

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING
 AND URBAN DEVELOPMENT, AND INDEPENDENT AGEN-
 CIES APPROPRIATIONS BILL, 2005

SEPTEMBER 9, 2004.—Committed to the Committee of the Whole House on the State
 of the Union and ordered to be printed

Mr. WALSH, from the Committee on Appropriations,
 submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5041]

The Committee on Appropriations submits the following report in
 explanation of the accompanying bill making appropriations for the
 Departments of Veterans Affairs and Housing and Urban Develop-
 ment, and for sundry independent agencies, boards, commissions,
 corporations, and offices for the fiscal year ending September 30,
 2005, and for other purposes.

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Summary of the Bill		

The Committee recommends \$128,037,084,000 in new budget (obligational) authority for the Departments of Veterans Affairs and Housing and Urban Development, and 21 independent agencies and offices.

The following table summarizes the amounts recommended in the bill in comparison with the appropriations for fiscal year 2004 and budget estimates for fiscal year 2005.

OPERATING PLAN AND REPROGRAMMING PROCEDURES

The Committee continues to have a particular interest in being informed of reprogrammings which, although they may not change either the total amount available in an account or any of the purposes for which the appropriation is legally available, represent a significant departure from budget plans presented to the Committee in an agency's budget justifications, the basis of this appropriations Act.

Consequently, the Committee directs the Departments, agencies, boards, commissions, corporations and offices funded at or in excess of \$100,000,000 in this bill, to consult with the Committee prior to each change from the approved budget levels in excess of \$500,000 between programs, activities, object classifications or elements unless otherwise provided for in the Committee report accompanying this bill. For agencies, boards, commissions, corporations and offices funded at less than \$100,000,000 in this bill, the reprogramming threshold shall be \$250,000 between programs, activities, object classifications or elements unless otherwise provided for in the Committee report accompanying this bill. Additionally, the Committee expects to be promptly notified of all reprogramming actions which involve less than the above-mentioned amounts. If such actions would have the effect of significantly changing an agency's funding requirements in future years, or if programs or projects specifically cited in the Committee's reports are affected by the reprogramming, the reprogramming must be approved by the Committee regardless of the amount proposed to be moved. Furthermore, the Committee wishes to be consulted regarding reorganizations of offices, programs, and activities prior to the planned implementation of such reorganizations.

The Committee also directs that the Departments of Veterans Affairs and Housing and Urban Development, as well as the Corporation for National and Community Service, the Environmental Pro-

	Limitation on direct loans	Limitation on administrative expenses
Fiscal year 2004 appropriation	(\$1,500,000,000)	(\$310,000)
Fiscal year 2005 budget request	(\$1,500,000,000)	(\$310,000)
Comparison with fiscal year 2004 appropriation	(0)	(0)
Comparison with fiscal year 2005 request	(0)	(0)

The National Credit Union Central Liquidity Facility Act established the National Credit Union Administration Central Liquidity Facility (CLF) on October 1, 1979, as a mixed-ownership government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration and is owned by its member credit unions. Loans may not be used to expand a loan portfolio, but are authorized to meet short-term requirements such as emergency outflows from managerial difficulties, seasonal credit, and protracted adjustment credit for long-term needs caused by disintermediation or regional economic decline.

The Committee recommends a limitation of \$1,500,000,000 on CLF lending activity to member credit unions from borrowed funds. This limitation represents the same level as fiscal year 2004 and the same as the budget request. The Committee expects to be kept apprised of CLF lending activity.

The Committee recommends the budget request of not more than \$310,000 for administrative expenses.

COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

Fiscal year 2005 recommendation	\$1,000,000
Fiscal year 2004 appropriation	1,193,000
Fiscal year 2005 budget request	1,000,000
Comparison with fiscal year 2004 appropriation	- 193,000
Comparison with fiscal year 2005 request	0

The Community Development Revolving Loan Fund Program (CDRLF) was established in 1979 to assist officially designated "low-income" credit unions in providing basic financial services to low-income communities. Low-interest loans and deposits are made available to assist these credit unions. Loans or deposits are normally repaid in five years, although shorter repayment periods may be considered. Technical assistance grants are also available to low-income credit unions. Earnings generated from the CDRLF are available to fund technical assistance grants in addition to funds provided for specifically in appropriations acts. Grants are available for improving operations as well as addressing safety and soundness issues. The Committee's recommendation includes \$200,000 for loans to community development credit unions and \$800,000 for technical assistance.

NATIONAL SCIENCE FOUNDATION

Fiscal year 2005 recommendation	\$5,466,960,000
Fiscal year 2004 appropriation	5,577,845,000
Fiscal year 2005 budget request	5,744,690,000
Comparison with fiscal year 2004 appropriation	- 110,885,000
Comparison with fiscal year 2005 request	- 277,730,000

Established in 1950, the National Science Foundation's primary purpose was to develop a national policy on science, and support and promote basic research and education in the sciences filling the void left after World War II. The Committee is committed to keep-

ing the Foundation’s current activities true to the founding purpose of supporting basic science.

The Committee recommends a total of \$5,466,960,000 for the Foundation for fiscal year 2005. This recommendation is a decrease of \$110,885,000 from the fiscal year 2004 level and \$277,730,000 below the budget request.

Of the amounts approved the Foundation must limit transfers of funds between programs and activities to not more than \$500,000 without prior approval of the Committee. Further, no changes may be made to any account or program element if it is construed to be policy or a change in policy. Any activity or program cited in this report shall be construed as the position of the Committee and should not be subject to reductions or reprogramming without prior approval of the Committee. Finally, it is the intent of the Committee that all carryover funds in the various appropriations accounts are subject to the normal reprogramming requirements outlined above.

The Committee is disappointed that the Foundation failed to comply with the direction included in the fiscal year 2004 conference report regarding submission of the congressional budget justifications. The Foundation is once again reminded that budget justifications are intended only for the Committees on Appropriations’ use and therefore must be submitted in a format with the necessary level of detail required by the Committee so that funding requests may be adequately analyzed. As indicated last year, a strategic plan format is not useful to the Committee. While materials formatted by strategic goals may be submitted as supplementary information, the detailed budget justifications are not to be formatted by the strategic goals of “People,” “Tools,” and “Ideas” nor is such information to be used or integrated into the detailed budget justification materials. Instead, the NSF is to present the fiscal year 2006 budget justification submission in the traditional appropriations account structure with detailed information on the prior year, current year, and requested funding levels for each program, project or activity funded within each division and directorate in each account, and provide detailed information on all proposed changes being requested. The NSF is directed to submit to the Committee not later than October 15, 2004, a template for its fiscal year 2006 budget justification document that complies with this direction.

RESEARCH AND RELATED ACTIVITIES

Fiscal year 2005 recommendation	1,2 \$4,151,745,000
Fiscal year 2004 appropriation	1,2 4,251,368,000
Fiscal year 2005 budget request	1,2 4,452,000,000
Comparison with fiscal year 2004 appropriation	1,2 - 99,623,000
Comparison with fiscal year 2005 request	1,2 - 300,255,000

¹The recommendation reflects the transfer of \$25,944,000 in administrative costs to the Salaries and Expenses account that were funded in fiscal year 2004 in the Research and Related Activities account. The budget did not propose this transfer.

²The recommendation does not adopt the budget proposal to transfer \$80,000,000 for the Math and Science Partnerships program to the Research and Related Activities account from the Education and Human Resources account.

The appropriation for Research and Related Activities covers all programs in the Foundation except Education and Human Resources, Salaries and Expenses, Major Research Equipment and Facilities Construction, the National Science Board, and the Office

of Inspector General. These are funded in other accounts in the bill.

The Committee recommends a total of \$4,151,745,000 for Research and Related Activities in fiscal year 2005. The recommendation reflects the transfer of \$25,954,000 in administrative costs that were funded in this account in fiscal year 2004 to the Salaries and Expenses account. The budget did not propose this transfer. In addition, funding for the Math and Science Partnerships program is continued in the Education and Human Resources account instead of under this account as proposed in the budget. After accounting for these changes, the recommendation is \$73,672,000 below the comparable fiscal year 2004 level and \$194,301,000 below the comparable budget request.

Except as specifically noted herein, the recommendation does not include specific funding allocations for each directorate or for individual programs and activities. The Foundation is directed to submit a proposed spending plan to the Committee for its consideration within 30 days of enactment of this Act that addresses the Foundation's highest priority research requirements. In developing this plan, the Foundation is urged to be sensitive to maintaining the proper balance between the goal of stimulating interdisciplinary research and the need to maintain robust single-issue research in the core disciplines.

Given the overall funding constraints, no funds are provided for the proposed Workforce for the 21st Century program, the proposed new class of Science and Technology Centers, or the proposed Innovation Fund.

Within the amounts provided, the recommendation provides \$350,000,000 for the Office of Polar Programs, as requested in the budget. Expenses for the Antarctic operation programs have substantially increased due to rising fuel costs, increased Coast Guard support costs, the weather, and extraordinary ice conditions in the bay. The Committee expects NSF to provide the necessary resources for operations, research support and logistics, and science and research grant support to fully fund the Antarctic operations.

Within the amounts provided, \$6,000,000 is for continued planning and design activities for the National Ecological Observatory Network (NEON). The National Research Council's (NRC) review of the NEON program, while endorsing a NEON-like concept, found that further refinement and more detailed implementation plans were necessary to maximize the benefit from this investment. NSF is expected to consider and incorporate the Council's recommendations as it continues planning and design activities, particularly the NRC's recommendation to strengthen partnerships and collaborations with other Federal agencies. The Committee believes such collaborations are critical to maximize the use of existing observatory networks in order to avoid redundancy of Federal research dollars and reduce the overall cost of the NEON project.

From within the Engineering, Mathematical and Physical Sciences, and Computer and Information Science and Engineering Directorates and the National Nanotechnology Initiative, the Committee remains concerned that researchers are reaching the physical limits of current complementary metal oxide semiconductor process technology and that this will have significant implications for continued productivity growth in the information economy. The

Committee commends NSF's examination of the International Technology Roadmap for Semiconductors and its initiation of the Silicon Nanoelectronics and Beyond program and encourages NSF to consider increasing research support, where feasible, through this program.

The Committee directs NSF to issue guidance to all directorates, not later than December 15, 2004, that research support grant applications from all Smithsonian Institution scientists are fully eligible to compete for NSF funding and are to be given fair consideration in the merit review process.

The Committee encourages the Foundation to continue to work to expand the participation of minority students attending Historically Black Colleges and Universities (HBCUs) and minority serving institutions in NSF research opportunities. The NSF is also encouraged to provide additional support for minority students and faculty by allowing Research Experiences for Undergraduates (REU) supplements for students to be added to existing research grant awards for faculty from small schools.

MAJOR RESEARCH EQUIPMENT AND FACILITIES CONSTRUCTION

Fiscal year 2005 recommendation	\$208,200,000
Fiscal year 2004 appropriation	154,980,000
Fiscal year 2005 budget request	213,270,000
Comparison with fiscal year 2004 appropriation	+53,220,000
Comparison with fiscal year 2005 request	-5,070,000

This account provides funding for the construction of major research facilities that provide unique capabilities at the cutting edge of science and engineering.

The Committee recommends a total of \$208,200,000 for the major research construction and equipment account for fiscal year 2004, an increase of \$53,220,000 over the fiscal 2003 funding level and \$5,070,000 less than the budget request.

The Committee's recommendation includes:

Project	2005 request	2005 recommendation
Atacama Large Millimeter Array (ALMA)	\$49,670,000	\$49,700,000
EarthScope	47,350,000	47,300,000
IceCube Neutrino Detector Observatory	33,400,000	51,200,000
National Ecological Observatory Network (NEON)	12,000,000	0
Integrated Ocean Drilling Program (IODP)	40,850,000	30,000,000
Rare Symmetry Violating Processes (RSVP)	30,000,000	30,000,000

The Committee recommends \$51,200,000 for the IceCube Neutrino Detector Observatory, an increase of \$9,450,000 above fiscal year 2004 level and \$17,800,000 above the request. The Committee has accelerated the funding profile to enable certain economies to be achieved that will reduce the overall total project cost.

The Committee does not recommend funding for the National Ecological Observatory Network (NEON) project within this account but instead has included funding for continued planning and design within the Research and Related Activities account. The recommendation is based on the NRC's recent review of the project that concluded that a refined focus and a more detailed implementation plan are required.

EDUCATION AND HUMAN RESOURCES

Fiscal year 2005 recommendation	¹ \$842,985,000
Fiscal year 2004 appropriation	¹ 938,977,000
Fiscal year 2005 budget request	^{1,2} 771,360,000
Comparison with fiscal year 2004 appropriation	¹ -95,992,000
Comparison with fiscal year 2005 request	^{1,2} +71,625,000

¹The recommendation reflects the transfer of \$5,500,000 in administrative costs to the Salaries and Expenses account that were funded in fiscal year 2004 in the Education and Human Resources account. The budget did not propose this transfer.

²The recommendation continues funding for the Math and Science Partnerships program in this account as provided for in fiscal year 2004. The budget requested \$80,000,000 for this program in Related Activities account.

The Foundation's Education and Human Resources activities are designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate science and engineering education environment, to assist in providing all pre-college students with a level of education in mathematics, science, and technology that reflects the needs of the nation and is the highest quality attained anywhere in the world, and to extend greater research opportunities to underrepresented segments of the scientific and engineering communities.

For fiscal year 2005, the Committee proposes \$842,985,000 for this account. Funding for the Math and Science Partnerships program is continued in this account as provided for in fiscal year 2004 instead of within the Research and Related Activities account as proposed in the budget. The recommendation also reflects the transfer of \$5,500,000 in administrative costs that were funded in this account in fiscal year 2004 to the Salaries and Expenses account. The budget did not propose this transfer. After accounting for these changes, the recommendation is \$90,492,000 below the comparable fiscal year 2004 level and \$2,875,000 below the comparable budget request.

The Committee's recommendation includes the following program levels:

Program	2005 Request	2005 recommendation
Math and Science Partnerships	\$80,000,000	\$82,500,000
EPSCoR	84,000,000	94,440,000
Elementary, Secondary and Informal Education	172,750,000	175,457,000
Undergraduate Education	158,850,000	160,301,000
Graduate Education	173,880,000	155,950,000
Human Resource Development	107,940,000	115,343,000
Research, Evaluation and Communication	62,370,000	53,155,000

The Committee recommends \$82,500,000 for the Math and Science Partnerships (MSP), a \$2,500,000 increase over the request and \$56,670,000 below the fiscal year 2004 level. This amount funds continuations of existing awards and evaluation and dissemination activities. The Committee notes that a \$120,000,000 increase has been proposed in the budget and approved by the Committee in the Department of Education's K-12 math and science education programs in fiscal year 2005. In addition, NSF will award approximately \$91 million in new MSP grants in fiscal year 2004. The recommendation includes \$2,500,000 above the request to be used by the Foundation to review mechanisms to better integrate and maximize the math and science education efforts of the Foundation and the Department of Education. Given the overall funding constraints and the substantial resources being devoted to

math and science education, the Committee has deferred any new starts in this program pending completion of this review.

The Committee recommends \$94,440,000 for the Experimental Program to Stimulate Competitive Research (EPSCoR) program, an increase of \$10,440,000 over the budget request and equal to the 2004 funding level.

Within the amounts provided for the Elementary, Secondary and Informal Education activity, the Informal Science Education (ISE) program is funded at the fiscal year 2004 level of \$62,130,000, an increase of \$12,130,000 over the budget request. The Committee recognizes the value of engaging the general public in informal science and technology education at all ages. The demand for technical literacy in our nation increases daily. The Committee is concerned about the lack of geographic diversity in the institutions that participate in the ISE program and directs that the NSF provide a report to the Committee no later than 90 days of enactment of this Act on its plans to geographically broaden participation of institutions in the program.

Within the amounts provided for the Undergraduate Education activity, the STEM Talent Expansion Program (STEP) is funded at the fiscal year 2004 level of \$24,850,000, \$9,850,000 above the request; the Robert Noyce Scholarship program is restored to the 2004 level of \$7,950,000, \$3,950 above the request; and the Advanced Technological Education program (ATE) is funded at the fiscal year 2004 level of \$45,230,000, \$7,070,000 above the request. No funds have been provided for the Workforce for the 21st Century program.

Within the amounts provided for Human Resource Development activity, the Louis Stokes Alliances for Minority Participation (LSAMP) program is funded at the fiscal year 2004 level of \$34,300,000; the Historically Black Colleges and Universities Undergraduate Program (HBCUUP) is restored to the 2004 level of \$23,860,000, \$3,880,000 above the request; the Alliances for Graduate Education and the Professoriate (AGEP) is funded at the fiscal year 2004 level of \$14,910,000; the Centers for Research Excellence in Science and Technology (CREST) is restored to the 2004 level of \$14,910,000; and the Model Institutions for Excellence (MIE) program is funded at the 2004 level of \$2,510,000.

SALARIES AND EXPENSES

Fiscal year 2005 recommendation	¹ \$249,970,000
Fiscal year 2004 appropriation	¹ 218,702,000
Fiscal year 2005 budget request	¹ 294,000,000
Comparison with fiscal year 2004 appropriation	¹ +31,268,000
Comparison with fiscal year 2005 request	¹ -44,030,000

¹The recommendation reflects the transfer of \$31,451,000 in administrative costs to the Salaries and Expenses account that were funded in fiscal year 2004 in the Research and Related Activities (\$25,954,000) and Education and Human Resources (\$5,500,000) accounts. The budget did not propose this transfer.

The Salaries and Expenses activity provides for the operation, support and management, and direction of all Foundation programs and activities and includes necessary funds that develop, manage, and coordinate Foundation programs.

The Committee recommends an appropriation of \$249,970,000 for salaries and expenses. Despite the Committee's explicit direction included in the fiscal year 2004 conference report, the Foundation did not consolidate funding for all costs associated with NSF em-

ployees, including temporary employees within this account. Therefore, the Committee has consolidated funding for the compensation, travel, training, supplies, equipment, and printing into this account and reduced the Research and Related Activities and Education and Human Resources accounts accordingly. After accounting for this change, the recommendation is \$186,000 below the comparable fiscal year 2004 level and \$75,484,000 below the comparable budget request. The Committee directs NSF to include all costs associated with NSF employees, including temporary employees, in the Salaries and Expenses account in all future proposed operating plans, reprogrammings and budget submissions.

NATIONAL SCIENCE BOARD

Fiscal year 2005 recommendation	\$3,950,000
Fiscal year 2004 appropriation	3,877,000
Fiscal year 2005 budget request	3,950,000
Comparison with fiscal year 2004 appropriation	+73,000
Comparison with fiscal year 2005 request	0

The National Science Board, established in 1950, establishes policies and assesses the quality, relevance and performance of the National Science Foundation's awards and capital investments. In addition, the Board provides advice to the President and the Congress on matters of science and engineering policy.

The Committee recommends \$3,950,000 for the operations of the National Science Board, an increase of \$73,000 over last year's appropriated level and equal to the budget request. A representation allowance of \$9,000 has been provided for the Board.

Among the most fundamental and important characteristics of the NSF partnership with the extramural science community is that federal financial support flows through a core system of merit-based peer review administered by Foundation staff who have expertise in their scientific disciplines. This system is intended to ensure both that the highest quality projects are selected for funding and that the extramural community believes that funding decisions are fair. The Committee is strongly supportive of this system which it believes has served the Foundation and the nation well over its half century of existence. Notwithstanding this support, the Committee believes that a structured evaluation of the NSF system of merit review by the National Science Board is appropriate at regular intervals. The Committee requests that the Board conduct such a review during fiscal year 2005 and report its findings to the Committee as early in the year as possible. This review should include but not be limited to the quantitative methodologies used to distinguish relative quality among projects, the discretion permitted and exercised by Foundation staff in choosing peer review panels and in selecting specific projects for funding, the scientific, geographic and institutional composition of peer review panels, and the ability of the existing process to identify the most innovative proposals.

OFFICE OF INSPECTOR GENERAL

Fiscal year 2005 recommendation	\$10,110,000
Fiscal year 2004 appropriation	9,941,000
Fiscal year 2005 budget request	10,110,000
Comparison with fiscal year 2004 appropriation	+169,000
Comparison with fiscal year 2005 request	0

This account provides National Science Foundation audit and investigation functions to identify and correct management and administrative deficiencies that could lead to fraud, waste, or abuse.

For fiscal year 2005, the Committee recommends \$10,110,000 for the Office of Inspector General. This amount is \$169,000 above last year's funding level and equal to the request.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Fiscal year 2005 recommendation	\$115,000,000
Fiscal year 2004 appropriation	114,322,000
Fiscal year 2005 budget request	115,000,000
Comparison with fiscal year 2004 appropriation	+678,000
Comparison with fiscal year 2005 budget request	0

The Neighborhood Reinvestment Corporation, established by title VI of Public Law 95-557 in October 1978, is committed to promoting reinvestment in older neighborhoods by local financial institutions working cooperatively with the community and local government. This is primarily accomplished by assisting community-based partnerships (NeighborWorks organizations) in a range of local revitalization efforts. Increase in homeownership among lower-income families is a key revitalization tool. Neighborhood Housing Services of America (NHSA) supports lending activities of the NeighborWorks organizations through a national secondary market that leverages its capital with private sector investment.

The Committee recommends a funding level of \$115,000,000 for fiscal year 2005, the same amount as the budget request and an increase of \$678,000 when compared to the fiscal year 2004 appropriation.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Fiscal year 2005 recommendation	\$26,300,000
Fiscal year 2004 appropriation	26,153,000
Fiscal year 2005 budget request	26,300,000
Comparison with fiscal year 2004 appropriation	+147,000
Comparison with fiscal year 2005 budget request	0

The Selective Service System was established by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements, but selective service registration was reinstated in July, 1980.

For fiscal year 2005, the bill includes the budget request of \$26,300,000 for the Selective Service System, \$147,000 above the fiscal year 2004 funding level.