

During 1996, Officer Kennison made in excess of 115 arrests, truly an astonishing number. Putting his life on the line in many instances, he has demonstrated great bravery. As his family and coworkers gather to recognize him for this achievement, I want to wish him continued success. Officer Kevin Kennison is truly an asset to our community, and we all congratulate him on a job well done.

#### ADVERSE EFFECTS OF INCREASING MEDICARE COST-SHARING ON THE POOR

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 7, 1997*

Mr. STARK. Mr. Speaker, I thank the Members for this opportunity to address the House on the important issue of Medicare. In our attempt to cut Federal spending, we must consider the implications of those policy decisions on our Nation's most vulnerable citizens. Much has been said of the economical benefits of raising Medicare copayments and deductibles, but not enough has been said of the detrimental effects those cuts will have on Medicare beneficiaries with low incomes.

Many of my conclusions on the negative effects of higher cost-sharing on the poor are taken from the RAND health insurance experiment. The RAND experiment studied the rate of use of health services by assigning people to different levels of cost-sharing insurance programs. The results of that experiment should encourage us to take a good look at the effect our decisions will have on the health of the people we represent.

Mr. Chairman, the RAND experiment clearly showed that with increased out-of-pocket costs to the beneficiary; physician visits, hospital admissions, prescriptions, dental and vision visits, and mental health services use fell. While adverse health effects on the average person were shown to be minimal, statistics on the poor were rather disturbing. The study found that those with lower income levels suffered adverse health effects in many categories under the cost-sharing plan. The poor will forgo necessary medical attention as out-of-pocket costs of those services rise. This is a fact that undermines the original intent of this program.

Health areas most affected by a higher rate of cost sharing for the poor are hypertension, rate of mortality, dental and vision care. As an example of these findings, those with lower incomes who entered the experiment with high blood pressure benefited more under the free program than under the cost-sharing plan. Low-income groups have 46 percent more dental visits on the lower cost-sharing plan than on the higher. The higher income groups use dental services 26 percent more under the lower cost plan. Near and far vision statistics also improved in the lower cost plan and predicted mortality rates fell approximately 10 percent among the poor. In fact, Mr. Chairman, overall serious symptoms among the poor declined when the costs of care went down.

The determination made by this study and others is that those with higher needs and lower incomes are not more likely to spend

money on necessary medical services. Higher cost-sharing in the attempt to reduce necessary treatment will also cause a reduction in the use of highly effective care. Furthermore, the experiment found significant decreases in highly effective care seeking poor beneficiaries.

Mr. Chairman, raising the cost of Medicare will raise even higher the rate of emergency room visits by the poor. Already, those in the lower third of the income distribution have emergency department expenses 66 percent higher than those of persons in the upper third of the income distribution. Raising Medicare costs will only make it more difficult for those with lower incomes to see a primary care, office-based physician and force those patients to seek attention in our country's overcrowded emergency rooms.

All of these facts lead us to the conclusion that if we raise the beneficiaries' obligation in the cost of Medicare, those with lower income levels will be unable to afford and will not seek out needed health services. We have an obligation to fiscally get these entitlement programs under control without putting the Nation's most needy in harms way. I urge all of my colleagues to consider these findings as we work to improve Medicare.

#### THE HOUSING OPPORTUNITY AND RESPONSIBILITY ACT OF 1997

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 7, 1997*

Mr. LAZIO of New York. Mr. Speaker, I come to the floor of the House today to introduce the Housing Opportunity and Responsibility Act of 1997, a bill to bring hope and opportunity to millions of Americans now living in public housing across the country.

It is fitting that I do this today, the first day of the 105th Congress, because the first day of a new Congress is about new beginnings. This legislation is about new ideas and new models, new opportunities for families and neighborhoods that for too long have fallen victim to the old way of doing business.

For 60 years, we have asked local communities to live under one law for public housing, the 1937 Housing Act. Cities and neighborhoods, struggling with the challenge of providing affordable housing for families and individuals, have had to rely on a Depression-era law to provide that housing. A single, top-down, cookie-cutter model for housing designed to shelter urban factory workers and create jobs for out-of-work craftsmen in the 1930's is not the best way to do business today.

We ask a lot of local communities when it comes to building and supporting affordable housing. It's time we gave them the tools they need to get the job done right, so that families get the housing they need in communities that promote opportunity.

By providing that opportunity and demanding responsibility—at all levels, from recipients of assistance to those providing housing services—we take those first few steps toward creating the kind of communities we can all take pride in. Many of my colleagues have complained that the problem is not the programs, but simply how much money the Federal Gov-

ernment spends. I disagree. While having sufficient funding is something I have fought for, especially for our most vulnerable communities, it's wrong for us in Congress to ask the American taxpayers to pay for programs that aren't working. We Americans are a generous people, we always have been. We understand that not everyone has the same opportunities that some of our neighbors have been given and we are willing to spend tax dollars to help lower-income families get their feet under them and get on their way. But we are not so generous if we think our money is being wasted.

In too many cities, public housing has become the kind of waste that taxpayers don't want to put their money into.

We can do better than this. In some communities, housing for low-income housing is what we've asked it to be—a way to a better life, rather than a way of life. We can learn from those success stories, we can take the knowledge we have gained and make a better framework for change.

One of the worst examples has been the way residents in public housing are discouraged from working, discouraged from getting a better job or working overtime. The reason for this perversity? A well-intentioned but ill-advised policy known as the Brooke amendment, which requires tenants in public housing pay exactly 30 percent of their income for rent—no more, no less—no matter what income they make. Get a better job, your rent goes up. Work overtime to try to build a little savings, to move your family out of public housing, your rent goes up.

When we tried to restructure the intent of the Brooke amendment last year, some of my colleagues protested, saying that our only goal was to raise rents for low-income families. Nothing could be further from the truth. Nevertheless, this bill I am introducing today has a new way to eliminate the work-punishing provisions of existing law by simply giving tenants a choice. Each year, the housing authority will select a rent for each unit. The tenant then can choose whether to pay that rent or 30 percent of their income, obviously choosing whichever is less expensive. That way, no one is asked to pay more than 30 percent of their income for rent, but we don't force them to keep paying higher and higher rents based on misguided Federal policies.

This Work Incentive Rent Reform is one example of the kind of compromise we can create that protects families, but still provides the type of opportunity we need to instill in Federal programs.

Last May, members from both sides of the aisle voted for a very similar bill, the Housing Act of 1996. The House showed overwhelming support for reform by voting 315 to 107 in favor of that bill. As we go forward with this similar, but improved bill, I hope that Members on both side of the aisle, Republicans and Democrats, will feel free to engage in constructive debate, to work with us to make these needed changes.

Sixty years is a long time to wait for reform. We shouldn't ask low-income families to wait another year.

TITLE BY TITLE SUMMARY OF THE HOUSING OPPORTUNITY AND RESPONSIBILITY ACT OF 1997

The short title of the bill is the Housing Opportunity and Responsibility Act of 1997. The bill repeals the United States Housing

Act of 1937 (the "1937 Act"), removes disincentives for residents to work and become self-sufficient, provides rental protections for low-income residents, deregulates the operation of public housing authorities, and gives more power and flexibility to local governments and communities to operate housing programs.

The Housing Opportunity and Responsibility Act declares that it is the policy of the federal government to, among other things, promote the general welfare of the nation by helping families who seek affordable homes that are safe, clean, and healthy, and in particular, assisting responsible citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control. These goals are to be achieved by developing effective partnerships among the federal government, state and local governments, and private entities, which would allow government to accept responsibility for fostering the development of a healthy marketplace, and allow families to prosper and thrive by removing disincentives to work and barriers to self sufficiency. It states that the federal government cannot through its direct action or involvement provide for the housing of every American citizen, but should promote and protect the independent actions of private citizens to develop housing and strengthen their own neighborhoods.

#### TITLE I—GENERAL PROVISIONS

**Purpose.** States that the purpose of the bill is to provide affordable housing opportunities to low income families by (1) deregulating and decontrolling public housing agencies; (2) providing for more flexible use of Federal assistance to housing authorities, allowing the authorities to leverage and combine assistance amounts with amounts obtained from other sources; (3) facilitating mixed income communities (4) increasing accountability and rewarding effective management of public housing authorities; (5) creating incentives for residents of dwelling units assisted by public housing authorities to work; and (6)—recreating the existing rental assistance voucher program so that the use of vouchers and relationships between landlords and tenants under the program operate in a manner that more closely resembles the private housing market.

**Income Definitions.** Defines "adjusted income" for purposes of this Act to mean the difference between the income of the members of the family residing in a dwelling unit or the person on a lease and the amount of any income exclusions—some of which are mandatory—for the family as determined by HUD. Mandatory exclusions are for: (1) elderly and disabled families; (2) reasonable medical expenses; (3) child care expenses; (4) minors residing in the household; and (5) certain child support payments. Discretionary exclusions include, but are not limited to dependents, travel expenses; and earned income.

**Drug/Substance Abuse.** Permits a local housing and management authority to prohibit certain individuals with a history of drug or alcohol abuse from admission to units where admission may interfere with the peaceful enjoyment of the premises by other residents.

**Community Work and Family Self-sufficiency Requirement.** Requires adult residents of public housing or residents receiving assistance under Title III to enter into an agreement which provides that the resident contribute no less than 8 hours of work per month within the community in which the adult resides or participate on an ongoing basis in a program designed to promote economic self-sufficiency, and which sets a target date for when the family intends to graduate out of

public or assisted housing. Exceptions include working families, senior citizens, disabled families, persons attending school or vocational training, or physically impaired persons.

**Local Plans and Review.** Requires each local housing and management authority to submit to a local elected official or officials that appoint the authority and then to the Secretary an annual Local Housing Management Plan that describes the mission, goals, objectives, and policies of the authority with respect to meeting the housing needs of low-income families. Discusses the standards by which the Secretary may review Local Housing Management Plans, notice of approval or disapproval, treatment of existing plans, and authority of a public housing authority to amend plans.

#### TITLE II—PUBLIC HOUSING

**Block Grant Contracts.** Provides general parameters for block grant contracts (capital and operating funds) to be entered into between the Secretary of Housing and Urban Development (the "Secretary") and public housing authorities. An authority must agree to provide safe, clean, and healthy housing that is affordable in return for assistance. Requires the Secretary to make a block grant to a local housing and management authority provided, in part, that the authority has submitted a community improvement plan, the plan has been reviewed and complies with the necessary requirements, and the authority is exempt from local taxes or receives a contribution in lieu thereof.

**Uses.** Authorizes grant uses for production, operation, modernization, resident programs, homeownership activities, resident management activities, demolition and disposition activities, payments in lieu of taxes, emergency corrections, preparation of Local Housing Management Plans, liability insurance, and payment of obligations issued under the 1937 Act.

**Voluntary Voucher Conversion.** Permits public housing authorities, in accordance with the Local Housing Management Plans, to move toward a voucher program for certain buildings after a cost-benefit analysis of maintaining and modernizing the building as well as an evaluation of the available affordable housing.

**Formula Determination.** Provides for development of a formula, through negotiated rulemaking, for distribution of block grant amounts to public housing authorities. Provides for interim allocations to public housing authorities pending the development of a formula. Prescribes that chronically vacant units are ineligible to receive subsidy except to the extent of paying utilities.

**Family Income Eligibility.** Limits occupancy of public housing to families who, at the time of the initial occupancy, qualify as low-income. Public housing authorities may create a selection criteria for incoming residents that are aimed at creating an income mix that reflects the eligible population of that jurisdiction provided at least 35 percent of the units are occupied by families whose income does not exceed 30 percent of area median income. Certain income and eligibility restrictions may be waived by an authority that provides units to police officers, law enforcement and security personnel.

**Family Choice of Rental Payment.** Families residing in public housing will have a choice as to whether they would rather pay a flat rent for a unit, to be established by the public housing authority for each unit in its inventory, or to pay no more than 30% of the family's adjusted income as rent. The purpose is to allow public housing authorities to create rental structures that would reflect the asset value of the unit, similar to the

private rental market and which would remove disincentives to families obtaining employment and achieving self-sufficiency, while maintaining income protections for the residents.

**Minimum Rent.** Provides that a public housing authority may establish minimum rental contributions between \$25 and \$50, provided certain hardship exemptions are established.

**Designated housing for elderly and disabled families.** Permits local housing and management authority to designate all or part of a development as only elderly, only disabled, or only elderly and disabled as long as the designation is part of the Local Housing Management Plan. The authority must establish that the designation is necessary to meet certain goals and needs and include information the supportive services and other assets that will be provided to serve the residents.

**Resident Management Initiatives.** Allows residents or non-profit resident management corporations to assume the responsibility of managing or purchasing a development. The corporation must be organized under state law, has as its sole voting members the residents of the development, and have the support of its resident council (if one exists), or alternatively, a majority of the households of the development. Allows a public housing authority to contract with a resident management corporations to manage one or more developments.

**Authorization of Appropriations.** Authorizes \$2.5 billion as the appropriation level for each fiscal year through 2002 for the capital fund, and \$2.9 billion through fiscal year 2002 for the operating fund.

#### TITLE III—CHOICE-BASED RENTAL HOUSING

**Grants.** Authorizes the Secretary to make grants to public housing authorities and authorizes contracts for one fiscal year.

**Formula Allocation.** Requires the Secretary to determine a formula for allocating assistance based, in part, on census data, various needs of communities, and the comprehensive housing affordability strategy of a community, pursuant to a negotiated rule-making process. Up to 50 percent of the funds that are unobligated by a local housing and management authority for a period of 8 months may be recaptured by the Secretary.

**Administrative Fees.** Sets administrative fees for public housing authorities at 7.65 percent of grant amount for the first 600 units at fair market rent for a two bedroom and 7.0 percent of the grant amount for all units in excess of 600. The Secretary may increase this fee in certain circumstances.

**Authorizations.** Authorizes \$1,861,668,000 under this title as the appropriation level for each fiscal year through 2002.

**Income Targeting.** Not less than 40% of the families assisted with choice-based assistance must be families with incomes at or below 30% of the area median income.

**Portability.** Establishes national portability for recipients of choice-based assistance.

**Resident Contribution and Rental Indicators.** The resident contribution shall not exceed 30% of the monthly adjusted income of the family. Requires the Secretary to establish and to publish annually rental indicators for a market area that may vary depending on the size and type of the dwelling unit. The rental indicators shall be adjusted annually based on the most recent available data.

**Homeownership Option.** Allows public housing authorities to use funds under this title to assist low-income families toward homeownership. Eligible families must have an income from employment or sources other than public assistance, and must meet initial and continuing requirements established by the authority.

**Housing Assistance Payments Contracts.** Allows public housing authorities to enter into

contracts with owners by which owners screen residents, provide units for eligible families, and authorities make payments directly to owners on behalf of the eligible families. The authority may enter into a contract with itself for units it manages or owns.

**Amount of Monthly Assistance Payment, Shopping Incentive and Escrow.** States that the monthly payment for assistance under this title is in the case of a unit with gross rent that exceeds the payment standard for the locality, the amount by which the payment standard exceeds the amount of the resident's contribution and, in the case of a unit with gross rent that is less than the payment standard, the amount by which the gross rent exceeds the resident's contribution. Half of any savings under (b) are escrowed into a fund on behalf of the tenant, the remainder to be returned to the federal treasury.

#### TITLE IV—HOME RULE FLEXIBLE GRANT OPTION

Allows local governments and jurisdictions to create and propose alternative programs for better delivery of housing services using funds that otherwise would have been provided to these localities through the federal programs. Localities would be able to consolidate public housing and choice-based rental assistance funds. The local plan would have to meet certain federal requirements, and would be subject to approval by the Secretary. HUD would enter into "performance agreements" with the jurisdictions setting forth specific performance goals.

#### TITLE V—ACCOUNTABILITY AND OVERSIGHT PROCEDURES

**Study of Various Performance Evaluation Systems, Establishment of Accreditation Board.** Requires that a study be conducted of alternative methods to evaluate the performance of public housing agencies, the results of which shall be reported to Congress by the Secretary within six months of the date of enactment of this legislation. Six months after completion of the study and receipt by Congress, a twelve-member Housing Foundation and Accreditation Board (the "Board") is established with the purpose of developing an alternative evaluation and accreditation system for public housing authorities.

**Annual financial and performance audits.** Requires each public housing authority to conduct an annual financial and performance audit. Procedures for the selection of an auditor, access to all relevant records, design of audit are described. The Secretary may withhold the amount of the cost of an audit from an authority that does not comply with this section.

**Classification by performance category.** Provides for four classifications for housing authorities, including troubled housing authorities. Requires an authority classified as troubled to enter into an agreement with the Secretary that provides a framework for improving the authority's management.

**Removal of Ineffective PHA's.** Authorizes the Secretary to (a) solicit proposals from other entities to manage all or part of the authority's assets, (b) take possession of all or part of the authority's assets, (c) require the authority to make other arrangements to manage its assets, or (d) petition for the appointment of a receiver for the authority, upon a substantial default by a housing authority of certain obligations. The Secretary may provide emergency assistance to a successor entity of an authority. Allows an appointed receiver to abrogate contracts that impede correction of the default or improvement of the authorities classification, demolish and dispose of assets in accordance with this title, create new public housing authorities in consultation with the Secretary.

**Mandatory takeover of chronically troubled PHA's.** Requires the Secretary to takeover

each chronically troubled public housing agency not later than 180 days after the date of the enactment. The Secretary may either solicit proposals and take the necessary actions to replace management of the agency or take possession of the agency.

#### TITLE VI—REPEALS AND CONFORMING AMENDMENTS

Provides for repeal of the United States Housing Act of 1937. However, the effective date of this act is delayed for six-months after date of enactment to allow HUD time to identify any technical corrections that would be required resulting from such repeal. In addition, the Secretary may delay implementation (until no later than October 1, 1998) of any section in order to avoid undue hardship or if necessary for program administration, provided the Secretary notify Congress.

#### TITLE VII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS

Include various miscellaneous provisions, including a prohibition against HUD establishing a national occupancy standards, technical corrections to legislation governing the use of assisted housing by aliens, amendments to HOME and CDBG income eligibility to promote homeownership, and provisions governing the use of surplus government property by homeless providers and self-help housing programs.

### IDEA IMPROVEMENT ACT OF 1997

HON. FRANK RIGGS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. RIGGS. Mr. Speaker, I am pleased to join Chairman GOODLING, and others, in the introduction of the IDEA Improvement Act of 1997. I will serve as the chairman of the Subcommittee on Early Childhood, Youth and Families during the 105th Congress. I care deeply about ensuring that all children receive a quality education. There is nothing more important to the future of our country than providing the opportunity for a high quality education for all Americans. I believe that this can be achieved by working together to build on what works: basic academics, parental involvement, and dollars to the classroom, not bureaucracy.

We must ensure that children with disabilities are not denied the opportunity for a high quality education. The IDEA Improvement Act of 1997 will help children with disabilities by focusing on their education instead of process and bureaucracy, by increasing parents' participation, and by giving teachers the tools they need to teach all children.

The bill I have cosponsored is nearly identical to the bipartisan IDEA Improvement Act of 1996. That bill, which passed the House in June 1996 without a single dissenting vote, made numerous changes to current law. The 1997 bill changes the focus of the Act to education, not process and bureaucracy. It ensures evaluations for special education so that schools will consider whether other needs are the primary cause of a child's learning problems. These could include inability to speak English, or lack of previous instruction in reading and math.

Another change focusing on education is in the area of due process. The IDEA Improvement Act will shift the focus of dispute resolution from litigation to mediation—focusing on

the real needs of the child. Similarly, prior to the commencement of any litigation and unlike current law, parents and schools will be required to disclose their concerns about the child's education to the other party. I believe this will lead to conflict resolution and education for the child, instead of more litigation and attorney's fees.

Parental involvement is an important hallmark of this bill. Under the bill, parents will be given the right to access all of their child's records and participate in any decisions on the placement of their child. Parents will be able to receive regular, meaningful updates about the progress their child is making, in another marked change from current law. This will further ensure that a child with a disability receives a quality education, not simply passes through an educational process.

Finally, the bill will ensure that teachers have the tools they need to teach all children. The bill will shift decisions on the expenditure of Federal training funds from the Federal Government to States and localities. That change will mean more general and special education teachers receiving the in-service training they need, instead of the pre-service training for special educators that the universities desire. The bill will eliminate the incidental benefit rule, which prevents schools from allowing even an incidental benefit from IDEA funds from deriving to other students, even if doing so would result in substantial aggregate cost savings, which can be used to educate all children.

I would like to briefly comment on the process that has led to this bill's introduction. During the past 2 months, I met with a number of members of the disability and education communities to learn their views on last year's bill and the need for reforming IDEA in general. During my discussions with the disability community, they expressed their appreciation for our initial intention to introduce a bill that is silent on the issue of whether schools may expel students with disabilities without education services in cases where such expulsion is permitted by local law and where the child's actions are unrelated to their disability.

I had taken that action as a sign of good faith that the topic of student discipline would be discussed in a fair and open manner by the committee. Our hope was that all groups would agree to such a free, democratic process.

Following my conversation with representatives of the disability community, I was both surprised and saddened to receive a letter from the co-chairs of the Consortium for Citizens with Disabilities asking Chairman GOODLING and me not to introduce a bill at this time. They indicated that there was insufficient time in this new Congress for my Democrat counterparts to consider a new bill. They were also concerned that the bill would be represented as having their support because it is based on last year's bill, the contents of which drew heavily from the disability and education group consensus process that occurred in the spring of last year.

I do not believe our introduction of the IDEA Improvement Act of 1997, which has only technical changes from the bill that passed the House unanimously last year, will result in any undue difficulty for our committee's Democrats. Being based on last year's bill, the 1997 bill draws from the four hearings and six drafts that preceded the House's later bipartisan passage of that bill.