

about how fairly we represent their concerns.

The supporters of reform intend to offer amendments related to various aspects of reform, and as I have stated previously, I intend to offer an amendment banning soft money, the unregulated ocean of money which is drowning the integrity of our political system and which occasioned so much scandal in the last election. I am looking forward to the great debate on the first amendment that supporters of soft money will offer in opposition to the ban.

I know that the Senator from Kentucky will enthusiastically engage in that debate, and I again commend him for having the courage of his convictions, for his clear willingness to have his opposition to reform recorded unambiguously for the people to judge. Will the other Senators join him? I don't know. I don't think support for unlimited soft money is quite so clear as his opposition to other reform proposals. I think we would win a vote banning soft money. I am not certain, but I am fairly confident, and I intend to find out.

We will keep trying until the Senate agrees to provide the people we serve with an honest, clear record of our support or opposition to campaign finance reform. They will then make a judgment as to whether they approve of our position or not.

Finally, again, Mr. President, I am hopeful that at some point, there will be sufficient requests by the American people, including a million signatories, 1 million Americans signing a petition asking us to address this issue of campaign finance reform. I hope that sooner or later that and the better angels of our nature will persuade us that it is time to sit down and work out a campaign finance reform which is fair to everyone and gives and restores the American people control of their Government.

I yield the floor.

Mr. KERRY addressed the Chair.

Mr. BOND. Without objecting, may I say, we are trying to arrange for the expeditious consideration of the VA-HUD report.

Mr. KERRY. I just ask for 3 minutes or so. I want to respond to Senator McCain.

Mr. BOND. I have no objection.

THE SENATE WILL ULTIMATELY BE HEARD

Mr. KERRY. Mr. President, I would like to thank the Senator from Arizona for his comments, for his steadfast efforts and leadership on this and, speaking for Senator DASCHLE who is not here at this moment and for the leadership on this side, we would like to make it very clear that what Senator McCain has said we are determined to try to help effect. We are determined that we will bring back campaign finance reform again and again and again until we have the ability to vote

up or down on either McCain-Feingold or on some measure of full reform. I think Senator MCCAIN has appropriately suggested that ultimately the will of the Senate can't be held down on a matter like this. Senators will have to vote one way or the other in order to make their positions clear, and the will of the Senate ultimately will be heard.

We, on our side, are particularly grateful to Senator FEINGOLD for his leadership, but, Mr. President, we regret enormously that the American people were not permitted to have one amendment properly voted on and debated. Not one. Not once in this important issue, where 88 percent of the American people believe we ought to have reform, was the U.S. Senate, known as the world's greatest deliberative body, able to truly deliberate. Some would argue deliberation comes in many forms and a filibuster is a form of that deliberation. But everyone knows that a majority of this Senate was prepared to vote for this bill as it is today. This bill will come back again and again until the Senate has a chance to work its will.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

UNANIMOUS-CONSENT AGREE- MENT—CONFERENCE REPORT AC- COMPANYING H.R. 2158

Mr. BOND. Mr. President, I ask unanimous consent that the Senate now turn to the VA-HUD conference report; that the report be considered read; and that there be 20 minutes equally divided between the majority and the minority, plus 5 minutes for the Senator from Washington, Senator GORTON; that following the conclusion or yielding back of time, the conference report be agreed to and the motion to reconsider be laid upon the table, all without intervening action or debate.

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

DEPARTMENTS OF VETERANS AF- FAIRS, HOUSING AND URBAN DE- VELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1998—CONFERENCE REPORT

Mr. BOND. Mr. President, I submit a report of the committee of conference on the bill (H.R. 2158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2158) having met, after full and free con-

ference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the RECORD of October 6, 1997.)

Mr. BOND. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I am pleased to present the Senate with the conference report accompanying H.R. 2158. The bill provides a total of \$90.7 billion in new budget authority, including \$21.5 billion in mandatory spending, which is \$855 million less than the President's request.

As with most legislative activity in this body, the bill is not perfect, but I do think it reflects a very balanced approach to a number of particularly difficult funding and policy decisions. In achieving that balance, I owe a special debt of gratitude and express my sincerest thanks to my hard-working ranking member, Senator MIKULSKI, whose cooperation, guidance, and wise counsel has helped to craft a consensus in reaching many of these difficult decisions.

We have done our best to ensure that both the spirit of the budget agreement and the highest priorities of the President have been met without jeopardizing key programs, such as veterans' medical care and the space program which were not protected in the budget agreement.

For the VA, the highest priority in the VA-HUD conference report is afforded to veterans' programs which total \$40.45 billion and veterans' medical care in particular. The conference report provides \$17,060,000,000 for VA medical care, which is \$100 million more than the President's request and more than \$300 million above the amount assumed for veterans' medical spending in the budget agreement. This level should ensure continued care to all eligible veterans and continued improvements to the VA medical system. Increases also are provided for the State Nursing Home Program construction and research.

For the Department of Housing and Urban Development, the conference report provides close to \$25 billion for fiscal year 1998, including full funding of \$8.2 million for section 8 contract renewals as provided through the budget resolution.

Other key programs include \$310 million for drug elimination grants; \$1.5 million for HOME; \$4.7 billion for community development block grants; \$600 million for the Native American Block Grant Program; \$823 million for homeless assistance programs; \$35 million for Youth Build; \$25 million for Brownfields; and \$138 million for the economic development initiative.

Unfortunately, we were unable to fund the preservation program due to the high cost of the program, reported

fraud and abuse, and HUD's lack of capacity to administer the program. To continue the program would cost some \$2 billion over the next several years. Therefore, we have included instead \$10 million to reimburse costs expended by project owners and nonprofit and tenant purchasers under the program.

This bill also authorized enhanced—or "sticky"—vouchers which will protect tenants from being forced to move if an owner chooses to prepay a mortgage and higher rents are charged.

Mr. President, I also point out that we have worked with the Department of Housing and Urban Development and colleagues in the authorizing committee to craft an ongoing solution to the high-cost rental program under multifamily projects in a program known as mark-to-market.

We believe that the Senate's position, which finally has been accepted by the House, to deal with these programs to provide a continuation of housing services to those residents in particularly elderly and other projects funded under a multifamily basis, is the best approach to dealing with what otherwise would be a budgetary nightmare and potentially totally disruptive to the residents.

For EPA, the conference report provides \$7.4 billion for fiscal year 1998, an increase of over \$400 million over fiscal year 1997; and an additional \$650 million for fiscal year 1999 for the Superfund program. The appropriation includes \$3.3 billion for the operating programs, an increase of \$200 million or 6 percent over fiscal year 1997.

State revolving funds would receive a total of \$2.075 billion, including \$1.35 billion for clean water and \$725 million for drinking water. The President's proposed reduction of \$275 million from the clean water State revolving fund was fully restored.

For Superfund, the conference report includes \$2.1 billion, an increase of \$750 million over the current level. This funding includes an advance appropriation of \$650 million to be made available on October 1, 1998, so long as a Superfund reform bill is enacted by May 15, 1998. This reflects the budget agreement which assumed this additional funding only upon a comprehensive reform of the Superfund program.

In addition, given the priority the administration places on funding for Boston Harbor, the conference report provides \$50 million, which is \$27 million more than proposed by the House.

For NASA, the conference agreement recommends \$13.6 billion, the same amount as proposed by the House and an increase of \$148 million over the Senate level and the administration's budget request. This amount will help NASA deal with the recent problems with the space station program without jeopardizing critical programs, such as space science, earth science, and aeronautics.

For the National Science Foundation, appropriations would total almost \$3.5 billion, a \$60 million increase above

the budget request. This funding includes an additional \$40 million for plant genome research. Mr. President, this new comprehensive initiative is critical to the future of U.S. crop production, the ability of our strong agriculture sector to provide the food and fiber needed in this country and the world.

For the Federal Emergency Management Agency, this agreement recommends \$830 million, including \$320 million for disaster relief and \$30 million for a new predisaster mitigation grant program intended to improve the Nation's ability to reduce the costs and impacts of natural disasters, particularly in communities with significant disaster risks.

For the National and Community Service Program, funding is \$425.5 million, an increase of \$25 million over the current year. Despite continued concerns many of us have with this program, we have acknowledged the priority the President has placed on the program. And, in addition, the \$25 million is targeted directly to the critical issue of child literacy.

Community development financial institutions are provided \$80 million. While this funding is \$45 million less than the President's request of \$125 million, the conference report funding represents a compromise which reflects significant concerns raised in the last several months over the lack of administrative capacity and accountability at CDFI, including concerns relating to the contracting of services. We expect that the Treasury Department will continue to put in systems, procedures and policies that will ensure that the CDFI program will be administered appropriately in the future.

As I said before, on the section 8 mark-to-market reforms, title V of the bill provides, beginning in fiscal year 1999, a comprehensive reform program that provides a mortgage and rent restructuring program to reduce the costs of oversubsidized section 8 multifamily housing properties insured under the FHA. Under this mark-to-market program, FHA-insured properties with above-market rents are eligible for debt restructuring to reduce the rent levels to market-rate rents or the project base rents needed to support operations and maintenance.

In response to concerns about HUD's capacity, the legislation shifts the management, administration, and restructuring of the portfolio to capable local entities with a public purpose. In most cases, State and local housing finance agencies will be responsible for the restructuring of projects and consultation with project owners, the tenants and the affected community.

In addition, the legislation requires the continuation of project-based assistance for projects that serve elderly and disabled families, thus ensuring the availability and affordability of low-income housing for the elderly and disabled.

I note that a number of provisions, some of which I do not support, were

added in conference to ensure the passage of the bill in both the House and the Senate and to promote signing by the President.

In addition, we reached a number of accommodations with the White House with the cooperation and assistance of Senator MIKULSKI, Congressman STOKES, Congressman OBEY, and other members of the conference. We are grateful for their assistance.

I yield to Senator MIKULSKI for her opening statement.

Ms. MIKULSKI. Thank you very much, Mr. Chairman.

The PRESIDING OFFICER [Mr. INHOFE]. The Senator from Maryland.

Ms. MIKULSKI. Thank you, Mr. President.

I rise today to join my very distinguished colleague, the Senator from Missouri, to offer for the Senate's consideration the conference agreement on the VA-HUD bill.

This bill contains \$99 billion—\$99 billion—in outlay spending, of which almost \$20 billion is in mandatory spending. This isn't just about numbers though. And it will not be about statistics; this is about people.

The VA-HUD bill is probably one of the most complex that comes before the Senate. In terms of dollar amounts, it ranks up there with defense, and it ranks up there with the Labor, Health and Human Services budget. What it does in terms of dollar amounts, though, is it really is focused on two policy objectives. No. 1, how do we respond to the day-to-day needs of our constituents, those veterans who need health care or access to a mortgage, or constituents who need housing, whether it is housing for the elderly, or housing for neighborhoods trying to rebuild themselves, or in response to the need for emergency assistance?

At the same time, this subcommittee gets America ready for its future. It is significant in public investments in science and technology. That is where we have tried to make wise and prudent choices, on how we respond to the day-to-day needs of the American people and at the same time help our country get ready for the future. I believe that, working on a bipartisan basis, we have been able to do this.

I thank my colleague, Senator BOND, for the collegial manner in which he and his staff have worked with my staff and myself to craft a bipartisan bill that represents the best interests of the American people.

I am very pleased to say that when it has come to meeting the health needs of our veterans, whether it has been making sure that the housing needs are met, and at the same time whether it is our space program or our investments in information technology, we have not played politics.

Isn't this what the American people want us to do? For the people who risked their lives at Iwo Jima, Pork Chop Hill, Desert Storm, the Mekong delta, they want us to get out there and get up every day and see how we

can be responsible in meeting their needs and not play politics with their needs. Well, we looked at people who need public housing or subsidized housing, how we can ensure that housing is not a way of life but a way to a better life. Isn't that what the American people want us to do?

When they look to not only the Stars and Stripes, but they look out there to the stars of the universe, they want the United States of America to lead the way. They do not want us to play politics with our space program. And we have not done that.

At the same time, they know a new century is coming, a new economy is on its way. We need groups like the National Science Foundation, in its investments in information technology and other basic scientific research, to do that basic research which the Federal laboratories and our universities are best at, so that we can then turn to the private sector to value add where public investments in publicly funded research will lead to the private-sector jobs. And they do not want us to play politics with that. And guess what? We did not.

So, Mr. President, as we come before you with this VA-HUD bill, I think that is what we have done. We have moved this legislation forward. I think the numbers speak for themselves.

We have provided \$300 million more for VA medical care than the budget agreement because we said, "Promises made should be promises kept to our veterans."

We wanted to be sure that the VA medical research could continue to be funded in a way that meets the important practical clinical research that is important. I am so pleased that we are going to be doing research on gulf war syndrome. I am particularly pleased that we have the set-aside for both Parkinson's disease and prostate cancer. With quality VA medical care and research, we are providing real help for real people.

When we look at our housing and urban development, we once again make sure that we adequately fund the very successful program that funds housing for the elderly in our local communities.

This committee was concerned, though, about two things. First, we were concerned that the way section 8 was being funded could inadvertently result in yet one more unfunded liability to taxpayers and a hollow opportunity for the poor. The Senator from Missouri, Senator BOND, has been an architect of reform in this area. I have noted with great pleasure the way he worked with the administration in terms of fashioning a compromise where we meet our fiscal and social responsibility simultaneously.

We also fund something called HOPE VI which says that public housing should not be a way of life but a way to a better life. We have come up with not only a new physical infrastructure, but a new social infrastructure that says, if

you get a subsidy, you have to get yourself, your family, and your community ready for the future because it mandates that you must be in job training and it mandates also that you must be engaged in community service in your own area.

This way we build the capacity of the individual, we build the community in which that individual lives, and we get value not only for the taxpayer, but the lives of residents will be transformed forever.

Again, this committee provided real help for real people. This year, when we looked at the environment, the President's request had many items we worked on, from Superfund to Brownfields, clean air to clean water. What we have been able to do is not only work on these issues, but also lay the groundwork for the research that needs to be done to be sure that we have sufficient science for a regulatory framework.

I am very grateful for the response of the Senator from Missouri when I came to him when Maryland was hit by a terrible tragedy in which we had a fish kill over on our Eastern Shore. We had thousands of fish die. Our great medical community was concerned that it was having a dire effect on the physical and public health of our community.

Before we responded inappropriately, we felt that we needed to have our Federal laboratories engaged so that they could support not only Maryland, but other affected States like Virginia and North Carolina, so we could come up with wise solutions to protect public health and also maintain the community.

I want to thank Senator BOND for responding to my request for \$3 million that will fund EPA to find a solution to a problem called the pfiesteria, an "X Files"-like organism that goes from a vegetable to an animal and then attacks fish in a vicious way. What we are able to do now is to provide the best science to come up with the best solutions to be able to protect lives, protect the Chesapeake Bay, and protect our economy. I want to thank the Senator for responding to that because it was a last-minute, but certainly a much needed request.

In NASA, we also talked about how we maintain our core programs—safety for the shuttle, we will fly high in the space station, and we will once again have adequate funding for Mission to Planet Earth. While we study the great universe, we also need to look back on the one planet where we do believe there is intelligent life, and that is our own dear planet Earth. Thanks to this we will be able to study our planet as if it were a distant planet and come up with new ways of doing business, where we can predict earthquakes, where we can predict floods, where we can predict famine, and using the tools of science, we can help countries all over this planet be able to protect themselves from either the dire effects of nature or the dire effects that we bring upon ourselves.

I am also particularly pleased that, once again, the chairman responded to a request from both the administration and from this side of the aisle to maintain the National Service Program. This is a program where we ask young people to volunteer in their communities, and while they are doing that, receive a voucher to reduce their student debts, and at the same time give back to their community.

There are many aspects of this bill which we could elaborate on, but the one that we probably have to respond to most immediately is the Federal Emergency Management Agency. FEMA is the 9-1-1 agency for the American people. Unfortunately, just about every Senator's State had a call on FEMA. We were able to respond to that, and once again, we worked on a bipartisan basis. What we are also going to do now is to practice the three R's of emergency management: readiness and preparedness, response when a disaster hits, and restoration. Only this time when we restore, we are not going to only restore, we will take steps to help communities reduce the impact from future natural disasters like hurricanes and floods.

Mr. President, we could talk about the legislation, but what I am here to say today is that what we have done in this subcommittee is that we have responded to the needs of the American people, we have gotten ourselves ready for the future, we have been fiscally responsible, and we have done it on a bipartisan basis. At the end of the day, I don't think we can do better than that. I will be able to go back to my constituents in Maryland and say, "We think we have done a good job for you. We think we have done a good job for America."

I thank Senator BOND and his staff for the way they worked with us, particularly John Kamarc, Carrie Apostolou, and a wonderful detailee, Sarah Horrigan. I also want to thank my staff, Andy Givens, David Bowers, and also another detailee, a science whiz kid like Sarah, Stacy Closson, who came to us to learn about how the Senate works, while we have a better insight into how science works.

Mr. President, I think that concludes my remarks. I yield the floor and I will look forward to the passage of the bill.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, my remarks are directed at the two distinguished managers of the bill, and I hope they will be able to respond to the concerns I am about to raise.

On July 22, while this bill was being debated on the floor of the Senate, I shared with the Members of the Senate a series of scandals across Indian country with respect to a housing program for low-income Indian reservation residents. The scandal occurred in my own State in Washington in the construction of a 5,000 square foot, \$400,000 home under this low-income program for the chairman of the housing council

of the particular tribe, and similar activities in other reservations across the country in which money had been misused not for the benefit of low-income Indians on reservations but for the benefit of the people who were managing the money themselves, most of whom were above average in income.

As a result of that set of facts, themselves a result of a long investigation on the part of the *Seattle Times*, the Senate unanimously passed an amendment that says "The Secretary of Housing and Urban Development shall bar any person from participating in any activity under the native American housing block grants program under title I of the Native American Housing Self-Determination Act of 1996 or any activity under the jurisdiction of the Department of Housing and Urban Development where such person has substantially, significantly, or materially violated the requirements of any such activity. The Secretary shall pursue reimbursement for any losses or costs associated with these violations."

Now, Mr. President, the two managers were delighted to accept that amendment. The Senator from Missouri told me a week or so ago that the House was greatly resistant to these provisions and that he greatly feared he would have to drop them. In fact, he has done so, Mr. President. I simply would like to get his explanation as to why Members of the House of Representatives seem to feel that someone can "substantially, significantly, and materially violate the requirements of the law" and suffer no consequences for doing so?

This seems to me to be a ratification of this widespread fraud. At least two people working for the Department of Housing and Urban Development were transferred, another has been forced into early retirement as a result. But why is it that a simple prohibition against what amounts to total fraud—effectively stealing not just the money of the people of the United States, but of poor members of these tribes, now is suddenly dropped from the bill?

What sanction contained in this amendment was regarded as so obnoxious by Members of the House of Representatives, I ask my distinguished friend and chairman, that they refused to include it in the final bill?

Mr. BOND. Mr. President, to respond to my good friend, I first commend him for calling attention to some of the abuses that occurred. When we accepted on the floor his proposal, it was in light of the abuses and the problems that were uncovered. As I have advised my colleague from Washington, the House had grave concerns about the breadth of this issue, fearing that it might bar not only people actively engaged in fraud but people with other problems in their background or in other time periods or in other areas. I cannot do a good job of explaining their objection because it was not my objection. We were unable to include it because we did not have adequate sup-

port from our side to overcome the resistance of their side.

I point out to my colleague from Washington that HUD currently has authority under this program to address fraud and abuse in this program and they have assured us that they will.

Having said that, Mr. President, I assure my friend from Washington, I am from Missouri, and assurances—frothy substances do not satisfy me; I am from Missouri, and you must show me.

I expect that the new Native American Housing Block Grant Program which is under consideration in the Banking Committee will include program administrative and oversight requirements. At this point we must defer to the Banking Committee which is currently looking at native American housing block grant reforms as part of a HUD extender bill which would extend the authorization of a number of the programs such as FAA and multifamily risk programs. We expect this bill will be considered by the House and the Senate before the end of the session.

I hope there would be an opportunity once again, for the Senator from Washington to address the very real concerns he noted.

Mr. GORTON. Mr. President, I appreciate those expressions on the part of my friend from Missouri and I emphasize that I know he supported this provision and that he did his best to keep it included in the bill.

I hope that at some future time in authorizing legislation or otherwise we will be able to do something similar to this. I, too, have heard the assurances of the Department of Housing and Urban Development that this will not happen again, but we have gotten those assurances in the past without them having been carried out.

I summarize by saying how anyone could say that a person who "has substantially, significantly, or materially violated the requirements" of this law should somehow or another not even receive so much as a tap on the wrist and should be allowed to go on doing in the future what that person has done in the past, is beyond my understanding. I am sorry this is not in the bill. I don't think the excuses of its opponents and the House conferees are adequate in the slightest, but I do know that the chairman and the ranking minority member sympathize with me on this and will support us as we continue on a crusade for honesty and straightforward dealing and using this money for the purposes for which it was intended. I know they will support that in the future.

Mr. BOND. Mr. President, I thank the Senator from Washington for his comments.

MULTIFAMILY ASSISTED HOUSING REFORM

Mr. D'AMATO. Mr. President, I wish to express my strong support for the inclusion of the Senate's "Mark to Market" reform legislation in the Fiscal Year 1998 VA-HUD Appropriations

Conference Report. The conference report effectively incorporates The Multifamily Assisted Housing Reform and Affordability Act of 1997 (S. 513), as passed by the Banking Committee and full Senate with minor modification.

This legislation averts a serious affordable housing crisis by restructuring the Department of Housing and Urban Development's [HUD] Federal Housing Administration [FHA] insured section 8 project-based assisted portfolio. This legislation will save taxpayer money by reducing above-market rents on section 8 properties, will protect residents, and will help maintain a stock of affordable housing which will remain available for the future. The financial viability of assisted projects will be protected by refinancing and restructuring mortgages which are insured by the FHA.

I salute my friend and colleague Senator CONNIE MACK, Chairman of the Subcommittee on Housing Opportunity and Community Development, for his outstanding efforts in crafting this legislation and ensuring its swift enactment. Through his extraordinary leadership this legislation has been developed in a bipartisan, measured and thoughtful manner. I thank my friend Senator KIT BOND for the critical role he played in the development of this bill as a member of the Banking Committee in the last Congress and for his leadership as chairman of the VA-HUD Appropriations Subcommittee in bringing this measure to final passage.

Mr. President, this legislation is supported by a broad range of interest groups including resident organizations, owners, nonprofit housing associations, the National Governors Association, the National Affordable Housing Management Association, the National Housing Conference, the National Association of Home Builders, and the National Council of State Housing Finance Agencies. The New York Housing Conference and the New York State Tenants and Neighbors Coalition have been instrumental in the development of this bill and I thank them for their valuable input and support.

This legislation addresses the escalating costs of the HUD section 8 program and achieves fiscal year 1998 savings of \$562 million. Importantly, this legislation will save the American taxpayer \$4.6 billion over the next 10 years by reducing exorbitant rents in the section 8 program. At the same time, the legislation will protect the FHA multifamily insurance fund from losses due to defaults. The mortgage restructuring provisions contained in this bill will allow projects to continue to operate effectively with reduced rent levels.

Mr. President, millions of needy Americans depend on section 8 housing to provide them with affordable shelter. The average income of these families, elderly and disabled persons is similar to those in Federal public housing—approximately 17 percent of the

local area median income. In addition, over 35 percent of these persons are elderly. Many more are disabled or families with children. It is essential that we protect these residents.

Mr. President, the legislation protects residents from displacement and provides them with a meaningful voice in the restructuring process. Resident involvement is essential to prevent physical deterioration of buildings, identify criminal activity and threats to health and safety, and contribute to the long-term viability of the affected buildings and communities. The legislation provides for a strong role on the part of residents to participate in activities such as the determination of eligibility for restructuring, decisions to renew project-based contracts, the formation of the rental assistance assessment plan, capital needs and management assessments, and physical inspections.

In addition, resident involvement in the decisions which affect their communities and lives will be further ensured by the selection of resident-friendly participating administrative entities [PAE]. The legislation mandates that any organization selected as a PAE must have a demonstrated track record of working directly with residents of low-income housing projects and with community-based organizations. It is imperative that these PAE's provide for resident input that is meaningful. This will be achieved by the PAE providing residents timely, adequate and effective written notice of proposed decisions, timely access to relevant information and an adequate time period for analysis and provision of comments to the PAE and HUD. The PAE and HUD will take into account resident comments in a thoughtful and constructive manner.

Mr. President, the bill seeks to preserve affordable housing throughout our nation for the benefit of current and future residents. Criteria have been developed to assess whether a project should maintain project-based assistance or be converted, in whole or in part, to tenant-based assistance. Projects in disrepair will be rehabilitated, where feasible, and their proper maintenance will be ensured. The legislation contains important new enforcement tools for HUD to employ to crack down on fraud, waste and abuse by unscrupulous landlords. Landlords who break the rules will be banned from the program. New protections against equity skimming, as well as expanded civil money penalties will greatly assist efforts to eliminate owners who have cheated the Federal Government. In addition, the legislation refocuses HUD's efforts on oversight and enforcement. By devolving the primary responsibility for conducting mortgage restructurings to the State and local level, HUD staff will be able to concentrate on rooting out abuses within the system.

Rents on restructured properties will be set at local market rates based on

comparable properties, or where comparables are unavailable, at 90 percent of HUD's Fair Market Rent [FMR]. The legislation provides that up to 20 percent of a given PAE's inventory may receive budget-based rents, capped at 120 percent of FMR, in order to maintain the financial viability of the projects.

The HUD Secretary may waive the 20 percent limitation upon a demonstration of special need. Report language accompanying The Balanced Budget Act of 1997 (S. 947), which passed the Senate on June 25, 1997, states:

The Committee expects that the Secretary shall utilize this important discretionary tool to address the unique circumstances of various communities and regions throughout the nation. The Secretary should consider relevant local or regional conditions to determine whether good cause exists in granting such a waiver. Such factors should include, but should not be limited to: (1) whether the jurisdiction is classified as a "high cost area" under other federal statutes or programs; (2) prevailing costs of constructing or developing housing; (3) local regulatory barriers which may have contributed to increased development costs; (4) State or local rent control or rent stabilization laws; (5) the costs of providing necessary security or services; high energy costs; the relative age of housing in a jurisdiction; or (6) other factors which may have contributed to high development or operational costs of affordable housing in a given jurisdiction."

By providing a priority to State and local housing finance agencies [HFA] to serve as PAE's, we recognize and build upon the increasing financial and housing management expertise of these public entities. HFA's are accountable to State and local governments and the public and are dedicated to increasing the availability of affordable housing. In addition, they have extensive experience with the section 8 portfolio itself and will be able to leverage additional resources for its benefit.

Mr. President, this legislation protects the interests of the Federal taxpayer, the security of our residents and the future of affordable housing. It is with great pride that I commend my colleagues in the Senate for working together to avoid the social and fiscal crisis which would have occurred had HUD's multifamily inventory not been reformed. This legislation was carefully crafted with the spirit of bipartisanship for over 2 years. I salute all who contributed to this important and essential effort and support immediate passage.

MARK TO MARKET REFORMS

Mr. D'AMATO. Mr. President, I would like to engage in a colloquy with the distinguished chairman of the VA-HUD Appropriations Subcommittee, Senator KIT BOND, for the purposes of clarifying the intent of the VA-HUD Conferees in regard to several aspects of the section 8 reforms included in the conference report.

First, I would like to clarify the intent of the conferees regarding determination of market rent levels. In my home State of New York, there are

some 1.2 million apartments which are covered by State rent control and rent stabilization laws. It is particularly important that the participating administrative entities [PAE] which conduct mortgage restructurings in New York have the flexibility to consider the rents of these apartments, particularly those subject to rent stabilization or rent control regulation, in making determinations of market rents.

Mr. President, I note with regret that the Fair Market Rent [FMR] System currently used by HUD has numerous flaws, especially when applied to a metropolitan area as large and diverse as New York City and its surrounding suburbs. For instance, HUD utilizes a single Fair Market Rent estimate for the entire municipality which fails to take into account the various differences in true market rents between such disparate markets as Queens, Brooklyn, Manhattan, and Rockland County. These markets are vastly different, but HUD's FMR system does not reflect these variations.

This legislation, which originated in the Banking Committee, takes into account the shortcomings and limitations of the FMR System. Instead of relying on this flawed system, the bill adopts an approach which would allow participating administrative entities to estimate true market rents based on comparable properties. While it is true that rent levels which are subject to State and local rent regulation may not fully reflect true market rents, nevertheless they can often form the basis for estimating such true market rents. Indeed, many rent stabilized apartments in New York City are far closer to true market rent levels than HUD's FMR estimates.

Mr. President, I thank the conferees for including legislative amendments to the original Senate bill, S. 513, in the final legislation which will allow participating administrative entities to consider rent stabilized units for the purposes of estimating local market rents. I would ask my friend, Senator BOND, if my statements are consistent with the intent of the conferees?

Mr. BOND. Mr. President, my friend Senator D'AMATO, the chairman of the Committee on Banking, Housing and Urban Affairs, is entirely correct. His statements are consistent with the intent of the conferees to devolve decisionmaking responsibility to the State and local level. Clearly, the conferees recognize that participating administrative entities in some jurisdictions may find it necessary to take into account rents on units which are subject to local rent stabilization regulations in order to determine comparable market rent levels.

The conferees are mindful of the unique circumstances of New York rental markets. For that reason, the legislation was crafted to allow the consideration of rent stabilized apartments within the definition of comparable properties for the purposes of determining market rent levels.

Mr. D'AMATO. Mr. President, I thank the distinguished Senator for his clarifying remarks. I would ask for one additional point of clarification.

Mr. President, the section 8 reform provisions include a mandatory renewal of project-based assistance for restructured properties which have a significant number of elderly or disabled persons, or which are located in tight rental markets, such as New York City. In addition, there is a local option to replace project-based assistance contracts with section 8 vouchers, after completion of a rental assistance assessment plan by the PAE with meaningful consultation with the owner of the affected project.

This plan, as with all aspects of the overall mortgage restructuring and rental assistance sufficiency plan, shall also be developed with an opportunity for meaningful input by the affected residents as well. It is imperative that residents be kept informed of the process for mortgage restructuring and the possibility of receiving tenant-based assistance, and be offered ample opportunity to voice their preferences as to the type of assistance provided. It would not be outside the authority of the PAE to conduct a survey, on a project-by-project basis, as to resident preferences in this regard.

Mr. President, I would like to emphasize the role of State and local decisionmaking in making this determination. It is not the intent of the drafters of the legislation that HUD attempt to micromanage or second-guess the determination of the PAE. Neither is it their intent that the HUD implementing regulations include one-sided interpretations of the statutory language which will force a preference for tenant-based assistance upon the local decisionmakers. The criteria are intentionally objective and neutral and the final decision for applying them rests at the local level.

In addition, in interpreting these criteria, the participating administrative entities should, to the fullest extent possible, consider the local experience of the various forms of housing assistance. For instance, the PAE should consider the actual effectiveness of tenant-based assistance. In many cases, voucher-holders are unable to utilize their vouchers. In many areas too, voucher-holders often find their choices constrained to certain areas, neighborhoods and projects. The lease-up rates and need to utilize section 8 reserves in order to improve these rates by the local public housing authorities would be relevant in determining the local effectiveness of the voucher program.

Also, in determining the relative affordability of vouchers, the PAE should consider whether a resident's rental contribution could rise above 30 percent of his or her income. Recent data from HUD indicate that a large percentage of voucher-holders pay more than 30 percent of their incomes for rent, and many pay more than half of

their incomes in rent. This data is extremely disturbing. The rent burden of voucher-holders is especially relevant in making these determinations. The PAE could consider the impact of reductions in the FMR to the 40th percentile of available units on tenant-choice and rent burden as well.

Whenever possible, the PAE should use local experience in making this determination rather than relying on national averages, which often are rendered meaningless when applied locally. PAE's should assess the need for a stock of affordable housing which will be available on a long-term basis, when judged in light of the housing needs identified in the local consolidated plan. PAE's should consider the amount of multifamily housing currently being developed in that area which is affordable to low-income families.

Mr. President, it is imperative that PAE's consider the characteristics of specific projects. For instance, a particular project could contain a number of apartments with three or more bedrooms in a geographic area where there is a dearth of such affordable housing available to large families. In all cases, PAE's should consider the long-term consequences of their decisions. I would ask my friend, Senator KIT BOND, whether my statements are fully consistent with the intent of the conferees?

Mr. BOND. Mr. President, the statements of the chairman of the Committee of Banking, Housing and Urban Affairs are indeed consistent with the intent of the conferees. Indeed, devolving responsibility and decisionmaking to the State and local level is one of the primary goals of this mark-to-market legislation. Not surprisingly, that is also the reason for the priority in selecting State and local housing finance agencies to be PAE's.

The decisions made by these entities will have long-term consequences. The PAE's therefore should be granted great deference in assessing the impact of these decisions on local housing markets. Also, I would reiterate the Senator's statement on the importance of resident and owner involvement in the decisionmaking process. We believe the local PAE's will be in a better position to make these determinations than Federal officials at HUD or the Office of Management and Budget.

Mr. D'AMATO. Mr. President, I once again thank my colleague for his clarifying remarks and I offer my congratulations to him on the passage of legislation which is fair, balanced and very effectively serves the needs of the American people.

DISQUALIFIED PROPERTIES UNDER "MARK-TO-MARKET"

Mr. SARBANES. Mr. President, I am pleased that the mark-to-market legislation that is incorporated in the VA-HUD conference report contains some measures that deal with properties that are disqualified from the restructuring program. I believe that it is

critical that flexibility is provided to the participating administrative entity [PAE] and HUD in dealing with disqualified properties. I am, however, concerned about those properties that are not part of the mark-to-market program but are disqualified from the renewal process.

Mr. MACK. I agree with Senator SARBANES that this flexibility is extremely important in dealing with disqualified properties and that with input from local governments, communities, and residents, hopefully some creativity can be used. I strongly believe that it is important that the Federal Government terminate its relationship with those owners who have abused the program and those properties where it is simply infeasible to continue to subsidize. However, we should not take a "one-size-fits-all" approach and ensure that the interests of residents, communities, and local governments are carefully considered.

I am also concerned about those properties, not eligible for mark-to-market, whose contracts are not renewed due to noncompliance actions by owners or the poor physical condition of the property. I have some reservations about HUD's policy to simply voucher out those properties instead of exploring other creative options such as transfers or sales to resident-supported nonprofit entities.

Mr. BOND. In addressing the Senators' concerns, it is my expectation that the Secretary of HUD will use the same procedures outlined in the mark-to-market legislation for those properties affected by the nonrenewal policy. The Secretary should not only explore the use sales or transfers to nonprofit organizations, but also allow these properties to retain project-based assistance if the ownership or physical condition problems are adequately addressed. I agree with Senator MACK that under no circumstances should we continue to subsidize bad landlords or bad properties, but that we need to be careful about how we handle these situations.

CONFLICTS OF INTEREST UNDER "MARK-TO-MARKET"

Mr. MACK. Mr. President, under the "mark-to-market" title that is contained in the VA-HUD appropriations conference report, a strong priority to public entities is provided to act as participating administrative entities [PAE]. It is expected that qualified public entities will handle most of the work under this program. However, in instances where a qualified public entity is not available, the Secretary of Housing and Urban Development [HUD] is provided flexibility in selecting other qualified entities such as nonprofit and for-profit entities.

To ensure that these entities do not use their positions as PAE's for unfair financial benefit, the bill contains an important provision that would prevent conflicts of interests by PAE's. It is my understanding that this provision was included to permit the Secretary to establish guidelines that

would prevent conflicts of interest by a PAE that provides financing or credit enhancement as part of the restructuring process. Further, the provision allows the Secretary to establish guidelines to deal with other conflicts of interest issues that would prevent PAE's, especially nonprofit and for-profit private entities, from using their roles as PAE's in the restructuring program that go beyond the public purposes outlined in the legislation.

I would like to ask Senator BOND if this is also his understanding of the bill.

Mr. BOND. The Senator is correct. To handle the workload and complexity of transactions under mark-to-market, a significant amount of flexibility is provided to the PAE's. However, it is expected that the Secretary establish strict and coherent guidelines to ensure that PAE's do not go beyond their restructuring duties as intended under the bill. To further prevent any abuses, the bill forbids private entities that act as PAE's to share, participate in, or benefit from any equity in the restructuring program. Last, it is expected that those most affected by restructuring, namely residents, communities, and owners, are involved in the process to protect the public interests.

SECTION 8 RENEWAL POLICY

Mr. MACK. Mr. President, I understand that the VA-HUD appropriations conference report contains important renewal policy provisions related to expiring section 8 contracts. I would like to ask Senator BOND if my understanding is correct.

Mr. BOND. The Senator is correct. The bill provides renewal policies for projects which undergo restructuring under the mark-to-market program and those which do not.

Briefly, for fiscal year 1998, the conferees have approved a 1-year extension of the basic rent renewal policies in section 211(b) of the fiscal year 1997 VA-HUD Appropriations Act and the mark-to-market demonstration program to cover contracts expiring in fiscal year 1998.

This means that projects which undergo restructuring under the demonstration program—those with rents in excess of 120 percent of the fair market rent [FMR]—will receive rents determined under the restructuring plan. For projects that do not enter the demonstration program, contracts will be renewed at rents in effect upon expiration, but not to exceed 120 percent of FMR. The 120 percent of FMR limit, however, does not apply to rents for certain exception projects enumerated in the bill. These projects, which include section 202 elderly projects and publicly financed projects, for example, will be renewed at existing rent levels.

The legislation also establishes permanent renewal policy for fiscal year 1999 and beyond when the permanent mark-to-market program is implemented. Projects which are subject to the program—those with rents in excess of comparable market rents—will

receive rents in accordance with the restructuring plan. For projects that do not undergo restructuring, the Secretary may provide section 8 assistance for all units assisted by an expiring contract at rents up to comparable market rent.

I also note to the Senator that to ensure consistency with the permanent mark-to-market program, we expect that the Secretary will use the definition of comparable market rents in section 514(g)(1) of title V of the bill when establishing guidelines for the permanent renewal policy.

Under the permanent renewal authority, there again will be certain exceptions. Generally, these contracts would be renewed at the lower of existing rents—subject to an operating cost adjustment factor—or budget-based rents—subject to a budget-based rent adjustment.

The approach agreed to by the conferees provides policy continuity for the expected 1 year period during which the new mark-to-market program is being developed, provides an incentive for projects to participate in the mark-to-market program, and makes clear a cost effective permanent renewal policy which will take effect in fiscal year 1999.

TENANT PARTICIPATION

Mr. KERRY. Mr. President, I want to again express my gratitude to my colleagues Senator MACK and Senator BOND for their unrelenting efforts to include the mark-to-market legislation in this bill, and congratulate them on their success.

As originally passed by the Banking Committee and the Senate, the mark-to-market legislation had more detailed language imposing specific requirements on PAE's with regards to tenant participation in the decisions regarding the restructuring and ongoing treatment of eligible properties. At the request of HUD, the conference report provides for a more streamlined approach. We accommodated the administration on this issue because we do not want to unnecessarily bog down the restructuring and rehabilitation process.

However, I want to make clear that the Congress fully expects that PAE's will establish procedures that ensure meaningful and effective participation for residents of the restructured projects and other affected parties, and that a streamlined process should not be construed to in any way allow the process of participation to be circumvented.

Is that your understanding?

Mr. MACK. Thank you, Senator KERRY. Let me say that I strongly support tenant and community participation in this process. As you know, I have consistently advocated for such a role for tenants and other community residents in both the mark-to-market legislation and the public housing legislation, which passed the Senate unanimously. So I would concur that we expect PAE's to take this provision

seriously, while balancing this with the need to complete the restructuring process in a timely fashion.

Mr. BOND. I agree with my colleagues. In accommodating HUD's desire to streamline the tenant participation process, the Congress in no way intends to minimize the importance of meaningful and effective participation of project residents and others with a stake in the restructuring process, including local governments. I agree with my colleagues that this must be done in a way that also ensures that the mark-to-market process is completed in the 3-year window created by this legislation.

SECTION 517(C)

Mr. FAIRCLOTH. Mr. President, I want to clarify section 517(c) of the pending conference report. Let me be clear that the intent of this provision is solely to encourage the Government-sponsored housing enterprises, Fannie Mae and Freddie Mac, to provide technical assistance and other support for maintaining the availability of affordable housing.

Mr. MACK. The Senator from North Carolina is correct. This provision was contained in the legislation as it was initially reported out of the Banking Committee as part of the committee's reconciliation bill. At that time, the Banking Committee's report made it clear that nothing in the section was intended to be interpreted to impose any new regulatory mandate on Fannie Mae and Freddie Mac to continue existing section 8 contracts in their current subsidized form.

HUD ECONOMIC DEVELOPMENT GRANT, LEHIGH COUNTY, PA

Mr. SPECTER. Mr. President, I have sought recognition to thank my colleague, Chairman BOND, for including in the conference report \$700,000 for a targeted grant for economic development for Lehigh County, PA. I am advised that these funds will be used to establish an aquatic and wellness center on the grounds of Cedar Crest College.

The center has much local support because it is designed to stimulate economic development in the Lehigh Valley. For example, the center is expected to host athletic events and bring as much as \$3 million annually in economic benefits to the region. The center is also envisioned as a means of reducing juvenile crime in the Lehigh Valley. According to the center's planners, underprivileged inner-city youths will be provided free access to the center in the hope that it will provide a drug-free, healthy environment to juveniles and thus help break the temptations of street life and crime. We need to do much more to reduce juvenile crime, and offering civic diversions is an important means of accomplishing this goal. There will also be improved civic health for all social groups, particularly the elderly and the disabled.

Private sources have raised \$2 million of the \$9 million cost of constructing the facility, and the Commonwealth of Pennsylvania has included this project in its capital budget. Accordingly, I am pleased that the Congress has chosen to make available economic development funds for the center.

Mr. BOND. I thank my colleague for his comments and want to confirm his understanding that the \$700,000 in the conference report is intended to be made available for this center at Cedar Crest College, which should contribute to economic development in the Lehigh Valley region.

Mr. COCHRAN. Mr. President, I would like a clarification of an item included in the fiscal year 1998 Veterans Affairs, Housing and Urban Development, and independent agencies appropriations bill.

The item on which I would like clarification was included under the Economic Development Initiative Program section of the bill and provides a grant of \$1,000,000 to the city of Jackson, MS. The conference report states that the grant should be used for training facilities and equipment for a downtown multimodal transit center, phase II. The conference report incorrectly identifies what the grant is to be used for. In fact, the grant is for the acquisition and rehabilitation of facilities and related improvements for a downtown multimodal transit center, phase II, in the city of Jackson, MS.

These funds are specifically to be used for the acquisition and rehabilitation of a trolley barn, downtown employee shuttle park and ride lots, and a long-term intermodal passenger parking lot. This funding will help revitalize an area of the city of Jackson that has been federally designated as an enterprise community.

It is my understanding that the conference report incorrectly identified the purpose of the economic development initiative grant and that congressional intent for the \$1,000,000 grant to the city of Jackson, MS, is for the purposes as I have described them. Would the chairman clarify this understanding?

Mr. BOND. Yes. The conference report does mistakenly identify the purpose of Jackson, MS, grant. The economic development initiative grant for the city of Jackson should be used for the purposes as Senator COCHRAN describes them.

Mr. COCHRAN. I thank the chairman.

ELDERLY HOUSING

Mr. HARKIN. Mr. President, I want to express my appreciation to the chairman of the VA-HUD Subcommittee and to Chairman of the Subcommittee on Housing for working with me to address the special difficulties concerning the treatment of rural elderly housing projects under the new Multifamily Housing Restructuring Program contained in the conference report. As the statement of managers states

A large portion of the properties in the upper Midwest are elderly facilities in rural

areas, which are particularly disadvantaged under the Department's fair market rent system because these properties were built to a different standard compared to general rental properties, and the nature of the rental housing depresses the FMR's.

The statement of Managers clearly recognizes the situation confronting a large number of projects in my state of Iowa and in other states in the Midwest. There are a variety of factors causing an especially difficult problem for many rural elderly projects. First, they were logically built with common rooms, elevators and other amenities to serve their elderly occupants which added to construction costs and are rarely found in the rental housing surveyed by HUD for FMR-setting purposes. Second, the nature of rural rental housing in much of the rural upper Midwest creates very low FMR's. Third, a very large share of the projects built in the late 1970's which are now coming up for renewal were rural elderly projects in many States. That means that those States will see a large number of projects needing exceptions from the rent limitations requiring actions by the Secretary. The measure provides for some waiver authority with limits set by geographic areas.

I want to clarify that the waiver authority and other requirements placed in the legislation during conference are intended to provide maximum flexibility for restructuring projects to ensure that elderly projects, and especially rural elderly projects, are preserved as project-based, low-income housing. This valuable resource is needed to ensure the availability of affordable, low-income housing for the elderly and disabled.

Mr. BOND. Mr. President, I appreciate the concerns and efforts of the Senator from Iowa in this area. I share his concern about preserving elderly rural housing and that any adverse effect on elderly residents be minimized. Clearly, we expect that there will be instances in which participating administrative entity may need to look at rents outside the jurisdiction to best determine comparable rents. This concept is borne out in the definition of "comparable properties" in section 512(1) where such properties are defined as meaning "properties in the same market areas, where practicable, that (A) are similar" in various indicated ways to the project at issue, including "type of location," "unit amenities," and "other relevant characteristics." The addition of the words "type of" was added to meet the concerns you and others expressed that the lack of comparable housing for the elderly in relatively low population markets calls for appraisers to, within the normal practices, to use comparables in similar types of locations in other markets when there are not two comparable properties in the market.

I presume in such a case where it has been determined appropriate to look at other market areas for comparable properties, that the use of the phrase "in the same market area" with respect to comparable properties in the

definition of "eligible multifamily housing projects" in section 512(2)(A) would be guided by the same standards as apply in connection with determining comparable properties, i.e., the limitation to the same market area would be to the extent it was practicable and that as indicated in the statement of managers, the participating administrative entity may look at rents outside the project's jurisdiction.

And, we expect that the Secretary will grant the waiver authorities allowed to him regarding the 20 percent limit on properties receiving an FMR of up to 120 percent and for granting appropriate properties FMR's in excess of 120 percent up to the limits allowed in the legislation.

Again, I thank you for your efforts in this area.

PARTICULATE MATTER RESEARCH

Mr. SHELBY. Mr. President, I would like to take this opportunity to thank the chairman for including language on particulate matter research in the VA, HUD, and independent agencies appropriations bill for fiscal year 1998. This bill allocates approximately \$50 million for research on the possible health effects of airborne particulate matter. The administration based its most far-reaching and costly air quality standards on inadequate research and methodology. The language in this bill ensures that critically needed research is carefully and objectively mapped-out.

The emotionally charged debate on this issue, the concern expressed by State, local, and Federal officials over the rules, and the numerous unanswered questions and uncertainties identified by EPA's science advisers and other independent scientists only serves to underscore the pressing need for further research. There is widespread disagreement in the scientific community over the adequacy of the studies the EPA used as a basis for the new air quality standards.

I am greatly disturbed that these costly standards were promulgated without any form of scientific consensus that the regulations will provide any measurable improvement in human health. Currently, these standards are subjective in nature not based on available objective scientific evidence. It is critical to our Nation that a well organized and thought out scientific review of these matters occurs. Premature implementation of the standards is far more damaging to our Nation than taking the time to allow a larger portion of the scientific community to study and review these standards. I believe my colleague from Alabama would like to share his thoughts on this matter.

Mr. SESSIONS. Numerous scientists, including several who have testified on this issue before the Environment and Public Works Committee, have stated that the size, shape, or chemical composition of the PM that is causing the

alleged adverse health effects is unknown. There are various theories—sulfates, acids, transmetals, ultrafines—regarding the potential bad actor.

During testimony before the Senate Environment and Public Works Committee, we learned that the EPA based its setting of the new particulate matter standard on inconclusive scientific data. In one EPA study, which attempted to show a relationship between levels of particulate matter and mortality and morbidity in Birmingham, AL, the author of the study admitted that if humidity was considered in the model, the effects of particulate matter on morbidity and mortality was statistically insignificant.

Billions will need to be spent by individuals, industry, and State and local governments to meet compliance with the administration's PM_{2.5} standard. Unless the problem is clearly identified before control programs are implemented, there is no assurance that there will be any health benefits resulting from the new standards. In fact, the new standards themselves may bring adverse health effects as an unintended consequence caused by a lower standard of living.

Mr. Chairman, I am pleased that your bill addresses the lack of scientific evidence to justify the newly promulgated air quality standards. Science on this matter needs to be completed in order to obtain a clearer understanding if there is a problem and then what needs to be done to address the problem. This measure will begin the process of a strong scientific overview. I support the immediate direction for scientific research.

Mr. BOND. I believe research, as outlined in this bill, will begin to improve our understanding of the relationship between particulate exposure and adverse health effects. The funding and direction provided in the bill will put into place a needed mechanism to establish a comprehensive, peer-reviewed research program which will benefit all parties involved with the decision-making activities regarding particulate matter in the years to come. The EPA was one of several organizations that worked with us to develop the research directives in this bill and I fully expect the EPA to follow the direction and spirit of the statement of managers.

Mr. SHELBY. When the administration promulgated these rules, they acknowledged the need for additional scientific studies to attempt to validate their actions. Considering the current controversy surrounding the lack of scientific evidence for the air quality rule, I am pleased that your language opens future research to a diverse section of our Nation's scientists. Mr. Chairman, how does this language ensure that the EPA will establish a collaborative relationship with the participating organizations.

Mr. BOND. The research program is intended to build on the research that is planned or underway at the EPA, National Institute of Environmental

Health Sciences, National Academy of Sciences [NAS], Health Effects Institute and several other public and private entities. Within 30 days of the enactment of this legislation, the EPA is required to enter into a cooperative agreement with the National Academy of Sciences [NAS] to develop a comprehensive, prioritized, near- and long-term particulate matter research program, as well as a plan to monitor how this research program is being carried out by all participants. All parties, including Congress, will be apprised of the research plans and all subsequent steps throughout the process. The EPA is expected to implement NAS's plan, including appropriate peer reviews. NAS will monitor the implementation of the research plan and periodically report to Congress as to the progress of the research program. We believe the language included in this bill set forth a realistic and thoughtful plan to address the numerous scientific questions that need to be investigated prior to the next NAAQ's review for particulate matter.

Mr. SHELBY. Thank you, Mr. Chairman and Senator SESSIONS, for participating in the colloquy.

COORDINATED TRIBAL WATER QUALITY PROGRAM

Mrs. MURRAY. Mr. President, I want to thank the subcommittee for its hard and diligent work on this bill. In particular, I appreciate the recognition of the Coordinated Tribal Water Quality Program in Washington State [CTWQP].

The CTWQP is a most important model for demonstrating how tribes can solve their water quality protection problems by coordinating with local, State, and Federal Government agencies. This program began in 1990 when the 26 tribes and tribal organizations in Washington State came together with a cooperative intergovernmental strategy to accomplish national clean water goals and objectives. As a result of Federal court decisions, the State of Washington has recognized the tribes as comanagers of water quality in the State. This program has been an effective tool for leveraging scarce public funds to create viable, watershed-based water quality protection plans.

It is my understanding Congress has increased EPA's General Assistance Program [GAP] and other funding mechanisms over the years which includes the base program efforts for the CTWQP in Washington State.

Mr. BOND. Mr. President, the Senator from Washington is correct. The GAP and other funding mechanisms in EPA have increased over the years to meet the needs of tribal governments. These needs include the CTWQP in Washington State. The funding will allow the tribes to fulfill their roles as comanagers of water quality in Washington State.

Mrs. MURRAY. I thank the distinguished chairman for this clarification.

Ms. MOSELEY-BRAUN. Mr. President, while I congratulate Senators BOND and MIKULSKI on their efforts to craft this year's VA, HUD, and inde-

pendent agencies appropriations bill, I would like to take exception to language contained in the Senate committee report regarding the Fair Housing Act and property insurance.

The report contains two paragraphs regarding the Office of Fair Housing and Equal Opportunity's continued exercise of regulatory authority over property insurance under the Fair Housing Act. I would like to remind my colleagues that discrimination in the provision of property insurance is a clear violation of the Fair Housing Act.

In 1988, Congress gave the Department of Housing and Urban Development [HUD] the authority to promulgate regulations to enforce the Fair Housing Act. At that time, HUD under then-President George Bush and HUD Secretary Jack Kemp—issued a regulation which defined conduct prohibited under the Fair Housing Act to include: "refusing to provide property or hazard insurance for dwellings, or providing such insurance differently, because of race, color, religion, sex, handicap, familial status, or national origin."

The reason for this prohibition is simple. Without property insurance, no lender will provide a mortgage. Without a mortgage, few individuals can buy a house.

Recently, Federal courts of appeal in two different circuits have held that the Act applies to insurance discrimination, and the Supreme Court has denied petitions to review those holdings. [See *NAACP v. American Family*, 978 F.2d (7th Cir. 1992) cert. denied, 508 US 907 (1993); *Nationwide v. Cisneros*, 52 F3d 1352 (6th Cir. 1995), cert. denied, 64 U.S.L.W. 3560, (Feb. 20, 1996)]

Some have maintained that combating insurance discrimination has nothing to do with civil rights, but rather is a regulatory issue. Enforcement of antiredlining provisions, however, is not insurance regulation—rather, it is about prohibiting discrimination, a subject that, under our Constitution, is clearly the responsibility of the Federal Government. The law works to ensure that insurance—like all other goods and services—is available to all citizens, regardless of race.

The Senate report contains language stating that the "McCarran-Ferguson Act of 1945 explicitly states that unless a Federal law specifically relates to the business of insurance, that law shall not apply where it would interfere with State insurance regulations." Current law does not violate the McCarran-Ferguson Act. Federal courts have consistently held that the Fair Housing Act only adds remedies for illegal discrimination—it does not preempt any State regulation.

The Senate language also states that "HUD's insurance-related activities duplicate State regulation of insurance." While most State insurance codes do address issues pertaining to unfair discrimination, referring to treating the same insurance risks differently, these

State insurance laws generally lack the protections and remedies provided by the Fair Housing Act.

Congress has consistently rejected the argument that the Federal Government should leave the enforcement of civil rights to the exclusive jurisdiction of the States. Even in States whose civil rights laws address discrimination in property insurance, protection equal to the Fair Housing Act is all too often lacking. Currently, only 29 States have laws and enforcement mechanisms that have been certified as substantially equivalent to the Federal Fair Housing Act. Federal enforcement must continue if we are to eliminate property insurance discrimination nationwide.

Nothing is more central to the American dream than owning your own home. Millions of Americans work hard and play by the rules to reach that goal. But if homeowners, or would-be homeowners, are redlined by insurance companies, they are denied their chance at the American dream.

The Fair Housing Act is the basic protection against property-insurance discrimination. I will continue to do everything in my power to ensure that homeowners and their families can continue to enjoy the protections of the Fair Housing Act and realize the American dream free from discrimination.

Mr. DOMENICI. Mr. President, I rise in strong support of the conference agreement on H.R. 2158, the VA-HUD appropriations bill for 1998.

This bill provides new budget authority of \$90.7 billion and new outlays of \$52.9 billion to finance operations of the Departments of Veterans Affairs and Housing and Urban Development, the Environmental Protection Agency, NASA, and other independent agencies.

I congratulate the distinguished subcommittee chairman and ranking member for producing a bill that is within the Subcommittee's 302(b) allocation. When outlays from prior-year BA and other adjustments are taken into account, the bill totals \$89.9 billion in BA and \$100 billion in outlays. The total bill is exactly at the Senate subcommittee's 302(b) nondefense allocation for budget authority and outlays. The bill is under the Senate Subcommittee's defense allocation by \$2 million in BA and by \$1 million in outlays.

Further, I am pleased that the conferees have produced a bill that largely is in accord with the budget agreement reached with the Administration earlier this year.

Mr. President, I ask unanimous consent to have printed in the RECORD a table displaying the Budget Committee scoring of the conference agreement on H.R. 2158.

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

H.R. 2158, VA-HUD APPROPRIATIONS, 1998, SPENDING COMPARISONS—CONFERENCE REPORT

(Fiscal year 1998, in millions of dollars)

	De- fense	Non- defense	Crime	Manda- tory	Total
Conference report:					
Budget authority	128	68,447	.....	21,332	89,907
Outlays	128	79,833	.....	20,061	100,022
Senate 302(b) allocation:					
Budget authority	130	68,447	.....	21,332	89,909
Outlays	129	79,833	.....	20,061	100,023
President's request:					
Budget authority	129	76,965	.....	21,332	98,426
Outlays	128	80,313	.....	20,061	100,502
House-passed bill:					
Budget authority	128	69,823	.....	21,332	91,283
Outlays	128	80,403	.....	20,061	100,592
Senate-passed bill:					
Budget authority	128	68,729	.....	21,332	90,189
Outlays	128	79,559	.....	20,061	99,748
CONFERENCE REPORT COMPARED TO:					
Senate 302(b) allocation:					
Budget authority	-2	.....	.....	.....	-2
Outlays	-1	.....	.....	.....	-1
President's request:					
Budget authority	-1	-8,518	.....	.....	-8,519
Outlays .....	.....	-480	.....	.....	-480
House-passed bill:					
Budget authority .....	.....	-1,376	.....	.....	-1,376
Outlays .....	.....	-570	.....	.....	-570
Senate-passed bill:					
Budget authority .....	.....	-282	.....	.....	-282
Outlays .....	.....	274	.....	.....	274

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conversions.

Mr. MACK. Mr. President, I want to congratulate the chairman of the VA-HUD Subcommittee, Senator BOND, for crafting a measure that carefully balances a wide range of competing and diverse interests. I believe this conference report deserves the strong support of all Senators.

I am especially pleased that this bill contains legislation I introduced, along with Senators D'AMATO, BOND, and BENNETT, and cosponsored by Senators DOMENICI, CHAFFEE, FAIRCLOTH and GRAMS, to reform the Nation's assisted and insured multifamily housing portfolio. It is unusual to have extensive authorizing language in an appropriation. However, title V of this bill, the Multifamily Assisted Housing Reform and Affordability Act, balances both fiscal and public policy goals. It will save scarce Federal resources over both the short and long term while preserving the affordability and availability of decent and safe rental housing for lower income households.

About 20 years ago, the Federal Government encouraged private developers to construct affordable rental housing by providing mortgage insurance through the Federal Housing Administration [FHA] and rental housing assistance through the Department of Housing and Urban Development's [HUD] project-based section 8 program. In addition, tax incentives for the development of low-income housing were provided through the tax code until 1986.

HUD's section 8 assisted and FHA-insured multifamily housing program has created thousands of decent, safe and affordable housing properties. However, the current program allows some owners to receive more—often far more Federal dollars than necessary to maintain their properties. Further, a portion of the rental stock suffers from poor management or has become physically distressed. Thus, in some cases,

taxpayers are paying costly subsidies for inferior housing.

We are on the verge of a funding crisis in the renewal of HUD's expiring section 8 rental assistance contracts. Indeed, HUD Secretary Cuomo has called the section 8 contract renewal problem "the greatest crisis HUD has ever faced." Over the next several years, a majority of the section 8 contracts on the 8,500 FHA-insured properties will expire. If contracts continue to be renewed at existing levels, the cost of renewing these contracts will grow from about \$2 billion in fiscal year 1998 to \$5.2 billion in fiscal year 2002 and more than \$7.7 billion 10 years from now. The total cost of renewing all section 8 project-based and tenant-based assistance would grow from \$9 billion in fiscal year 1998 to as much as \$18 billion in fiscal year 2002 without policy changes.

Federally assisted and insured housing serves almost 1.6 million families with an average annual income of \$7,000. About half of the households are elderly or contain persons with disabilities. Many of these developments are located in rural areas where no other rental housing exists. Some of these properties serve as anchors of neighborhoods where the economic stability of the neighborhood is dependent on the vitality of these properties. If the project-based contracts are not renewed, residents and communities would be adversely affected. Further, most of the underlying FHA-insured mortgages—with an unpaid principal balance of \$18 billion—will be forced into default.

The Banking Committee began its examination of what is commonly referred to as the "mark-to-market" issue more than 2 years ago. Since that time, we have received extensive input from all of the potential stakeholders in this issue, including residents, project managers, low-income advocates and project residents, State and local interests, the financial community, and HUD.

The version of the bill we are considering today reflects negotiations with all parties that have occurred since its original introduction as S. 513 in March. It is a consensus bill that helps to ensure that residents, communities and the Federal investment in the housing are protected at a cost we can afford.

At a Housing Subcommittee hearing in June, HUD Secretary Cuomo raised some administration concerns about S. 513. We have attempted to address those concerns and provide a reasonable degree of flexibility for HUD in its overall administration of the mortgage restructuring program and also to provide reasonable opportunities for the use of tenant-based assistance after restructuring. I appreciate the cooperation of Secretary Cuomo in helping to move this important legislation forward.

I want to thank Senator D'AMATO, chairman of the Banking Committee,

for his ongoing, strong support for this legislation. In addition, I appreciate the support of Senators SARBANES and KERRY. From the outset, mark-to-market has been a bipartisan effort, and those Senators have made invaluable contributions to the final version of the legislation.

I want to touch briefly on some of the bill's major provisions and the compromises that are reflected in the conference agreement.

First, the bill "marks" rents on over-subsidized properties to comparable market rents or to 90 percent of area fair market rents. The underlying mortgages would be restructured so they could be supported by the new rents. In some cases, higher rents could be permitted if necessary to support proper operations and maintenance costs. These exceptions are principally intended to assure the continued viability of projects, generally serving the elderly, located in rural areas.

Second, the bill also recognizes that HUD lacks the staffing capacity and expertise to oversee effectively its portfolio of multifamily housing properties or to administer a debt restructuring program. Accordingly, the bill would transfer the functions and responsibilities of the restructuring program to capable third parties, preferably State and local housing finance agencies, who would act as participating administrative entities [PAE's] in managing this program.

The language concerning third parties has been modified from its original form partially in order to accommodate concerns raised by the administration. These changes will increase HUD's flexibility to partner with a variety of public, nonprofit, and for-profit entities that have expertise in affordable housing, while also providing an exclusive time period for applications submitted by publicly accountable entities.

Under the revised language, public entities—State and local housing finance agencies [HFA's]—would be given an exclusive time period to submit proposals to serve as PAE's. Criteria for the selection of PAE's would be based on the applicant's demonstrated experience and expertise in multifamily financing and restructuring and the capacity to work with low-income residents and communities. Further, selection would be based on the PAE's ability to perform the portfolio restructuring in a timely, efficient, and cost-effective manner. I would like to emphasize that the Secretary would be required to select housing finance agencies as PAE's if they meet the selection criteria.

I strongly believe that, based on the housing finance agencies' track records and mission that they are by far the most viable entities to carry out the responsibilities under this program and to balance the financial and social policy goals of the bill. Accordingly, it is my expectation that State and local HFA's would be responsible for most of

the properties under mark-to-market, as evident by the significant participation of public entities under HUD's fiscal 1997 mark-to-market demonstration program.

Third, owners who clearly violate housing quality standards would no longer be tolerated. The bill screens out bad owners and managers and non-viable projects from the inventory and provides tougher and more effective enforcement tools that will minimize fraud and abuse of FHA insurance and assisted housing programs.

Fourth, the conference bill revises the original version of S. 513, which had called for the exclusive use of project-based rental assistance after restructuring. Under the conference agreement, project-based assistance would be maintained on properties located in markets where there is inadequate available affordable housing and for those that predominantly serve elderly or disabled populations. For the remaining inventory, PAE's would be provided the discretion of either maintaining project-based assistance or providing tenant-based assistance. The PAE's decision on the form of assistance would be based on factors related to the local market, the stability of the project, resident choice, and the impact on the community. This decision would only be made after consultation with affected owners and appropriate public officials, and significant participation by affected residents.

Fifth, the conference agreement establishes a new Office of Multifamily Housing Assistance Restructuring, headed by a Presidentially appointed Director, within HUD to oversee the restructuring process. The bill makes it clear that the Director will be answerable and be accountable to the Secretary, but will free of undue Secretarial interference in the conduct and decisionmaking of the office.

Last, the bill provides tools to recapitalize the assisted stock that suffers from deferred maintenance. It provides the opportunity for tenants, local governments and the community in which the project is located to participate in the restructuring process in a meaningful way. Residents would also be empowered through opportunities to purchase properties.

Mr. President, I would like to emphasize how important it is that we are addressing this issue this year. Delays will only harm the assisted housing stock, its residents and communities, and the financial stability of the FHA insurance funds. I would add that, as we face an explosion in the cost of section 8 contract renewals, we cannot afford to pay more than is reasonable to renew expiring contracts.

This legislation will protect the Federal Government's investment in assisted housing and ensure that participating administrative entities are held accountable for their activities. It is also our goal that this process will ensure the long-term viability of these

projects with minimal Federal involvement. It is a sincere effort to reduce the cost to the Federal Government while recognizing the needs of low-income families and communities throughout the Nation.

In closing, I want to commend Senator BOND and his counterpart in the House, Congressman JERRY LEWIS, for their cooperation in acting to avert a potential section 8 contract renewal crisis. This is a bipartisan proposal that both reduces unnecessary Federal expenditures and represents good and thoughtful Federal housing policy.

REGULATION OF INSURANCE BY HUD

Mr. BOND. Mr. President, the Senate committee report on the fiscal year 1997 VA/HUD appropriations bill regarding HUD's regulation of insurance stated that:

The Committee intends that funds appropriated to the fair housing initiatives program for enforcement of title VIII of the Civil Rights Act of 1968, as amended, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of housing and in the provision of brokerage services, be used only to address such forms of discrimination as they are explicitly identified and specifically described in title VIII. Recognizing that there are limited resources available for FHIP activities, the Committee believes that FHIP funds should serve the purposes of Congress as reflected in the express language of title VIII.

The Committee notes that HUD's Office of Fair Housing and Equal Opportunity has undertaken a variety of activities pertaining to property insurance under the authority of the Fair Housing Act. HUD recently testified that, due to congressional concern about such activities, it does not intend to focus its regulatory initiatives on property insurance. The Committee is encouraged by this statement, but remains concerned about HUD's use of funds for other fair housing activities aimed at property insurance practices.

HUD's insurance-related activities duplicate State regulation of insurance. Every State and the District of Columbia have laws and regulations addressing unfair discrimination in property insurance and are actively investigating and addressing discrimination where it is found to occur. HUD's activities in this area create an unwarranted and unnecessary layer of Federal bureaucracy.

The Fair Housing Act makes no mention of discrimination in property insurance. Moreover, neither it nor its legislative history suggests that Congress intended it to apply to the provision of property insurance. Indeed, Congress' intention, as expressly stated in the McCarran-Ferguson Act of 1945 and repeatedly reaffirmed thereafter, is that, unless a Federal law specifically relates to the business of insurance, that law shall not apply where it would interfere with State insurance regulation. HUD's assertion of authority regarding property insurance contradicts this statutory mandate.

Near-identical language was contained in the House Committee report on the fiscal year 1997 appropriations bill. Both reports make it clear that Congress does not intend for HUD to use any fiscal year 1997 FHIP funds for activities targeted toward the regulation and practices of insurance companies.

Nevertheless, on September 30, 1997, HUD announced 67 awards of fiscal

year 1997 grants under the FHIP. Out of the total of \$15,000,000 in funds awarded, HUD announced that almost one third, an amount of \$4,170,002, was awarded for activities including investigations, testing, and other enforcement-related projects specifically targeting insurance companies. This is in contradiction of the intent expressed in both the House and Senate Committee reports on HUD's fiscal year 1997 appropriations. I am very concerned about the improper use of these limited and precious resources in a manner inconsistent with the law and urge HUD to revisit these grants to ensure all awards are consistent with the intent of Congress.

Mr. KERRY. Mr. President, I rise in support of the VA-HUD conference report. This bill funds many programs that are crucial to the Nation's economic vitality. For example, the funding for the National Institutes of Health and the National Science Foundation contained in this bill both expands our basic knowledge and helps promote small, innovative businesses that create well-paying jobs throughout the country.

This bill also provides the funds that support important environmental programs, and, of course, allows us to keep faith with America's veterans by providing them with the health care they have earned, in some cases at great personal cost.

This bill also funds the Department of Housing and Urban Development. These funds will help families struggling to attain the dream of home ownership or simply to find or maintain affordable rental housing. It provides funds for homeless programs, programs that provide both shelter and the supportive services that are so important in the effort to stabilize the lives of these most unfortunate Americans and create opportunities for self-sufficiency.

I commend Chairman BOND and the ranking member, Senator MIKULSKI, for their efforts to serve so many important needs with so little money. In fact, Mr. President, while I support this legislation, I must point out that housing programs continue to suffer in our Nation's budget. Homeless programs continue to be funded at levels more than 25 percent below 1995 levels. We ask more from public housing authorities every day, but provide no more resources to them to do the job. We are facing an increasing housing crisis in America, but with decreasing resources, and that is an issue that we must, eventually, confront.

I specifically appreciate the willingness of Senators BOND and MIKULSKI to work with me, Senator D'AMATO, Senator MACK, and Senator SARBANES to include in this conference report important legislation commonly known as the Mark-to-Market [MTM] legislation. Senator MACK, in particular, deserves special mention for his efforts to get this legislation passed.

Passage of the MTM legislation is the first step in solving the problem that

Secretary Cuomo called the biggest crisis facing HUD—the problem of over-subsidized section 8 projects that are threatened with default when their rental assistance contracts expire in the next few years. The problem is truly huge: up to 10,000 projects serving about 1.6 million families, including hundreds of thousands of elderly and disabled families, were facing possible default. This would have resulted in billions of dollars of losses to the American taxpayer through the FHA fund, and would have led to the outright loss or slow deterioration of increasingly scarce affordable housing.

Mr. President, the mark-to-market legislation—Title V of the appropriations bill—will allow HUD, primarily through State and local partners, to start pushing down excess rents to supportable market levels while providing funds to rehabilitate those properties that need capital investments. The bill will eliminate bad owners from the program. In such cases, the legislation encourages HUD or the PAE's to transfer these properties to new ownership, preferably to community-based non-profits.

Most importantly, Mr. President, this legislation will help preserve hundreds of thousands of units of affordable housing for the foreseeable future. As I noted, we are seeing an overall reduction in the commitment to affordable housing by the Federal Government. The legislation we are passing today represents an important exception to that disturbing trend. The clear and resounding intent of this bill is to preserve and improve this important stock of affordable housing. I applaud my colleagues and the Secretary for embracing this goal, and I wholeheartedly support it.

In implementing this legislation, HUD will most often do the restructuring through a participating administrative entity, or PAE. We expect that State or local housing finance agencies, because of their experience with the financing and management of assisted housing, and their commitment to the long-term preservation of affordable housing, will typically be the PAE.

At the same time, we gave the Secretary the discretion to choose the PAE. There will be thousands of projects and hundreds of thousands of units that will have to go through the restructuring process. In order to get this done in a timely and cost-effective way, the Secretary may have to reach out to more than one entity in a given area, or HUD may decide to do some of the restructurings itself.

It is important to point out that the legislation requires that crucial decisions regarding the long-term disposition of the property such as, for example, whether the assistance is to remain project-based or, in a few cases, may be turned into tenant-based, shall be made by a public agency with a public mission whose interest is to preserve affordable housing.

Similarly, the ongoing oversight of the projects after restructuring is completed will be in the hands of HUD or State or local HFA's. The important point here is that public funds continue to be at risk; therefore, public agencies must take the responsibility for ensuring their safety.

To further ensure that HFA's are chosen to be the PAE's, I urge HFA's to strengthen their applications by creating partnerships with other experienced parties to strengthen their applications. Such partners would include community-based non-profits, residents groups, financial and other relevant experts.

Mr. President, I want to emphasize that the overriding, primary goal of this legislation is to preserve affordable housing for the long term. As a result, we expect the PAE's to continue to provide project-based assistance except in certain rare circumstances. The bill provides for the final decision to be taken only after consultation with residents and owners of the projects, local government officials, and other affected parties. Moreover, the PAE must take into consideration the availability of other affordable housing in the area, the ability of tenants to use vouchers successfully, the financial stability of the project, and other factors which, when taken as a whole, would lead a PAE to conclude that project-based assistance continues to be the best choice in most cases.

Mr. President, the legislation creates an office within HUD to oversee the restructuring process called the "Office of Multifamily Housing Assistance and Restructuring" [OMHAR]. The Director of this office will be appointed by the President and subject to Senate confirmation. The Director will work under the Secretary, subject to the Secretary's direction and oversight. Section 573(d)(2) of the bill gives the Director the authority to report directly to the Congress, in certain circumstances, when the Director determines, in his discretion, such a report would be appropriate.

Mr. President, let me reiterate a point also made by my colleagues regarding tenant participation in the restructuring process. It is our clear intent that HUD and the PAE's work with tenants in a meaningful and effective way with regards to all aspects of the restructuring process. This means timely access to relevant information, adequate time to analyze such information, the right to meet with the PAE, and the right to be included in physical inspections of the property, capital needs assessments, proposals to transfer the property, and other decisions that have significant impacts on the residents.

Finally, I want to point out that this bill also includes important provisions regarding the renewal of other section 8 contracts. These provisions authorize HUD to renew contracts on high-value properties that do not need to go through the restructuring process at

comparable market rents. The Congress expects HUD to exercise this discretion so as to avoid displacement of current tenants and, whenever possible, consistent with the purposes of this title, to preserve the housing for the long term.

In conclusion, Mr. President, I strongly support the MTM provisions in the VA-HUD conference report. They will be essential in restoring this valuable housing resource to sound financial and physical condition.

Mr. SARBANES. Mr. President, I rise in support of the VA-HUD conference report. This bill funds many important programs, programs that are crucial to America's veterans and to poor and working families struggling to attain the dream of home ownership or simply to find affordable rental housing. It will help ensure our Nation's environmental vitality, our Nation's health and scientific progress. The bill will maintain our commitment to the exploration of space. I commend the chairman, Senator BOND, and my good friend and colleague from Maryland, the ranking member, Senator MIKULSKI for their hard work to serve so many important needs with an ever-shrinking pot of money.

I also appreciate their willingness to work with me, Senator D'AMATO, Senator MACK, and Senator KERRY to include in this report important legislation designed to restructure HUD's portfolio of FHA-insured, assisted housing. This legislation is commonly known as the mark-to-market (MTM) legislation. Senator MACK, in particular, deserves credit for his tireless efforts to have this legislation included in the VA-HUD appropriations bill and for his willingness to work with the administration and the House authorizers to craft this final consensus. Again, I thank Senators BOND and MIKULSKI for their partnership in this important achievement.

Mr. President, the mark-to-market legislation—title V of the appropriations bill—will save the American taxpayers billions of dollars. It will allow HUD, primarily through State and local partners, to squeeze excess rents down to supportable market levels. It will provide for funds to rehabilitate those properties that need capital investments. It will eliminate bad owners from the program. Most importantly, Mr. President, this legislation will help preserve hundreds of thousands of units of affordable housing for the foreseeable future. At a time when we are cutting back on the Federal commitment to build new affordable housing while simultaneously facing growing needs for such housing, the long-term commitment established by this legislation is truly a landmark achievement.

In implementing this legislation, HUD will most often do the restructuring through a participating administrative entity, or PAE. The legislation clearly indicates that we expect that, with some exceptions, State or local housing finance agencies will act as the PAE. In fact, HUD has signed 14 management contracts with State

housing finance agencies [HFA's] to implement the fiscal year 1997 MTM demonstration, which was based on the legislation in the current appropriations bill. The experience HFA's have in restructuring section 8 as a result of their participation in the demonstration, or in restructuring equivalent properties, along with their experience in FHA risk sharing, overseeing low-income housing tax credit deals, mortgage revenue bond deals, and in underwriting and managing market rate and assisted low-income multifamily housing, clearly makes the HFA's the most qualified candidates to be chosen as the PAE in most cases. In addition to all these financial engineering and management qualifications, the legislation requires the use of highly qualified HFA's because these public agencies have a public purpose and share with the Congress the commitment to preserve these projects as low-income housing far into the future. This factor was paramount in the decision to give the HFA's such a prominent role in the MTM process.

At the same time, we gave the Secretary the discretion to make the final choice of PAE because we did not want the Secretary to be required to choose an unqualified housing finance agency to be a PAE. There will be thousands of projects and hundreds of thousands of units that will have to go through the restructuring process. In order to get this done in a timely and cost-effective way, the Secretary may have to reach out to more than one entity in a given area, or HUD may decide to do the restructurings itself. In all cases, however, the crucial decisions that have major impacts on the residents, the projects, or their surrounding communities, such as, for example, whether the assistance is to remain project-based or, in a few cases, may be turned into tenant-based, shall be made by a public agency with a public mission whose interest is to preserve affordable housing.

In addition, the ongoing oversight of the projects, after restructuring is completed, will have to be in the hands of the public. This requirement can be satisfied by HUD doing the contract monitoring and oversight, or by contracting this function out to a State or local HFA. Again, this is a public trust, and the legislation requires that a public agency carry it out.

The Congress clearly expects HFA's who seek the role of PAE to strengthen their applications by reaching out to other experienced parties, particularly non-profits with experience in real estate development and/or management and with deep roots in their communities, to develop partnerships. In addition, PAE's may want to find financial and other relevant experts to ensure that they present the best possible application to the Secretary.

Mr. President, tenants, owners, HFA's, HUD, and the Congress all agree that the majority of the portfolio of affordable housing that will go through the MTM process should continue to have project-based section 8 assistance.

For example, the legislation requires that elderly and disabled housing projects and housing in tight rental markets continue to receive project-based section 8 assistance.

It is the clear intent of the Congress that we preserve the existing section 8 project-based portfolio of affordable housing to the greatest extent possible. To do this effectively, we expect the PAE's to continue to provide project-based assistance except in certain rare circumstances. The bill provides for the final decision to be taken only after consultation with owners, residents of the projects, local government officials, and other affected parties. Moreover, the PAE must take into consideration the availability of other affordable housing in the area, the ability of tenants to use vouchers successfully, the financial stability of the project, and other factors which, when taken as a whole, would lead a PAE to conclude that project-based assistance continues to be the best choice in most cases.

Mr. President, in the course of the final negotiations to include the MTM legislation in the appropriations conference report, it was agreed to create an office within HUD to oversee the restructuring process. The office, called the Office of Multifamily Housing Assistance and Restructuring [OMHAR] will have a director that is appointed by the President and subject to Senate confirmation. The Congress clearly intends, as the legislation language states, that the Director will work under the Secretary, subject to the Secretary's direction and oversight. Section 573(d)(2) of the bill gives the Director the authority to report directly to the Congress, in certain circumstances, when the Director determines, in his discretion, such a report would be appropriate.

Finally, Mr. President, let me reiterate a point also made by my colleagues regarding tenant participation in the restructuring process. It is our clear intent that HUD and the PAE's work with tenants in a meaningful and effective way with regard to all aspects of the restructuring process. This means timely access to relevant information, adequate time to analyze such information, the right to meet with the PAE, and the right to be included in physical inspections of the property, capital needs assessments, proposals to transfer the property, and other decisions that have significant impacts on the residents.

In conclusion, Mr. President, I strongly support the MTM provisions in the VA-HUD conference report, thank my colleagues for their hard work, and look forward to seeing this important Federal resource restored to sound financial and physical condition.

Mr. BOND. Mr. President, a number of items in the conference report or statement of the managers require further clarification or correction due to

printers' errors. The items are as follows:

Within the housing certificate fund, the legislation requires HUD to provide enhanced or sticky vouchers to residents to prevent displacement where an owner of a property chooses to prepay the outstanding indebtedness under a preservation mortgage (which prepayment can now be authorized at the option of a property owner). These enhanced vouchers, including those provided in prior years, are not just for the first year after prepayment but must be renewed for each subsequent year so long as the assisted family continues to live in the property.

Within the \$32 million for section 107 grants under the CDBG Program, \$4 million for technical assistance, \$7.5 million for the Community Outreach Program, \$6.5 million for Historically Black Colleges and Universities, \$6.5 million for Community Development Work Study, with a \$3 million set-aside for Hispanic-serving institutions, \$7 million for insular areas, and \$500 thousand for the National Center for the Revitalization of Central Cities.

Within the Economic Development Initiative grants, there is a grant to Arab, AL. The statement inadvertently refers to Arab, IL.

Within the Economic Development Initiative grants, the grant to the city of Jackson, MS, should be used for the acquisition and rehabilitation of facilities and related improvements for a downtown multimodal transit center in the city of Jackson. This project was incorrectly identified in the statement of managers.

In addition, with respect to EDI, the intent of the conferees is for HUD to use the maximum flexibility in funding the specified EDI grants in the statement of managers. HUD is not expected to establish special requirements but should work with the entities specified in each grant to ensure that activities can be funded and completed in an expeditious manner.

Within the Superfund research appropriation, there is a \$2.5 million appropriation for the Gulf Coast Hazardous Substance Research Center. This item was included in both the House and Senate versions of the bill but not expressly identified in the statement of the managers.

Within NASA Science, Aeronautics and Technology is a \$2 million appropriation for the Bishop Museum in Honolulu, HI. This item was included in the Senate version of the bill, and the House receded to the Senate in conference, but it was inadvertently not included in the statement of the managers.

Mr. JOHNSON. Mr. President, I rise today to express my strong support for the conference report on the fiscal year 1998 appropriations for VA, HUD and related agencies. While this bill continues to focus on the commitments this Nation has made to our veterans, and provides for the important scientific and environmental protection priorities that the administration has put forth, I want to take a moment to

express my support for the steps the conferees have taken to address a serious and pressing issue facing low-income housing assistance in this country.

Since its inception, the HUD section 8 housing program has provided rental assistance for low-income individuals through project-based contracts as well as vouchers which help to preserve low income housing availability. This conference report not only includes funding for the renewal of section 8 contracts, but contains the extremely important mark-to-market contract restructuring program which, beginning in 1999, will preserve affordable housing for millions of low-income tenants while saving the taxpayers billions over time as well. I want to commend my Banking Committee colleagues, particularly Senator MACK who authored the initial section 8 restructuring bill, for their tireless efforts to insure that this restructuring program was accepted.

Nationwide, section 8 contracts covering 1.8 million assisted units are expected to expire in fiscal year 1998. The mark-to-market program is a mortgage and rent restructuring program to reduce the costs of over-subsidized section 8 multifamily housing properties insured through the FHA. Under this restructuring program, FHA insured properties with above market rents are eligible for debt restructuring to bring the rent levels in line with market rate rent levels, or the project-based rents needed to support operation and maintenance of the housing facilities. The bill directs the HUD Secretary to work with State and local housing entities to reduce expiring section 8 contract costs, address troubled projects, and correct management and ownership deficiencies.

Because Congress has been unsuccessful in past attempts to move the type of section 8 overhaul necessary for the preservation of low-income housing assistance in this climate of budget cuts, HUD has been renewing all longer term expiring Section 8 contracts with quick-fix, 1-year contracts. The short-term renewals have led to confusion and fear among recipients of housing assistance in my State and across the country.

Many assisted housing residents in South Dakota have been worried for several months as to whether they will continue to have a roof over their heads in the coming year. As these residents received notice of expiring short-term and long-term section 8 contracts, families were concerned they would be forced from their homes. Some of these families have spent half their lives in these homes. Many of these residents are senior citizens. Many are widows and widowers. Many are disabled. These residents were told that unless Congress acted, they may be forced from their two-, three-, and four-bedroom homes or one- and two-bedroom apartments and displaced into smaller sized units or homes.

For many residents in communities such as Northgate Community Homes

and Lakota Homes in western South Dakota, this is not an option. Housing at every level of affordability is extremely scarce in my rural State. After raising families in these homes, senior citizen couples living in two- or three-bedroom homes have been told that they would have to downsize to one-bedroom homes. However, at the Northgate and Lakota developments, there are no one bedroom options. Thus these individuals and families have feared displacement into the surrounding area, with great uncertainty about their futures. I have been informed by city officials that the low-income housing stock currently available is inadequate to absorb the extra burden of these individuals and families forced from their section 8-subsidized homes and complexes.

Already, many elderly and disabled couples and individuals have left the developments over uncertainty about their homes. They are leaving behind years of improvements they made in their homes, as well as the cherished memories of raising families in these communities. They have been forced out because of confusion and expiring contracts.

People like Hazel Holmes of Sturgis, SD, who raised her family in a small two-bedroom home at Northgate Community Homes have been threatened by uncertainty. Hazel's husband died almost 10 years ago and she has continued to live independently in her home. With the expiring section 8 contract, she became very worried—like her neighbors—that she would be forced to leave her home and the neighbors she cherished. Couples like Ruth and Carl Kittleman and Ralph and Dorothy Iverson have already moved from Northgate due to inaction and confusion over this issue. Others fret on a daily basis about their futures. Seniors like Chuck Alberts have persevered each day with the pressure and stress of having his beloved wife Bev in a nursing home. He should not have the added worry about whether he will be able to stay in his home.

These are just a few examples of the serious section 8 scare that recipients of low-income housing assistance have faced in my State. I am extremely thankful that throughout consideration of the section 8 restructuring proposal my colleagues took special notice of the unique needs of rural housing contract restructuring. Because of continued pressure from myself and other rural members, the mark-to-market proposal contains language for a more flexible approach to determining market rents in rural communities—communities where market is difficult to determine, where the project in need of contract restructuring might be the only market for hundreds of miles. The broadened definition of market included in this bill will help to insure appropriate restructuring throughout my State.

In rural South Dakota, the 244 project-based section 8 contracts provide 6113 housing units, primarily for elderly South Dakotans. With full funding up to \$8.2 billion provided through the fiscal year 1998 VA HUD bill, 1070 housing units up for renewal in South Dakota in the immediate future will continue to receive section 8 rental assistance. This volume pales in comparison to the hundreds of thousands of section 8 housing units in jeopardy in states like New York and Illinois, and I appreciate my colleagues' continued sensitivity for awareness of the unique needs of rural States.

Additionally, I commend my colleagues for relying on the qualified existing State housing finance agencies for the administration of contract restructuring, and on local housing entities for management and planning decisions, both subject to the approval of the HUD Secretary. With public input at every level, HUD will be able to reign in excessive subsidies to appropriate levels so that our Federal housing assistance funds go further, and maintain assistance for low-income individuals for the long term. While the majority of current project-based Section 8 will remain available, local communities will be involved in determining whether tenant-based assistance is more practical in certain communities. This freedom at the local level is important, yet I applaud my colleagues for including distinct protection for elderly and disabled project-based assistance, which will eliminate the type of fear and uncertainty that seniors in my state have been subject to in recent years.

Without the commitment to fund section 8 for the coming year, and the inclusion of the mark-to-market restructuring program, cuts in other programs for the elderly and disabled, and for preserving available low-income housing would be required. By addressing section 8 restructuring and providing adequate funding, this bill reaffirms the Congress' long term commitment to low-income housing assistance.

HUD and the States have a daunting task ahead, as thousand of projects under contract throughout the country are pending restructuring. In all cases, I am confident that the involvement and participation of local and State housing interests at every level will protect the public interest, and all affected parties, including tenants, will have a voice in the future of low-income housing assistance.

Again, I commend my colleagues for including the section 8 restructuring program in the fiscal year 1998 VA, HUD appropriations bill, and I look forward to working toward continued security for low-income housing in the coming years.

FUNDING FOR THE HEALTH CARE NEEDS OF
VETERANS IN NORTHERN CALIFORNIA

Mrs. FEINSTEIN. Mr. President, I rise today to weigh in on the provisions

included in the VA-HUD conference report regarding the health care needs of Northern California's veterans. The conference report provides a total of \$70.8 million for renovations to the existing McClellan Air Force Hospital at Mather Air Force Base in Sacramento, as well as for outpatient clinics in Fairfield, Mare Island, Martinez, Auburn, Chico, Eureka, and Merced. While I applaud this much-needed expansion of services in Northern California, I remain deeply disappointed by Congress' decision not to build a veterans hospital at Travis Air Force Base.

Since 1991, veterans in Northern California have been waiting for a new hospital to replace the Martinez hospital, which was closed for seismic reasons. I made a commitment with Vice President GORE to help bring a full veterans hospital to Fairfield, and I have been fighting for 4 years to get this project fully funded. Two previous Congresses appropriated funding to construct the Travis VA Hospital.

Now, unfortunately, we are turning our back on that commitment. It is truly a sad day when the men and women who have served our country without question—and who have the right to expect their government to fulfill its promises—are simply told "tough luck."

The fact is that a clear majority in Congress oppose the hospital's construction. This opposition has only grown stronger after two independent reports—one by the General Accounting Office and one by Price Waterhouse—concluded that the Travis VA hospital was not justified. Key Committee chairmen in both the House and Senate have made it clear that Congress will provide no Federal funds for a replacement hospital at Travis.

The VA-HUD conference report does appropriate \$70.8 million for veterans' health care needs in Northern California, including:

A sharing agreement between VA and the Department of Defense for 100 VA beds at David Grant Medical Center at Travis. These beds will be serviced by VA doctors.

A new \$13.5 million VA clinic, to be built adjacent to David Grant Medical Center. This clinic will include emergency room facilities, ambulatory surgery, mental health, some specialty services, and offices for doctors.

Conversion of McClellan Hospital at Mather Air Force Base to a VA Hospital. This will provide 55 new VA beds. Upgrades to the VA outpatient clinics at Mare Island and Martinez.

New outpatient clinics in Auburn, Chico, Eureka and Merced.

Contracts with community hospitals in Martinez and Redding.

While this plan does not fulfill the promise that the VA made to Solano County veterans and does not establish the hospital that veterans groups like Operation VA fought so hard for so long to obtain, when examined in light of the position of current congressional leaders, it does provide health care for

many veterans who presently cannot access the VA system. The new outpatient clinics and additional hospital beds will make it far easier for veterans in Northern California to benefit from the VA health system. For the first time, vets living along the North Coast and in the Sierra will have real and meaningful access to the VA. They will not have to drive for 4 hours or more for basic care. Their visits to the five new VA outpatient clinics will undoubtedly result in higher utilization of the VA inpatient facilities at Travis and Mather Air Force Bases.

I know that the people of Solano County have a lot of unanswered questions about the VA proposal, and I pledge that I will work with them to make sure that VA offers the high quality and accessibility of care that our veterans deserve. I am sure that groups like Operation VA will continue to fight for improved veterans health care in Northern California, and I am proud to join in that fight.

Mr. KERRY. Mr. President, as the ranking Democratic member of the Housing subcommittee, I spoke earlier today about very significant housing provisions in the VA-HUD conference agreement. I would like now to address some other components of this legislation which I believe to be very important to the Commonwealth of Massachusetts and the nation.

Mr. President, I appreciate the hard work of the Chairman of the VA-HUD appropriations subcommittee, Senator BOND, and the ranking member, Senator MIKULSKI, in crafting a bill which gives such serious consideration to the needs of the people of Massachusetts.

Mr. President, the subcommittee has allocated \$50 million for the clean-up of Boston Harbor, a modest sum given the magnitude of the challenge and the scope and cost of the clean-up project. While the residents of Boston continue to face rising water and sewer rates, these rates are not nearly as high as they would be without the assistance of the federal government. The Boston Harbor clean-up project construction will be completed in the next two years. Federal assistance in these two remaining years will be crucial to ratepayers in the 43 greater Boston area communities who must shoulder most of the burden of the \$3.5 billion project, which also includes the \$2 billion required for combined sewer overflows (CSOs) and other water infrastructure upgrades.

The President's fiscal year 1998 budget provided \$200 million over the next two years for the Boston Harbor clean-up—which we anticipate will be the last increment of funding assistance needed from the federal government for this important infrastructure project. Even if this amount is forthcoming, the federal share of the Boston Harbor clean-up project still will be well below the federal share provided for many other clean water projects across the country, and is certainly well below the full federal funding called for by

Congress when it passed the Unfunded Mandates Act in 1995.

The Massachusetts Water Resources Authority (MWRA), which is in charge of the Harbor cleanup, has continually worked to reduce project costs. Last year, Mr. President, the EPA approved a revised CSO plan developed by the MWRA, with assistance from the state Department of Environmental Protection and local communities, which is estimated to save ratepayers nearly one billion dollars.

During the early 1990s, under the past two Administrations—one Republican and one Democratic—the federal government provided \$100 million per year to assist the citizens of the greater Boston area with this project. In FY 1996, although the President requested \$100 million and I supported his request, Congress appropriated only \$50 million for the cleanup of Boston Harbor. For FY 1997, while the President again requested \$100 million, the Congress appropriated \$75 million as the federal share. All federal assistance is needed and appreciated, so in that respect, I and the people of the Boston area are grateful for the \$50 million contained in this year's VA/HUD bill. Nonetheless, we are disappointed the Congress, again, did not provide the amount contained in the President's budget.

I am extremely pleased that the conference report includes \$3 million for water projects for Bristol County, Massachusetts. This amount is the same as the President's fiscal year 1998 budget request and will continue the support which the Committee provided in the past two years. Both Fall River and New Bedford, two major cities in Bristol County, are implementing court-ordered construction under the Clean Water Act that will cost hundreds of millions of dollars. These urban industrial communities continue to be burdened by high unemployment and an ongoing recession.

In addition, Mr. President, I am delighted the conference report includes a \$1.7 million appropriation for water projects in the South Essex Sewage District and surrounding communities such as Lynn, Gloucester and elsewhere. These communities are struggling with the prospect of incurring obligations from \$12,000 to \$22,000 per household to come into compliance with current clean water regulations. Despite successful efforts to control costs, the projected costs are still huge and growing in the South Essex Sewage District: In 1993 the projected costs were \$12.6 million and now, for 1998, the projected costs are estimated at \$29 million. Federal assistance is critical to ease the burden of compliance on these communities and to further the national goal of protecting our environment.

Mr. President, the conference report also includes funding of \$2 million for the Tapley Street project in Springfield, Massachusetts, which involves renovation of a former U.S. Postal

Service distribution facility that was purchased by Springfield, in 1986 and is now vacant. This building will make an ideal site for consolidated public works operations that are currently scattered among several inadequate facilities, including a condemned yard and a makeshift garage in a different town. These deficiencies take a serious toll on city-owned public works equipment, employee morale and efficiencies of city services. The renovation will create 300 construction jobs in an area that has been hard-hit by an economic downturn and defense cut-backs.

Mr. President, among the important national program in this conference report, several are of particular interest to me. YouthBuild, which is funded at \$35 million in this conference agreement for fiscal year 1998, is an extremely worthwhile program and a demonstrated success. YouthBuild programs around the country have been providing disadvantaged young people with the opportunity to finish their education while also providing leadership training and job skills through work on projects producing affordable housing. I am pleased that the conference report recognizes the need to continue and fund this program. I hope that next year, the amount of funding provided for it will be much closer to the \$70 million 48 other Senators joined me in requesting for fiscal year 1998 in order to enable establishment of YouthBuild programs in communities around the country where there currently is no program.

Another important national program in the conference report is the Housing Opportunities for People With AIDS program, which is the heart of the federal housing response for people living with HIV/AIDS. I am pleased that HOPWA is funded at \$204 million for fiscal year 1998. Mr. President, ninety percent of the HOPWA funds are distributed by formula grants to states and localities hit hardest by the AIDS epidemic; these states and localities control the use of these funds. Communities may use HOPWA funds to meet whatever housing needs they may have, from providing short-term supportive housing or rental assistance for low-income persons with HIV/AIDS to building community residences or providing coordinated home care services.

Finally, Mr. President, the Community Development Block Grant (CDBG) program and the HOME investment partnership program are arguably the most important federal programs for addressing the economic development and affordable housing needs of our nation's communities. I strongly urged the conferees to provide funding for both programs at levels at least equal to the FY 1996 appropriation of \$4.6 billion for CDBG and \$1.5 billion for HOME in addition to any Congressional set-asides. Both programs share the important feature of providing local flexibility within broad federal goals and purposes. The success of both programs merits continued strong federal

support for CDBG and HOME even as other federal programs are being cut back. The conference agreement does, in fact, include those amounts for the two programs, but I am concerned because Congressional set-asides will be deducted from those levels. I will continue to support additional funding for both CDBG and HOME in future appropriations bills.

Mr. President, in total, this conference report is a laudable effort by the subcommittee and especially its Chairman and ranking member, especially as they continue to struggle with the imperative to achieve significant spending reductions resulting from the balanced budget the Congress approved earlier this year. I appreciate their consideration for the interests of the people of Massachusetts, and am pleased to support this agreement.

Mr. REED. Mr. President, I rise to express my support for the VA-HUD Conference Report and to commend the conferees for their work in resolving a number of contentious issues with the House.

First, I would like to commend the conferees for providing adequate funding to renew all expiring section 8 contracts. In my State of Rhode Island, it is expected that section 8 contracts on 4000 units will expire in fiscal year 1998, and I am pleased that this bill will ensure that all of these contracts are renewed.

I would also like to commend the conferees on their successful effort to include the section 8 mark-to-market reforms in the conference report. The Senate Banking Committee passed a mark-to-market bill in June that was initially attached to the balanced budget legislation, but was subsequently dropped in conference.

The significance of inclusion of the mark-to-market reforms in the conference report cannot be overstated because these reforms address an increasingly serious problem, which, if left uncorrected, will threaten the future viability of the section 8 program. The problem I am referring to is the projected increase in section 8 costs as the number of expiring section 8 contracts increases in coming years. In fiscal year 1997, approximately \$3.6 was provided to renew expiring contracts. However, absent mark-to-market reforms, the costs of renewing expiring section 8 contracts is expected to increase to \$9 billion in fiscal year 1998, and to \$18 billion in fiscal year 2002.

The reforms included in this bill address this issue by enabling landlords of section 8 properties to restructure their mortgage contracts, which will reduce the escalating costs of the section 8 program. The reforms will also reduce the subsidy levels that HUD pays to landlords for section 8 assistance. Because of the high costs to build many of these section 8 properties, HUD has been forced in many cases to pay subsidies that are in excess of 120 percent of fair market rent. In fact, a recent study found that 75 percent of

HUD's newer assisted housing projects had rents above fair market rent, and that 50 percent of this housing had rents greater than 120 percent of fair market rent. I am pleased that this bill will address this problem by reducing rents to below fair market rents, or fair market rents for most section 8 housing. These changes will produce \$500 million in savings for taxpayers.

Also, the mark-to-market provisions will improve the quality of section 8 housing by requiring landlords to evaluate the rehabilitation needs of their property and undertake necessary repairs. For too long, many of our section 8 properties have been in an embarrassing state of disrepair. In a recent study, it was found that 24 percent of the section 8 properties were distressed. Sadly, some of these section 8 properties have become havens for crime and drug activities. I am pleased that the mark-to-market reforms will begin to attack this problem by requiring landlords to make repairs to their properties and become more responsible owners.

The bill also includes provisions that will enable HUD to screen out rogue owners and managers, as well as provide more effective enforcement tools that will minimize fraud and abuse of HUD insurance and assisted housing programs.

Most importantly, the reforms in this bill will require landlords who are restructuring their mortgages to maintain their property as section 8 housing throughout the life of the mortgage. This provision is particularly important in ensuring the preservation of the existing stock of section 8 housing.

The mark-to-market reforms included in this bill could affect five Rhode Island housing developments in the near term, and could affect countless other developments in the future, as these provisions are fully implemented by HUD. Overall, I believe these reforms will improve the quality of life for tenants of section 8 housing, half of whom are seniors, and most of whom are very low income.

However, it should be noted that these reforms are not a panacea, and we should be mindful that there is much more to be done. For example, we must take steps to address the ever-worsening affordable housing crisis facing this Nation. Unfortunately, this bill follows HUD appropriations bills in recent years and fails to provide funds for new section 8 vouchers. Indeed, such funds have not been appropriated since 1993.

Also, there is the issue of the term of section 8 contracts. In years past, section 8 contracts have had terms that ranged from 5 to 40 years, with budget authority being allocated in accordance with the terms of the contract. However, because of the adverse budgetary implications of providing long-term contracts, expiring contracts are now being renewed for 1-year terms which require annual appropriations. These 1-year renewals have created a

great degree of uncertainty among tenants of section 8 housing who are being notified annually by HUD that they may not have housing if Congress fails to provide section 8 funding. In a meeting with constituents, I was informed that some seniors who are residents of section 8 housing have suffered strokes and other ailments after being notified that their housing was in jeopardy if Congress failed to appropriate funding for section 8 renewals. Mr. President, this is a very serious issue which must be addressed.

While HUD is required to notify tenants about contract renewals, something must be done to ensure that this notification does not unnecessarily alarm seniors and other residents of section 8 housing. I understand that HUD is currently working with a number of tenant groups to craft a notification letter that is less alarming than letters in years past. I intend to work with HUD to see that future notices provide adequate information, without unnecessarily alarming section 8 residents.

Mr. President, I am pleased that this bill increases funding relative to fiscal year 1997 for a number of important programs to Rhode Island. For example, funding for the Community Development Block Grant Program, which provides flexible funding to States and localities for community development initiatives, is increased by \$75 million. In fiscal year 1997, Rhode Island cities used over \$20 million in CDBG money to fund initiatives ranging from job training to neighborhood revitalization.

In addition, funding for the HOME Program, which is aimed at expanding the supply of affordable housing, is increased by \$100 million over fiscal year 1997. Last year, Rhode Island received \$3 million in HOME funding which was used to provide 283 units of affordable housing.

Finally, the VA-HUD appropriations bill maintains level funding for a number of important programs such as the section 202 and section 811 programs that provide housing for the Nation's elderly and disabled. A number of Rhode Island groups have successfully used section 202 and section 811 grants to build housing for the elderly and disabled, ameliorating the shortage of affordable housing for these groups in Rhode Island.

In conclusion, I would again like to commend the work of the conferees. Their efforts will help preserve and maintain the section 8 program, in addition to a number of other important housing and community development programs.

Mr. MCCAIN. Mr. President, the Senate will act shortly to approve the conference agreement on the Fiscal Year 1998 VA-HUD Appropriations Act, and I intend to vote for the bill. The bill contains many very worthwhile programs that are vital to our Nation's veterans, to the economic development and viability of our cities, to rural commu-

nities, to environmental preservation and remediation, and for other important Government functions. The conferees have done an excellent job of crafting a bill that is balanced and fair, while staying within the budgetary allocations for these programs.

However, once again, I must highlight the myriad of programs that are included in this conference agreement that were not considered in the normal budgetary review process. These programs may very well have a great deal of merit, but unless one is a member of the Appropriations Committee, it is nearly impossible to determine what, if any, criteria were applied to determine the relative worthiness of each of the earmarks and set-asides in the agreement.

For example:

\$5 million dollars is earmarked for a study on the cost-effectiveness of contracting with local hospitals in east central Florida for the provision of nonemergent inpatient health care needs of veterans. This earmark was contained in the House bill, but I find it difficult to determine from the conference agreement or the House report why such a study is so urgently needed in east Florida, rather than other areas of the country that may be considering this type of contracting.

As I noted when the Senate considered the bill, \$10 is earmarked for demolition and replacement of the Heritage House in Kansas City, Mo. I still do not understand the urgency of proceeding with this, rather than other similar projects.

The bill earmarks \$99.6 million for 120 specific Economic Development Initiative grants, as specified in the report language. While both bills contained these kinds of earmarks, my colleagues might be interested to know that the amount earmarked in the conference agreement is more than twice the amount earmarked in the Senate bill which was \$40 million. I suspect that a scrupulous comparison of the lists of earmarked projects in the two bills would conclude that every project earmarked in either bill is included in this conference agreement, and then some.

The bill contains an earmark of \$15 million for the county of San Bernardino, Ca, for neighborhood initiatives. I have not been able to find this earmark in either the House or Senate bill, neither of which contain any explanatory language on this initiative.

The bill contains a section which was also included in the Senate bill, transferring a previous \$7.1 million earmark for a Kansas City industrial park at 18th Street and Indiana Avenue instead to the rehabilitation and infrastructure development associated with the Negro Leagues Baseball Museum and jazz museum at 18th and Vine.

The bill authorizes and appropriates \$90 million additional funding for construction of a consolidated EPA research facility at Research Triangle Park, NC, and raises the total construction cap on the project, including a child care center and computer center, to \$272.7 million. I recognize that this provision was included in the House bill, but I have not been able to find any justification in the bill or report for earmarking \$90 million as part of a nearly \$300 million expenditure for this project, versus other worthy projects.

The bill retains the earmarks in the Senate bill for a \$50 million in grants to Texas, requiring State matching of 20 percent, for improving water and wastewater treatment facilities for the colonias; and a \$15 million grant to Alaska to address drinking water and wastewater infrastructure needs.

The bill also includes an earmark of \$253.1 million for 39 specific wastewater and water treatment facilities and ground water protection infrastructure, earmarked as stated in the report. Again, this type of earmark was included in the Senate and House bills, but the conference earmarked almost three times the amount in the Senate bill.

The bill also contains three earmarks which I believe were not included in either the Senate or House bill:

\$4 million dollars is earmarked for each of three areas—a native American area in Alaska, a rural area in Iowa, and a rural area in Missouri—for rural economic development grants, to test comprehensive approaches to developing a job base through economic development, developing affordable low- and moderate-income rental and homeownership housing, and increasing the investment of both private and nonprofit capital. While I understand the need to provide funding for rural communities to improve their living standards, housing availability, and the like, I question whether the three areas singled out in this language are the most deserving of 4 million dollars each. And I note that the earmarks for rural areas in Iowa and Missouri were not contained in either bill, but were added by the conferees.

The bill includes a section, which I have not found in either the Senate or House bill, directing FEMA to make a grant of \$1.5 million to resolve issues under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 involving the city of Jackson, Ms. Again, the justification provided for this project is sketchy, to say the least.

The bill contains a section which cancels the indebtedness of the village of Robbins, IL, for HUD-guaranteed water and sewer bonds, including principal, interest, and any fees and other charges. Again, I could find no mention of this proposal in either the Senate or House bills.

As I have said many times, these types of earmarks added in conference are an egregious evasion of the normal budget review process, which this body should not condone.

I will not elaborate on the many earmarks and set-aside in the report language of the conference agreement.

I ask unanimous consent that the objectionable provisions be printed in the RECORD.

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

OBJECTIONABLE PROVISIONS IN H.R. 2158, CONFERENCE AGREEMENT ON FISCAL YEAR 1998 VA/HUD/INDEPENDENT AGENCIES APPROPRIATIONS

BILL LANGUAGE

\$5 million earmarked for a study on the cost-effectiveness of contracting with local hospitals in East Central Florida for the provision of non-emergent inpatient health care needs of veterans.

Prohibition on relocating the loan guaranty divisions of the Department of Veterans Affairs Regional Office in St. Petersburg, Florida to the Department of Veterans Affairs Regional Office in Atlanta, Georgia, because the conferees do not believe the VA has adequately justified the proposed relocation and has not provided a detailed cost-benefit analysis including comparison of savings for the cost of space and personnel.

\$10 earmarked for demolition and replacement of the Heritage House in Kansas City, Missouri.

\$4 million earmarked for each of three areas—a Native American area in Alaska, a

rural area in Iowa, and a rural area in Missouri—for rural economic development grants, to test comprehensive approaches to developing a job base through economic development, developing affordable low- and moderate-income rental and homeownership housing, and increasing the investment of both private and nonprofit capital.

\$99.6 million earmarked for 120 specific Economic Development Initiative grants as specified in the report language.

\$15 million earmarked for the County of San Bernardino, California, for neighborhood initiatives.

\$3.5 million earmarked for the non-Federal cost-share of the levee project at Devils Lake, North Dakota.

Sec. 203—Waives the requirement that the City of Oglesby, Illinois, hold public hearings concerning an environmental assessment for a warehouse project.

Sec. 206—\$7.1 million transferring an earmark for a Kansas City industrial park at 18th Street and Indiana Avenue instead to the rehabilitation and infrastructure development associated with the Negro Leagues Baseball Museum and jazz museum at 18th and Vine.

Sec. 218—Cancels the indebtedness of the Village of Robbins, Illinois, for HUD-guaranteed water and sewer bonds, including principal, interest, and any fees and other charges.

Authorizes and appropriates \$90 million additional funding for construction of a consolidated EPA research facility at Research Triangle Park, North Carolina, and raises the total construction cap on the project, including a child care center and computer center, to \$272.7 million.

Earmarks \$50 million for grants to Texas, requiring state matching of 20 percent, for improving water and wastewater treatment facilities for the colonias.

\$15 million earmarked for grants to Alaska to address drinking water and wastewater infrastructure needs.

Earmarks \$253.1 million for 39 specific wastewater and water treatment facilities and groundwater protection infrastructure, earmarked as stated in the report.

Directs FEMA to make a grant of \$1.5 million to resolve issues under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 involving the City of Jackson, Mississippi.

Sec. 415—"Buy America" protections.

REPORT LANGUAGE

[NOTE: Conferees state that they endorse all language in the House and Senate reports that is not explicitly contradicted in the conference agreement. Therefore, all earmarks and set-aside in the underlying reports remain valid unless reversed in the conference agreement.]

Earmarks \$6 million for the Musculoskeletal Disease Prevention and Treatment Research Center at the Jerry L. Pettis Memorial VA Medical Center in Loma Linda, California.

Explicit emphasis on report language regarding expanding an outpatient clinic in Williamsport, Pennsylvania, activation costs for construction projects at the medical centers in Wilkes-Barre, Pennsylvania, and Phoenix, Arizona; and the demonstration project involving the Clarksburg VA Medical Center and Ruby Memorial Hospital.

Urges VA to establish a community-based outpatient clinic in Brookhaven, New York.

Supportive language for the two-year pilot project in New England and Hawaii, funded through the Department of Defense, to explore improved and innovative methods of diabetes detection, prevention, and care.

Encourages VA to examine carefully the work in Detroit associated with Population

and Resources Management Information Network, and to consider setting aside an appropriate amount of funds for development and analytical work associated with that system.

Earmarks \$98.4 million for 7 major construction projects of the VA, including a \$4 million add-on for a cemetery in Arizona.

Earmarks \$1.5 million for expansion of the existing national cemetery in Mobile, Alabama.

Earmarks \$1.5 million to increase the number of niches at the columbarium at the National Memorial Cemetery of the Pacific.

Earmarks \$48.3 million for 23 specific science and technology projects.

Earmarks \$8 million of the funding set aside for research on EPA particulate matter standards to create "up to five university-based research centers focused on PM-related environment and health effects;" establishes certain governing criteria and guidelines for selection of these centers, although the report states the selection is to be competitive.

Earmarks \$76.5 million from the budget for environmental programs and management at EPA for 60 specific projects.

Earmarks \$2.5 million of the EPA's hazardous substance Superfund to continue a study on the health effects of consuming Great Lakes fish, and 2 million for continued work on the Toms River, New Jersey cancer evaluation and research project.

Encourages EPA to implement a fixed-price, at-risk contracting proposal for clean-up of the Carolina Transformer Site in North Carolina.

Urges immediate construction at the Pepe Field Superfund site in Boonton, New Jersey.

Recognizes the acute need for additional water treatment capacity in San Diego County, California, although limited funds prevented the conferees from earmarking an amount for this project.

States awareness of San Diego's application for grant assistance through the U.S.-Mexico border programs for the South Bay Water Reclamation Facility, and urges that the matter be reviewed carefully for appropriate support.

Notes support for construction of the Jonathan Rogers plant in El Paso, Texas, and encourages EPA to provide an appropriate amount from the border infrastructure fund to support the project.

Earmarks \$500,000 from FEMA's emergency management planning funds for a comprehensive analysis and plan of evacuation alternatives for the New Orleans metropolitan area.

States awareness of proposals by the International Hurricane Center at Florida International University to apply advanced high-accuracy satellite laser altimeter surveying techniques to coastal and flood plain modeling and post natural disaster damage assessments, and urges FEMA to consider funding such proposals from discretionary funds.

Notes that Point Coupee Parish, Louisiana, faces the potential threat of multiple disasters, including weather-related threats, and urges FEMA to provide support for installation and testing of a prototype communications system.

Urges NASA to make available underutilized facilities at the Stennis Space Center for use by industry in launch vehicle development activities.

Earmarks \$19.65 million from NASA's aeronautics and technology funds for 9 specific projects.

Earmarks \$5 million of NASA's mission support funds for facilities enhancements at Stennis Space Center.

Prohibition on relocating NASA aircraft based east of the Mississippi River (at the Wallops Island flight facility) to the Dryden Flight Research Center in California.

Earmarks \$1 million of National Science Foundation funds for the U.S./Mexico Foundation.

Mr. MCCAIN. Mr. President, this is not an exhaustive list of all the earmarks the conferees endorsed. As with previously submitted conference agreements, the conferees explicitly state in the report that they endorse all the provisions of the Senate and House reports on the bill, unless they are explicitly contradicted or addressed in the conference report. So there are a lot more earmarks that the conferees intend that the agencies will adhere to in allocating appropriated funds.

Again, Mr. President, I hesitate to say that all of these earmarks and set-asides are wasteful, or unnecessary. I want to stress that these projects may very well have merit and may very well be worthy of inclusion in this bill.

But the process the Congress established for itself, which involves both authorization and appropriation of spending items, is routinely ignored in the appropriations bills. These unauthorized and locality specific earmarks and add-ons have bypassed the normal agency review process and have bypassed the authorization process. They have simply been included in the appropriations bill because a small segment of the Senate or House, those who serve on Appropriations Committee, decided to include them.

Mr. President, the American people deserve to know how their money is spent, and why. Millions of dollars will be spent for the projects on the attached list, and I doubt that most Senators know why these projects were chosen for earmarks or set-asides. The American people certainly don't have access to that information.

I intend to send a letter to the President asking that he consider using his line-item veto authority to eliminate these spending items from this bill. That is why we gave him a line-item veto—to eliminate wasteful, unnecessary, and low-priority spending. He has already demonstrated his willingness to use the line-item veto, and I hope he continues to exercise that authority when clearly necessary.

Mr. President, as I said, I support the majority of the provisions of this bill, and I intend to vote for it. I am thankful, however, that a mechanism now exists that could, if utilized, eliminate the earmarks and set-asides in this bill to which I must object.

PARTICULATE MATTER RESEARCH

Mrs. BOXER. Mr. President, I would like to mention one issue of concern in the conference report on appropriations for the Environmental Protection Agency. It is in regard to report language on the Particulate Matter Research Program.

I agree that we need more research on the sources and the health effects of particulate matter and strongly support this bill's appropriation of funds

for new research. However, I would like to make it clear, for the record, that I do not agree with the conference report language that says that "we do not yet have available sufficient facts necessary to proceed with future regulations for a new particulate matter standard."

The EPA standards are based on the best available science regarding the health effects of exposure to particulate matter. Some argue that we should not proceed until we have scientific proof of the exact relationship between exposures to particulate matter, and health effects.

If we applied that principle in the late 1970's, we would not be enjoying the benefits of our current standards which have led to, for example, air pollution from carbon monoxide being reduced by 28 percent, from sulphur dioxide 41 percent, and from lead 98 percent.

The PRESIDING OFFICER. All time has expired.

Under the previous order, the conference report to accompany H.R. 2158 is agreed to.

The conference agreement was agreed to.

Mr. BOND. Mr. President, I thank all of my colleagues and the leadership for allowing us to proceed in a timely fashion on this matter.

I have mentioned only briefly my appreciation for the work of my ranking member, Senator MIKULSKI. Truly, there is no better person to have in a very complicated matter like this than to have someone of Senator MIKULSKI's ability, perspicacity, and dedication to right and justice to carry through on this.

I am deeply grateful for her cooperation, the cooperation of the leadership on her side, and particularly the leadership of both sides of the aisle on the Banking Committee which authorizes housing programs without which we would not have been able to accomplish mark-to-market. Senator MACK and his staff, in particular, Senator D'AMATO, Senator SARBANES, Senator KERRY have been helpful.

I express my thanks to Andy Givens, Stacy Closson, and David Bowers on the minority. We could not have done this on our side without the dedicated work of John Kamarek, Carrie Apostolou, and of Sarah Horrigan, who assisted us as representatives on loan from the Office of Management and Budget.

Mr. President, again, I express my appreciation to my ranking member.

Ms. MIKULSKI. Mr. President, now that we have concluded our bill, I too want to express my appreciation to Senator BOND and his very able staff—I am sorry Sarah Horrigan is not with us, her able cooperation—and, to my own staff, Andy Givens, David Bowers, and Stacy Closson.

I wish all bills could move as quickly and as rigorously and thoroughly as ours did. I yield the floor.

Mr. BOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PRIVILEGE OF THE FLOOR

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the privilege of the floor be granted to the following detailee to my staff: Mr. Peter Neffinger.

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

Mr. LAUTENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The Senator from Arkansas is recognized.

Mr. BUMPERS. I thank the Chair.

(The remarks of Mr. BUMPERS pertaining to the introduction of S. 1283 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1998—CONFERENCE REPORT

Mr. SHELBY. Mr. President, I submit a report of the committee of conference on the bill (H.R. 2169) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2169) having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of October 7, 1997.)

Mr. SHELBY. Mr. President, I ask unanimous consent that the conference report be considered read, and that there be 20 minutes equally divided; that, following the conclusion or yielding back of the time, the conference report be agreed to and the motion to reconsider be laid upon the table, all without any intervening action or debate.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.