of getting local government back on track financially.

Another position that is key to the success of the authority is an inspector general who also must be truly independent to pursue investigations that will lead to the prevention and detection of fraud and abuse.

We in the Congress must continue our vigilance to ensure the independence of both of these offices.

Mr. Speaker, I want to touch on what I consider to be the crucial issue of the authority. In the event that there is a stalemate, an impasse between the authority and city government, the bill allows the authority to implement its own recommendations, whether they be executive or legislative in nature. This power is absolute and it is absolutely necessary if the authority is to be effective and have the desired impact on the efficient operation of District government.

This authority needs to have control. It is our intention that it have control. In my opinion, the bill before you is drafted so that the authority will have control, the control it needs to get the District government back on a sound financial footing.

We felt very strongly this had to be a tough bill, tough love for our Nation's Capital. This bill meets that standard.

Lastly, Mr. Speaker, the gentleman from Virginia [Mr. DAVIS] talked about the ability of the District to go to the Treasury to borrow. That authority continues under this new regime. And that is important because the individual, the organizations that have loaned money to the District, their interests need to be protected, along with the interests of the District. That will continue under this law and, in fact, ensure that if the District does go back to Treasury and borrow, that the money will go directly to the control board and will be disbursed under their authority.

Finally, I believe, Mr. Speaker, that sufficient safeguards are in place to protect the Federal taxpayer, all Americans who send their tax dollars to support the city.

This is not a partisan bill. The people who really put this together, the gentleman from Virginia [Mr. DAVIS], the gentlewoman from the District of Columbia [Ms. NORTON], did a marvelous job, a truly marvelous job negotiating this. The gentleman from California [Mr. DIXON], former chairman in the seat that I now sit in, lent his toughness and his wisdom to this product. I thank him and I also thank from my staff John Simmons and Migo Miconi who worked so hard to support my activities.

Ms. NORTON. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. DIXON], the ranking minority

member of the Subcommittee on the District of Columbia of the Committee on Appropriations and an unusually wise and knowledgeable and essential partner in the negotiations that led to H.R. 1345.

(Mr. DIXON asked and was given permission to revise and extend his remarks.)

Mr. DIXON. Mr. Speaker, I thank the gentlewoman for her kind remarks and for yielding time to me.

Mr. Speaker, as the ranking minority member of the Committee on Appropriations Subcommittee on the District of Columbia, I rise in support of H.R. 1345, the District of Columbia Financial Responsibility and Management Assistance Act of 1995. We consider this bill at a critical moment in the short history of self-government for the District of Columbia.

The District of Columbia is in a financial crisis that it cannot solve on its own. Like other major cities across the country, the District of Columbia is not alone in feeling the multiple pressures of a dwindling tax base and increasing social service costs. The District, however, carries the additional burden of being the only governmental entity with responsibilities traditionally implemented by State and county, as well as city, governments.

Over the past few months, we have received convincing and mounting evidence that the District of Columbia is nearing a financial collapse. The Mayor has reported to us that the District has a fiscal year 1995 budget gap of \$631 million and a precarious cash position. Although the Mayor has proposed to reduce this budget gap by \$224 million through reduced agency spending and other initiatives, these actions alone are not sufficient to close a gap which amounts to nearly 20 percent of the District's annual appropriated budget. The General Accounting Office has reported to us that the District will run out of cash this summer and that the city currently does not have enough cash to pay its bills.

In recent years, other cities, including Philadelphia, New York City, and Yonkers, have confronted financial insolvency requiring emergency assistance from their States. But, the District is unable to turn to a State government to provide such extraordinary assistance; the District can turn only to the Federal Treasury and to the Congress for help.

Mr. Speaker, in the process of considering the District's financial crisis, we have tried hard to separate the rhetoric from reality. With the excellent assistance of the General Accounting Office, we have tried to separate fact from fiction. And, while we may disagree with the Mayor about whether the District has too little revenue, too much spending, or simply inefficient management of its resources, I believe that there is no disagreement that the problem is real. The hard reality is that a remedy must be provided before the District becomes insolvent, and the

bill before us provides the necessary cure.

H.R. 1345 is not a perfect bill, nor do I agree with all of its provisions. But, I do agree with the bill's fundamental purposes: First, to assist the District in getting immediate control over its deficit spending and, second, to provide for the long-term fiscal stability of the District by providing a comprehensive approach to the fiscal, management, and structural problems in the District Government. This bill provides a speedy recovery to D.C. financial health while preserving home rule for its citizens.

H.R. 1345 has many important provisions. It will enable the city to borrow from the U.S. Treasury to meet its short-term, emergency cash needs, but only with stringent controls that will impose a rigorous fiscal discipline on the city that has not existed before.

The bill creates the strongest Financial Oversight Board ever created for any U.S. city. A five-member authority, appointed by the President with congressional consultation, will have extensive latitude in monitoring and overseeing the District's financial affairs until such time that it has balanced its budget for 4 consecutive years and repaid any funds borrowed on its behalf. Most important, the authority will be comprised of individuals who pay either personal income or business taxes to the District and, thus, have a real stake in the District's future.

During any control period, the authority will make recommendations to the District to promote financial stability and improve the delivery of city services, including reviewing the structural relationship between the District government and the Federal Government. The authority must approve a multi-year financial plan developed by the District aimed at achieving a truly balanced budget by 1999. The authority may reject the city's annual budget, disapprove contracts, and disapprove District borrowing if not consistent with the financial plan and annual budget.

The bill enhances the powers of the District's chief financial officer and inspector general to ensure the integrity and accuracy of financial information presented by the District, and to improve the quality of the city's financial management systems. Because of the significant powers that will reside with these individuals, a difficult issue to resolve in our negotiations was how these individuals should be appointed. The consensus that emerged from our discussions was that both officers would be nominated by the Mayor with the advice and consent of the city council, but subject to confirmation by the authority. Further, only the authority would be permitted to dismiss these key officials.

Mr. Speaker, by granting the authority such broad powers, some may argue that this bill strips away home rule. But, I would argue that the bill carefully protects the prerogative of self-government and that preservation of home rule rests squarely on the shoulders of the District's elected officials. Only if District officials do not make responsible and fiscally sound decisions, will it be necessary for the authority to step in to implement its own recommendations.

This bill is the product of intense negotiations conducted over the past few weeks. Although these discussions have been difficult, all parties involved have acted in good faith with a common goal

of restoring the District of Columbia to sound financial health.

I want to applaud the efforts of the manager of the bill, the distinguished chairman of the Government Reform and Oversight Subcommittee on the District of Columbia, the gentleman from Virginia, TOM DAVIS, who worked tirelessly to bring together a consensus bill in time for the House and Senate to act prior to the April recess.

I also want to pay tribute to the delegate from the District of Columbia, ELLEANOR HOLMES NORTON, for her tenacious efforts to preserve the principle of home rule for D.C. residents. She has fought courageously to preserve the rights of locally elected officials to determine the city's financial future, while she led the fight for an agreement that recognizes the seriousness of the District's financial crisis.

My good friend, the gentleman from New York, [Mr. WALSH], the distinguished chairman of the Committee on Appropriations Subcommittee on District of Columbia, also played a critical role in shaping this legislation. I look forward to our continued mutual cooperation as we move later in the year to consider the District's fiscal year 1996 budget. And to the staff, thank you for your excellent work.

With the enactment of this bill, we have a wonderful opportunity for a unique partnership between the District and Federal Government to reinvent and improve the delivery of services to the thousands of District residents who pay hard earned tax dollars and to those local residents who are not getting the quality education, housing, and social services they need and deserve. The road to financial recovery for the District will not be smooth. There may be setbacks and relapses along the way. But, the surgery which the city must undergo—the hard choices, tough decisions, and real actions that have to be taken—will restore the well being of the District and its residents and, ultimately, provide the foundation for a real and lasting recovery for years to come.

Mr. Speaker, I urge adoption of the bill.

□ 1545

Mr. DAVIS. Mr. Speaker, I yield 1 minute and 15 seconds to my colleague, the gentleman from New York [Mr. GILMAN].

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I rise today in support of H.R. 1345, the District of Columbia Financial Responsibility and Management Act of 1995. I commend the distinguished gentleman from Virginia [Mr. DAVIS], District of Columbia Subcommittee chairman, and the ranking minority member of the District of Columbia Subcommittee, Ms. NORTON, for the work which they and their staffs have accomplished under severe time constraints. I also wish to commend the gentleman from Pennsylvania [Mr. CLINGER], who serves as the distinguished chairman of our Committee on Government Reform and Oversight, for his efforts in bringing this important measure to the floor

at a time when the District of Columbia has been teetering on the brink of bankruptcy. I am supporting this timely measure because I believe that it will provide workable solutions to the severe financial problems that have beset our Nation's Capital City. The financial recovery and management responsibility authority will provide fiscal oversight while preserving the essence of home rule.

At this urgent time, Mr. Speaker, I wish to commend what has been an exemplary bipartisan effort to attack an extremely pressing problem. I encourage support of this bill which will help bring financial stability and budgetary control to the District of Columbia.

Ms. NORTON. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. WYNN], a Member from this region who has been helpful to the District.

(Mr. WYNN asked and was given permission to revise and extend his remarks.)

Mr. WYNN. Mr. Speaker, I thank the gentlewoman for yielding to me, and for her kind remarks.

Mr. Speaker, I do rise as a Member of our region representing Prince Georges and Montgomery Counties, the neighbors to the north and east of the District of Columbia. Let me begin by extending commendations to the chairman, the gentleman from Pennsylvania [Mr. CLINGER], and to the ranking member, the gentlewoman from Michigan [Miss COLLINS], and also to the subcommittee chairman, the gentleman from Virginia [Mr. DAVIS], a freshman who has done exemplary work on this project. I am certainly appreciative, and all of my constituents are appreciative.

Finally, let me note the outstanding work of the gentlewoman from the District of Columbia [Ms. NORTON], who has done yeoman's work on this bill in both being an advocate for the District of Columbia and a strong negotiator here in Congress, in helping to bring this measure to fruition.

Mr. Speaker, we in the suburbs do recognize the importance of the District of Columbia to the Nation's vitality. That is why I am here to support the District of Columbia Financial Responsibility and Management Assistance Act. I hope my colleagues in this body also recognize the importance of the District of Columbia as the seat of our Nation's Capital and would also support this measure.

Looking at our current situation, Mr. Speaker, it is in fact a crisis. There have been some mistakes on the part of the District of Columbia, but the Congress also bears a significant part of the responsibility for this situation. We have helped create this structural deficit that includes congressionally imposed unfunded pension liabilities, so it is good that both parties have come together.

Again, the gentleman from Virginia [Mr. DAVIS] has been inclusive in allowing the District of Columbia officials

to participate and accepting their suggestions as to how to make this proposal work. Mr. Speaker, it retains the strong role of the District officials, the Mayor, and the council. It also maintains limited home rule.

I believe the bill is a significant movement in the right direction toward correcting the problems of the District of Columbia, and urge its adoption.

Ms. NORTON. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. HOYER], my good and helpful friend, a member of the Committee on Appropriations, and a leader of this region.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman for yielding time to me.

Mr. Speaker, I want to first of all say that I have served here for some time, and without reference to anybody else in comparison, I do not think anybody else in this body represents their area better than she does. It is obviously a difficult area to represent in that everybody is watching it, every day. As she says, so many people live here. She does an extraordinary job in bringing the message of the District of Columbia, its hopes and aspirations, to this body. I commend her for her leadership on this bill.

Mr. Speaker, those of us in the Washington metropolitan area are also proud of the fact that we act together in a bipartisan fashion. We are very proud of the fact that TOM DAVIS has done such an extraordinary job in his leadership in bringing all of the various points of view together. As always, it is a pleasure to deal and work with my chairman, the gentleman from California [Mr. DIXON], and the chairman, the gentleman from New York [Mr. WALSH], on this matter.

Mr. Speaker, this legislation before us is a useful, important, and necessary vehicle to move the District of Columbia in the direction of getting its fiscal house in order. It contains tough provisions which require the District to be responsible and accountable by requiring accurate annual budgets and a 4-year financial plan. More, it cuts off the District's direct entitlement to drawing funds from the Treasury should it run out of money.

Consequently, without this control board the District will live under a growing dark cloud of financial uncertainty. If the District lives under such a dark cloud, the Maryland and Virginia suburbs, as well as the rest of the country, will be adversely affected. A healthy Capital City makes for a healthier Nation and is, as well, critical to a healthy Washington metropolitan area.

In closing, as we do our part in protecting the viability and stability of the Nation's Capital, it is my expectation, as the gentlewoman from the District of Columbia has said, that we will receive and are receiving full cooperation from the District of Columbia.

Mr. Speaker, I urge my colleagues to support this act.

If I might, Mr. Speaker, just make one additional statement, I have had discussions with the gentleman from Virginia [Mr. DAVIS], the chairman of the subcommittee, with reference to an item regarding the financing and the obligations of the District of Columbia with reference to the Washington Metropolitan Area Transit Authority. I was hoping we could deal with that on this legislation.

It is my understanding, however, that the gentleman from Virginia will have another piece of legislation dealing with the convention center. I have talked to the gentlewoman from the District of Columbia about this. I do not believe this is controversial in any way, and I hope we can deal with it on that legislation.

Mr. DAVIS. Mr. Speaker, if the gentleman will yield, the gentleman is correct. I think it will be addressed in that vehicle hopefully in the May timeframe.

Mr. HOYER. I thank the gentleman, and again I congratulate my colleague from Washington, DC.

Ms. NORTON. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER. The gentlewoman from the District of Columbia [Ms. NORTON] has 3 minutes remaining, and the gentleman from Virginia [Mr. DAVIS] has 2¼ minutes remaining.

Ms. NORTON. Mr. Speaker, I yield 2 minutes to my good friend and always ally, the gentleman from Virginia [Mr. MORAN], also a Member from this region.

Mr. MORAN. Mr. Speaker, I thank my friend from the District of Columbia for yielding to me, but most importantly, for the role she has played within the Washington metropolitan region. When her leadership was called for, she came through in flying colors. As has been said previously, I do not think any constituency represented by any Member of this body is served better than by the gentlewoman from the District of Columbia [Ms. NORTON].

In fact, this was a perfect time to demagog to achieve short-term political benefits at the long-term expense of the health of the District of Columbia. She chose instead to work in a constructive fashion.

Likewise, I think we ought to give some credit, as I said in the full committee, to the gentleman from Georgia, Mr. GINGRICH, the Speaker, in having the foresight to make the gentleman from Virginia, TOM DAVIS, the chairman of this subcommittee. The fact is that he could not have chosen better.

The gentleman from Virginia has proven himself fully worthy of the task. He deserves a great deal of credit, not just from us in the Washington region, but from this entire body.

Mr. Speaker, this is a terribly important first step, but it is only a first step. This board will distribute the limited resources that are available to the

District of Columbia, and I know that it is going to do a responsible job in that, but it is only a first step in that those resources are too limited. We need to take many more steps.

One such step may be giving the responsibility for Lorton, for example, over to the Federal Bureau of Prisons, because that is a State function, and the city has only normal city resources available to it. We ought to examine other steps like that.

We also ought to look at possibilities of setting aside large tax-free zones. The board might want to take the initiative to seek out consortia, bankers, developers, city planners, and find areas in the city that are currently not yielding any Federal revenue, so it would not cost us anything in terms of Federal income taxes, but perhaps take the initiative to give the city an opportunity to rebuild its tax base. That ultimately is what is needed.

The fact is this entire body ought to be proud of this piece of legislation. It is the right thing to do, done by the right people in the right way.

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

Mr. Speaker, I hope the House will regard this as a historic day for a new beginning, not a sad day, but a day that marked the period when the District shot out of its doldrums, the kind of doldrums many large cities find themselves in today.

I am appreciative for the work of the subcommittee, particularly the gentleman from Virginia [Mr. DAVIS]. As a native Washingtonian in a region without borders, he has made that understood by the way he has transformed the committee process for these purposes.

Mr. DAVIS. Mr. Speaker, I yield myself 2½ minutes.

Mr. Speaker, debt service is one of the basic functions of a municipal government. One of the stated purposes of this act is to assist the District of Columbia in attaining and then maintaining access to the credit and bond markets.

The subcommittee has tried to make abundantly clear that existing debt and its debt service payments are of concern. Lack of timely debt service payment would be counter to one of the major purposes of this legislation. Debt service is a foundational part of the District of Columbia budgets. The subcommittee expects that already dedicated funds be used to pay debt service.

If those funds are not sufficient, then other available funds can and should be used by either the District government or the Authority to ensure timely payment of debt service.

Mr. Speaker, I would also like to put into the RECORD additional cosponsors: the gentleman from Texas [Mr. ARMEY], the gentleman from Missouri [Mr. GEPHARDT], the gentleman from Louisiana [Mr. LIVINGSTON], the gentleman from Indiana [Mr. BURTON], the gentleman from Texas [Mr. DELAY],

the gentleman from Michigan [Mr. BONIOR], the gentleman from New York [Mr. GILMAN], the gentleman from Indiana [Mr. MCINTOSH], the gentleman from New Jersey [Mr. FRELINGHUYSEN], the gentleman from Georgia [Mr. KINGSTON], the gentleman from Texas [Mr. BONILLA], the gentleman from Illinois [Mr. DURBIN], the gentleman from Pennsylvania [Mr. FOX], the gentleman from New Jersey [Mr. PAYNE], the gentleman from New York [Mr. OWENS], the gentleman from Georgia [Mr. LEWIS], the gentleman from Florida [Mrs. MEEK], the gentleman from New York [Mr. TOWNS], the gentleman from Maryland [Mr. MFUME], the gentleman from New Mexico [Mr. RICHARDSON], the gentleman from Maryland [Mr. EHRLICH], the gentleman from New Mexico [Mr. SCHIFF], the gentleman from New Hampshire [Mr. ZELIFF], the gentleman from Washington [Mr. TATE], the gentleman from Michigan [Mr. CHRYSLER], the gentleman from Florida [Mr. SCARBOROUGH], the gentleman from Georgia [Ms. MCKINNEY], the gentleman from Ohio [Ms. KAPTUR], and the gentleman from Virginia [Mr. PAYNE].

Finally, Mr. Speaker, I want to thank several individuals I did not thank in my opening colloquy. Mr. Noah Wofsy, the legislative counsel, did an outstanding job, working many late hours around the clock to satisfy the many demands placed upon him, in a timely manner. We are very, very grateful for his efforts, Noah. I want to thank him.

Also I want to thank Mr. Ed Desev and Alice Rivlin from the President's Office and OMB, who worked with us in drafting this legislation. Finally, from my staff, I want to thank Mr. John Hishita, Chip Nottingham, and Cathy Walsh, who were very helpful in coordinating this.

With that, Mr. Speaker, I would urge adoption of H.R. 1345.

Mr. BONILLA. Mr. Speaker, I rise in support of H.R. 1345, the District of Columbia Financial Responsibility and Management Assistance Act. Unfortunately, the continued deterioration of the District's financial status and the inaction of local officials has left us no other choice but to pursue this legislation. The oversight board created by this bill will stabilize the District's financial health. For far too many years local officials have been unwilling to accept responsibility and make the tough decisions that must be made. Presently, the demands of municipal unions are given priority over the needs of schoolchildren. This government-union conglomerate threatens the safety of this community. Citizens do not know from one day to the next if they will have police, fire, and medical protection, or if they will have basic services like waste disposal or street repair.

Mr. Speaker, I am concerned for the long-term future of the District of Columbia. The Oversight Board will help bring financial stability to the District government, but what happens after the Board dissolves? The Congress must help the District maintain long-term stability, stability that will exist long after the Financial Oversight Board dissolves. To attain

this security, I propose the adoption of a city manager form of government. This form of government would bring long-term fiscal accountability to the city. I support maintaining home rule for the citizens of Washington, DC, and believe that a city manager would be instrumental in preventing the need for future Federal intervention.

Currently, the city bureaucracy is bloated and out of control. There is no accountability and a clear lack of professionalism. A financial control board can help bring the current crisis under control, but this Board should not be a permanent fixture for the District government. If an oversight board is in place for only 5 years, as currently suggested, then long-term solvency can only be solved by restructuring the D.C. government.

A city manager would increase bureaucratic efficiency. A full-time, professional city manager would be responsible for the bureaucratic structure presently controlled by the Mayor. The manager would be hired by, and accountable to, the city council, with appointments and terminations to be approved by the House and Senate oversight subcommittees. Appointing a professional to run the city would increase the likelihood that congressionally mandated cuts and reforms would be appropriately instituted. The District government needs a leader who can insure tax dollars are not wasted and services are delivered.

The council-manager form of government is compatible with the implementation of a financial oversight board. The District faces many problems that can only be solved by making tough decisions that will undoubtedly be unpopular with some constituents. A city manager will make home rule finally work. HUD Secretary Henry Cisneros and California Governor Pete Wilson both served as mayors under a council-manager form of government in San Antonio and San Diego respectively. These are 2 of the 10 largest cities in the country. As a matter of fact, many of the Nation's most successfully run cities have council-manager systems in place. Some examples are: Dallas, TX; Phoenix, AZ; Austin, TX; San Jose, CA; Cincinnati, OH; Norfolk, VA; Little Rock, AR; and St. Louis, MO.

Sadly, elected representatives in the District of Columbia have addressed political problems without concern for the consequences. The division of responsibilities between the District and Congress has led, and perhaps encouraged, local officials to finger point rather than solve problems.

Mr. Speaker, I believe the District of Columbia is one of the greatest cities in the world. All America has a vested interest in seeing this city succeed. We cannot succeed without consideration of a long-term solution. I trust the Congress will give this proposal serious consideration.

Mr. FRELINGHUYSEN. Mr. Speaker, I rise today to express my full support for moving forward with taking emergency steps to restore the District of Columbia to a sound financial status. I also want to congratulate Chairman THOMAS DAVIS of Virginia and JAMES WALSH of New York, and Washington, DC Delegate ELEANOR HOLMES NORTON for all their hard work.

As a member of the Subcommittee on the District of Columbia, I am disturbed by the reports of fiscal mismanagement throughout the

District, and I share my colleagues' concern about this current financial crisis.

Having spent time in this city as a child, and now as a U.S. Representative, residents of the District and visitors to our Nation's Capital deserve better. They deserve to know how their money is being spent and they deserve more accountability. And, frankly, so do all the American people. It is our Nation's Capital, and it should reflect America at its best.

That is why I joined as a cosponsor of H.R. 1345, the D.C. Financial Responsibility and Management Assistance Act of 1995. I believe that the proposed Financial Control Board will help put the District of Columbia back on the right track.

I have spent the first 3 months of my term in committee hearings on this matter, and from what I have learned, the Financial Board is the only true option we have to making the city solvent again. This Control Board will have the authority to review city budgets, all District master plans, labor contracts before they are approved, all city borrowing, including loans from the U.S. Treasury and borrowing for the D.C. government. The Board will continue to operate at full authority until the District balances its budget for at least 4 straight years and it remain in a reduced oversight capacity until the city pays off all loans taken out under its authority. A five-member board will be individuals with proven financial or management expertise.

Mr. Speaker, I urge the Board to be formed as soon as possible so that the city will be returned to a fiscally sound status, such that all citizens, especially its children, are given a better quality of life by the District's government.

Miss COLLINS of Michigan. Mr. Speaker, I want to add my voice today to those who have offered their support for H.R. 1345, the District of Columbia Financial Responsibility and Management Assistance Act.

In a Congress where recent debates have given new meaning to the word "partisan," this bill is indeed a rarity. It is a rapid bipartisan response to a crisis which, by its very nature, has invited partisanship at every turn.

Also, unlike many other critical bills in this Congress, H.R. 1345 has had appropriate deliberations. In addition to meeting with D.C. government officials, the Subcommittee on the District of Columbia heard testimony from State and municipal officials who have worked extensively with municipal financial control boards. Because control boards are rarely used, the knowledge derived from the testimony of these experts was priceless.

Finally, subcommittee members and staff worked around the clock to incorporate what they had learned into the legislation before us today. This is a model bill, and I hope that other committees will take heed of our example.

I yield back the balance of my time.

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Pennsylvania [Mr. CLINGER], that the House suspend the rules and pass the bill, H.R. 1345, as amended.

The question was taken, and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. DAVIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1345, the bill just considered and passed.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Is there objection to the request of the gentleman from Virginia?

There was no objection.

#### PERMISSION TO FILE CONFERENCE REPORT ON S. 244, THE PAPERWORK REDUCTION ACT OF 1995

Mr. DAVIS. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform and Oversight be given until midnight tonight to file the conference report on S. 244, the Paperwork Reduction Act of 1995.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 5 p.m.

Accordingly (at 3 o'clock and 59 minutes p.m.), the House stood in recess until 5 p.m.

□ 1700

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. HASTINGS of Washington] at 5 p.m.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 831) an Act to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sale and exchanges effectuating policies of the Federal Communications Commission, and for other purposes.

#### FISHERMEN'S PROTECTIVE ACT AMENDMENTS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 716.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey [Mr. SAXTON] that the House suspend the rules and pass the bill, H.R. 716, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 384, nays 0, not voting 51, as follows:

[Roll No. 280]

YEAS—384

Abercrombie	DeLay	Hostettler
Ackerman	Dellums	Houghton
Allard	Deutsch	Hoyer
Andrews	Diaz-Balart	Hunter
Archer	Dicks	Hutchinson
Armey	Dingell	Hyde
Bachus	Dixon	Jackson-Lee
Baesler	Doggett	Jacobs
Baker (CA)	Doolittle	Johnson (CT)
Baker (LA)	Doyle	Johnson (SD)
Baldacci	Dreier	Johnson, E.B.
Ballenger	Duncan	Johnson, Sam
Barcia	Dunn	Johnston
Barr	Durbin	Jones
Barrett (NE)	Edwards	Kanjorski
Barrett (WI)	Ehlers	Kaptur
Bartlett	Ehrlich	Kasich
Barton	Emerson	Kelly
Bass	Engel	Kennedy (MA)
Bateman	English	Kennedy (RI)
Beilenson	Ensign	Kennelly
Bentsen	Eshoo	Kildee
Bereuter	Evans	Kim
Bevill	Everett	King
Bilirakis	Ewing	Kingston
Bishop	Farr	Klink
Bliley	Fawell	Klug
Blute	Fazio	Knollenberg
Boehlert	Fields (LA)	Kolbe
Boehner	Filner	LaFalce
Bonilla	Flanagan	LaHood
Bonior	Foley	Largent
Bono	Forbes	Latham
Borski	Ford	LaTourette
Boucher	Fox	Lazio
Brewster	Frank (MA)	Leach
Browder	Franks (CT)	Levin
Brown (CA)	Franks (NJ)	Lewis (CA)
Brownback	Frelinghuysen	Lewis (GA)
Bryant (TX)	Frost	Lewis (KY)
Bunn	Funderburk	Lightfoot
Bunning	Furse	Linder
Burr	Ganske	Lipinski
Burton	Gekas	Livingston
Buyer	Gephardt	LoBiondo
Callahan	Geren	Lofgren
Calvert	Gibbons	Longley
Camp	Gilchrest	Luther
Canady	Gillmor	Maloney
Cardin	Gilman	Manton
Castle	Gonzalez	Manzullo
Chabot	Goodlatte	Markey
Chambliss	Goodling	Martinez
Chapman	Gordon	Martini
Christensen	Goss	Mascara
Chrysler	Graham	Matsui
Clay	Green	McCarthy
Clayton	Greenwood	McCrery
Clement	Gunderson	McHale
Clinger	Gutierrez	McHugh
Clyburn	Gutknecht	McInnis
Coble	Hall (OH)	McIntosh
Coburn	Hall (TX)	McKeon
Coleman	Hamilton	McKinney
Collins (GA)	Hancock	McNulty
Collins (IL)	Hansen	Meehan
Collins (MI)	Harman	Meek
Combest	Hastert	Menendez
Conyers	Hastings (FL)	Metcalfe
Cooley	Hastings (WA)	Meyers
Costello	Hayes	Mfume
Cox	Hayworth	Mica
Coyne	Hefley	Miller (CA)
Cramer	Hefner	Miller (FL)
Crane	Heineman	Mineta
Cremeans	Henger	Minge
Cubin	Hilleary	Mink
Cunningham	Hilliard	Molinar
Danner	Hinchey	Mollohan
Davis	Hobson	Moorhead
de la Garza	Hoekstra	Moran
Deal	Hoke	Morella
DeFazio	Holden	Murtha
DeLauro	Horn	Myers