



**Conference Report to Accompany  
Food and Agriculture Act of 1977  
S. Rep. No. 95-418 (1977)**

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## TITLE V—FEED GRAINS

(1) *Period of Program*

Generally, the *Senate* bill extends and amends the feed grain provisions through the 1982 crop, while the *House* amendment extends and amends the provisions through the 1981 crop.

The *Conference* substitute adopts the *House* amendment.

(2) *Feed Grain Loan Rate and Target Price (Sec. 501)*

A. The *Senate* bill leaves unchanged current provisions of law regarding the 1977 crop corn loan and purchase level at present set by the Secretary of Agriculture at \$1.75 per bushel. The bill provides a minimum loan and purchase level for the 1978 crop of \$2 per bushel and 85 percent of the cost of production for the 1979 through 1982 crops.

The *House* amendment provides for a corn loan and purchase level of not less than \$2.00 per bushel for each of the 1977 through 1981 crops, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains in the United States.

The *Conference* substitute adopts the *House* amendment.

B. The *House* amendment provides that if the average price received by corn producers in any marketing year is not more than 105 percent of the corn loan level the Secretary will reduce the corn loan level in the next marketing year as necessary to maintain domestic and export markets for grain.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment to provide that (1) the reduction in the corn loan level is discretionary with the Secretary, (2) the reduction cannot exceed 10 percent in any year, and (3) the loan level cannot be reduced below \$1.75 per bushel. It is intended by the *Conferees* that if a reduction is made in the loan level for any year, the minimum loan level would "snap back" to \$2.00 per bushel in the succeeding year unless the average price received by producers in the preceding year is not more than 105 percent of the loan level for that year resulting from the reduction.

(2a) *Feed Grain Deficiency Payments (Sec. 501)*

A. The *Senate* bill authorizes the Secretary to make producers of barley eligible for target price payments.

The *House* amendment authorizes the Secretary to make producers of oats and barley eligible for such payments.

The *Conference* substitute adopts the *House* amendment. Both the *Senate* bill and the *House* amendment provide for the payment rate for feed grains other than corn to be established at such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn. The target prices for corn are established under the Act at such rate as to cover certain components of the cost of production. The *Conferees* consider that if target prices for the other feed grains are established using the same components of the cost of production, such target prices would be fair and reasonable in relation to the rate at which payments are made available for corn.

B. The *Senate* bill provides that the deficiency rate for corn would be based upon the established price per bushel (which would equal the cost of production). The cost of production for the 1978 crop would be set at \$2.28 per bushel, with the cost of production for the 1979 through 1982 crops to be determined by the Secretary.

The *House* amendment provides that the deficiency payment rate for corn would be based upon the target price per bushel. The target price for the 1977 crop would be \$2.00 per bushel, \$2.10 per bushel for the 1978 crop, and for the 1979 through 1981 crops the target price would be the target price for the previous year's crop adjusted to reflect any change in the average adjusted cost of production for the immediately preceding two years from the average adjusted cost of production for the prior two-year period.

The *Conference* substitute adopts the *House* amendment.

C. The *Senate* bill provides that the total amount of deficiency payments would be determined by multiplying the payment rate times the *farm program acreage* for feed grains times the *payment yield*.

The *House* amendment provides that the total amount of deficiency payments would be determined by multiplying the payment rate times the *farm acreage allotment* times the *farm yield for the preceding crop* adjusted by the Secretary to provide a fair and equitable yield.

The *Conference* substitute adopts the *Senate* provision with respect to the 1978 through 1981 crops.

D. The *House* amendment provides that if the Secretary adjusts the corn loan level because corn producers are receiving not more than 105 percent of the corn loan level, he shall provide emergency compensation by increasing the corn target price to provide the same return to producers as if adjustments in the loan level had not been made. The increase in target prices would not be subject to the payment limitation.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment and clarifies its provisions by making explicit that adjustments will be made in target price *payments* and that such increases in target price payments (rather than target prices) would not be subject to the payment limitation.

E. The *Senate* bill authorizes the Secretary to designate a payment rate for barley.

The *House* amendment authorizes the Secretary to designate a payment rate for oats and barley.

The *Conference* substitute adopts the *House* amendment. While the provision authorizes the Secretary to designate a payment rate for oats for the 1977 crop as well as for the 1978 through 1981 crops, the *Conferees* do not anticipate that the Secretary will make use of this authority for the 1977 crop of oats.

### (3) 1977 Feed Grain Deficiency Payments (Sec. 501)

The *House* amendment provides that deficiency payments for the 1977 crop would be made on the farm allotment *but* in no event on a greater acreage than the acreage actually planted to feed grains.

The *Senate* bill continues existing law under which deficiency payments would be made on the farm allotment.

The *Conference* substitute provides that deficiency payments would be made on the farm allotment. However, the target price for any acreage within the allotment not actually planted to feed grains would

be the target price established under existing law. In the case of corn, such target price would be \$1.70 per bushel instead of \$2.00, the target price otherwise applicable to the 1977 crop of corn as provided in the Conference substitute.

(4) *Prevented Planting Disaster Payments for the 1978 and 1979 crops of Feed Grains (Sec. 501)*

The Senate bill provides for prevented planting disaster payments for the 1978 and 1979 crops of feed grains on the smaller of (1) the acreage intended to be planted to feed grains or (2) the acreage planted for harvest in the preceding year. Payments would be made at a rate determined by multiplying 75 percent of the farm program yield times  $3\frac{1}{3}$  percent of the established price.

The House amendment provides for prevented planting disaster payments for such crops on the smaller of (1) the acreage intended to be planted to feed grains or (2) the average acreage planted to feed grains for harvest in the immediately *three* preceding years. Payments would be made at a rate determined by multiplying 75 percent of farm yield established for the current year times 20 percent of the target price.

The Conference substitute adopts the Senate provision.

(5) *Low Yield Disaster Payments—Feed Grains (Sec. 501)*

#### 1978 AND 1979 CROPS

A. The Senate bill provides that low yield disaster payments for the 1978 and 1979 crops of feed grains will be made if the total quantity of feed grains harvested is less than the result of multiplying 75 percent of the farm program yield times the acreage planted to harvest. Payments would be made at a rate equal to  $3\frac{1}{3}$  percent of the established price for the deficiency in production below 75 percent.

The House amendment provides that low yield disaster payments for such crops will be made if the total quantity of feed grains harvested is less than the result of multiplying 50 percent of the projected yield established for the farm for the current year times the acreage planted to harvest. Payments would be made at a rate equal to 80 percent of the target price for the deficiency in production below 50 percent of the established yield on the acreage planted to harvest.

The Conference substitute provides that low yield payments would be made at a rate equal to 50 percent of the target price for the deficiency in production below 60 percent of the farm program yield times the acreage planted to harvest.

#### 1977 CROP

B. The House amendment provides that for the 1977 crop of feed grains low yield disaster payments shall be made as provided in the House amendment for the 1978 and 1979 crops of feed grains, but such payments shall not be made prior to October 1, 1977. Also, if producers have received low yield disaster payments for the 1977 crop under existing law prior to October 1, 1977, they may retain the payments and, if the payments are less than they would receive under this amendment, the Secretary would be required to pay them any

additional amount they would be entitled to under this amendment.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment making it clear that any producer could elect to receive low yield disaster payments for the 1977 crop on the basis of the formula provided under existing law. Producers who elect to receive payments under the amendment—and who have already received payments under existing law—could, of course, retain the payments they have received and be paid any additional amount they are entitled to under the amendment.

#### (6) National Program Acreage (Sec. 502)

The *Senate* bill provides that if deficiency payments are required, the Secretary shall determine a national program acreage.

The *House* amendment provides for a national feed grain acreage allotment, such allotment to be proclaimed by November 15 of each calendar year for the following year's crop.

The *Conference* substitute adopts the *House* amendment except that the term "national program acreage" is used in lieu of "national feed grain allotment" throughout the bill.

#### (7) Feed Grain Program Allocation Factor (Sec. 502)

The *Senate* bill provides that the Secretary shall determine a program allocation factor by dividing the national program acreage by the number of acres the Secretary estimates will be harvested. The allocation factor could not be less than 90, nor more than 100, percent.

The *House* amendment provides for an allocation factor to be determined by dividing the national acreage allotment by the number of harvested acres each year, or in such previous years as determined by the Secretary. The allocation factor could not be less than 80, nor more than 100, percent of the acreage of feed grains harvested on the farm during the current year.

The *Conference* substitute adopts the *House* amendment, except that it provides for the allocation factor to be based on the acreage harvested in the current year, as in the *Senate* provision. The Secretary could revise the national program acreage proclaimed by November 15 at a later date to reflect more current information for the purpose of calculating the feed grain program allocation factor used in making payments to producer. Any such revised national program acreage would not, however, affect the Secretary's obligation to make payments on a producer's entire planted acreage if the producer voluntarily reduced his plantings based on the original proclamation.

The *Conferees* understand that a national program acreage and allocation factor could be determined on an individual feed grain crop basis (i.e., separate national program acreages for corn, grain sorghums, and, if designated by the Secretary, barley and oats, based upon the estimated domestic and export utilization of each). Likewise, because supplies of each of these feed grains may differ in relation to estimated demand, the Secretary would have discretionary authority to determine the need for a set-aside and the extent of such set-aside individually for each of the feed grains. Thus, a different level of set-aside could be determined for corn than for grain sorghums, and, if designated by the Secretary, barley and oats.

*(8) Feed Grain Individual Farm Program Acreage (Sec. 502)*

A. The *Senate* bill provides that the individual farm program acreage for feed grains shall be determined by multiplying the allocation factor by the feed grain acreage planted for harvest on the farms for which individual farm program acreages are required.

The *House* amendment provides that the farm acreage allotment for feed grains shall be determined by multiplying the allocation factor by the feed grain acreage harvested on the farm during the current year, or in such previous years as determined by the Secretary. The *House* amendment specifies that acreage will be considered harvested if it was planted but not harvested because of drought, flood, or other disaster or condition beyond the producer's control.

The *Conference* substitute adopts the *Senate* provision.

B. The *House* amendment provides that if producers voluntarily reduce their planted acreage from their previous year's planted acreage based on the annual announcement of the national feed grain acreage allotment, or comply with the set-aside, if one is in effect, they would receive target price payments on 100 percent of the harvested feed grain acreage. The Secretary is required to provide equitable treatment to producers on farms where the planted feed grain acreage is less than for the preceding year but not sufficient to exempt them from the allocation factor.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment, but deletes the provision that would extend the guarantee to producers who comply with the set-aside program, if one is in effect for feed grains.

*(9) Feed Grain Farm Program Payment Yield (Sec. 502)*

The *Senate* bill provides for a farm program payment yield based upon the yield established for the farm for the previous crop year. If no payment yield for feed grains was established for the farm for the previous crop year, as adjusted, the Secretary would be authorized to determine such yield as he finds fair and reasonable. Notwithstanding the foregoing provisions, the Secretary would be required to take into account actual yields in determining yields. The Secretary would also be authorized to establish national, State, or county program payment yields, if necessary, on the basis of historical yields, as adjusted. If national, State, or county yields are established, the farm program payment yields shall balance to them.

The *House* amendment bases payments, instead, on the yield established for the farm for the preceding crop with adjustments deemed necessary by the Secretary.

The *Conference* substitute adopts the *Senate* provision, but provides that the farm program yield established on the basis of actual yields shall not be reduced under other provisions of the subsection.

*(10) Feed Grain Set-Aside (Sec. 502)*

A. The *Senate* bill provides that if the Secretary establishes a set-aside of cropland, then as a condition of eligibility for loans, purchases, or payments, producers must set-aside and devote to approved conservation uses an acreage of cropland equal to a specified percentage of the acreage planted to feed grains in the preceding year.

The *House* amendment provides that if a set-aside is in effect, then as a condition of eligibility for loans, purchases, and payments, producers must set-aside an acreage of cropland equal to a specified percentage of the acreage planted to feed grains in the preceding crop year, as adjusted, or in the current crop year.

The *Conference* substitute adopts the *House* amendment with an amendment providing for the set-aside to be based on a specified percentage of the acreage planted to feed grains in the current crop year. The *Conference* substitute also adopts a provision contained elsewhere in the *House* amendment which authorizes the Secretary to make adjustments in individual set-aside acreages to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, types of soil, and other factors he deems necessary. Finally, the *Conference* substitute includes oats as one of the feed grains which the Secretary is authorized to include in the feed grain set-aside in view of the provision adopted from the *House* amendment providing authority for a payment rate to be established for oats. In implementing any set-aside program for feed grains (or wheat or other commodities), the *Conferees* expect that the Secretary will prescribe terms and conditions that recognize regional differences and meet overall agricultural needs.

B. The *House* amendment requires the set-aside to be proclaimed by November 15 for the next year's crop.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

C. The *Senate* bill authorizes the Secretary to limit the acreage planted to feed grains.

The *House* amendment authorizes the Secretary to limit the acreage planted to feed grains to a percentage of the planted acreage in the previous crop year and requires the limitation to be applied on a uniform basis to all feed grain producing farms. Section 912 of the *House* amendment also authorizes the Secretary as a condition of eligibility for loans, purchases and payments, if a feed grain set-aside is in effect, to require that acreage normally planted to crops designated by the Secretary shall be reduced by the acreage of set-aside or diversion.

The *Conference* substitute adopts the *Senate* provision and section 912 of the *House* amendment (section 1001 of the *Conference* substitute).

D. The *Senate* bill authorizes the Secretary to permit producers to graze or harvest hay from set-aside acreage.

The *House* amendment retains provisions of current law under which the Secretary would, in addition, be required to permit planting or grazing of sweet sorghum and be authorized to permit grazing or planting of other commodities if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

The *Conference* substitute adopts the *House* amendment with an amendment authorizing the Secretary to permit, subject to such terms and conditions as he may prescribe (such as an adjustment in the payment rate), all or any of the set-aside to be devoted to sweet sorghum, haying or grazing or the production of specified crops if he makes the

determinations provided for in the *House* amendment. (Comparable provisions apply to wheat, upland cotton, and rice.)

**(11) Land Diversion Payments (Sec. 502)**

The *Senate* bill authorizes the Secretary to make land diversion payments for the 1978 through 1982 crops in accordance with land diversion contracts whether or not a set-aside is in effect. The amounts payable would be determined by a bid procedure, or through such other means as the Secretary deems appropriate.

The *House* amendment retains for the 1978 through 1981 crops the provisions of current law authorizing the Secretary to make diversion payments to producers who devote to approved conservation uses an acreage of cropland in addition to acreage otherwise required to be set aside. The land diversion payments are to be set at such rates as the Secretary determines to be fair and reasonable.

The *Conference* substitute adopts the *Senate* provision for the 1978 through 1981 crops.

**(12) Protection of Set-Aside Acreage (Sec. 502)**

A. The *Senate* bill requires that the set-aside acreage be devoted to conservation uses in accordance with regulations issued by the Secretary which will assure protection of set-aside acreage from wind and water erosion.

The *House* amendment extends through 1981 the authority for the Secretary to require that producers take necessary measures to protect the set-aside acreage and diverted acreage from erosion, insects, weeds, and rodents.

The *Conference* substitute adopts the *Senate* provision with an amendment to require protection of the set-aside acreage from weeds.

B. The *House* amendment authorizes the Secretary to make additional payments to producers who permit, without other compensation, public access to all or part of their farms, for recreational purposes. The *House* amendment also authorizes cost-share payments for wild-life practices.

The *Senate* bill contains a related provisions under which the Secretary may enter into public contracts with any producer.

The *Conference* substitute adopts the *House* amendment.

## TITLE VI—COTTON

**(1) Period of Program**

Generally, the *Senate* bill extends and amends the cotton provisions through the 1982 crop, while the *House* amendment extends and amends the provisions through the 1981 crop.

The *Conference* substitute adopts the *House* amendment.

**(2) Cotton Deficiency Payments (Sec. 602)**

A. The *Senate* bill provides that deficiency payments for cotton would be made at a rate based upon the established price per pound. The established price per pound for the 1978 crop would be 51.1 cents per pound; the established price per pound for the 1979 through 1982 crops would equal the cost of production, as determined by the Secretary of Agriculture in accordance with new section 411 of the Agricultural Act of 1970 added by the *Senate* bill.

The *House* amendment also provides that deficiency payments would be made at a rate based upon the established price per pound. The established price per pound would equal 110 percent of the loan level for such crop, but in no event could the established price be less than 51.0 cents per pound.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that the established price shall be the established price for the previous year's crop adjusted on the same basis as the target prices for wheat, feed grains, and rice. The adjustment would reflect any change in the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. In no event shall the established price be less than 52 cents per pound for the 1978 crop and 51 cents per pound for each subsequent crop.

B. The *Senate* bill provides that the total quantity on which deficiency payments for cotton would otherwise be made shall be reduced by the quantity on which any low yield payments are made.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

### (3) *Disaster Payments (Sec. 602)*

The *Senate* bill provides for disaster payments on the 1978 and 1979 crops, while the *House* amendment provides for such payments for the four year period 1978 through 1981.

The *Conference* substitute adopts the *Senate* provision.

### (4) *Cotton Deficiency Payments—Small Farmers*

The *House* amendment provides that the deficiency payment rate for small cotton farmers shall be increased by 30 percent.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

### (5) *Cotton National Program Acreage (Sec. 602)*

A. The *House* amendment provides that the national program acreage for cotton shall be announced by December 15 of the calendar year preceding the year for which such acreage is established.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

B. The *Senate* bill provides that the Secretary may adjust the national program acreage by such amount as he determines necessary to provide for a desired increase or decrease in carryover stocks.

The *House* amendment provides that the Secretary may adjust the national program acreage in order to provide for an adequate, but not excessive, total supply of cotton; but, in no event, shall the national program acreage be less than 10 million acres.

The *Conference* substitute adopts the *House* amendment.

### (6) *Cotton Program Acreage Allocation Factor (Sec. 602)*

The *Senate* bill provides that the program allocation factor for cotton cannot be less than 90, nor more than 100, percent.

The *House* amendment provides that the program allocation factor for cotton cannot be more than 100 percent.

The *Conference* substitute adopts the *House* amendment. The Secretary could revise the national program acreage announced by December 15 at a later date to reflect more current information for the purpose of calculating the program allocation factor used in making payments to producers. Any such revised national program acreage would not, however, affect the Secretary's obligation to make payments on a producer's entire planted acreage if the producer voluntarily reduced his plantings based on the original announcement.

(7) *Cotton Individual Farm Program Acreage (Sec. 602)*

The *House* amendment provides that the cotton acreage eligible for payment shall not be further reduced by the allocation factor if producers had reduced the planted acreage from the previous year by the percentage recommended by the Secretary in announcing the national program acreage. The Secretary would be required to provide fair and equitable treatment for producers on farms on which the acreage planted to cotton is less than the preceding year but on which the reduction is insufficient to exempt the farms from the allocation factor. The Secretary is also authorized, in establishing the allocation factor, to make adjustments to take into account the exemption of farms from such allocation factor.

*The Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(8) *Cotton Farm Program Payment Yield (Sec. 602)*

A. The *Senate* bill provides that the farm program payment yield for each crop shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide for a fair and equitable yield. If no payment yield for cotton has been established for the farm in the previous crop year, the Secretary would be authorized to determine such yield as he found to be fair and reasonable. The Secretary would be required, notwithstanding these provisions, to take into account the actual yields proved by the producer.

The *House* amendment provides that the farm program payment yield shall be determined on the basis of the actual yield per harvested acre for the three preceding years, adjusted for abnormal yields caused by adverse conditions. If farm yield data are not available or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area.

The *Conference* substitute adopts the *House* amendment with an amendment from the *Senate* provision that the Secretary shall take into account actual yields proved by the producer. In such event, neither such yields nor the farm program yield established on the basis of such yields shall be reduced under other provisions of the paragraph.

B. The *Senate* bill provides that the Secretary could, if he determined it necessary, establish national, State, or county program payment yields on the basis of historical yields, as adjusted. In the event national, State, or county yields are established, the farm program payment yields shall have to balance to them.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) *Cotton Set-Aside (Sec. 602)*

The *Senate* bill provides that if a set-aside of cropland is in effect, then as a condition of eligibility for loans, purchases, and payments, producers must set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage as determined by the Secretary of the acreage planted to cotton (including any set-aside or diverted acreage) in the preceding year, as adjusted for abnormal factors.

The *House* amendment provides that producers must set-aside and devote to conservation uses, an acreage of cropland equal to a specified percentage as determined by the Secretary (but not to exceed 28 percent) of the acreage planted to cotton on the farm in the year for which the set-aside is established.

The *Conference* substitute adopts the *House* amendment.

(10) *Limiting Acreage Planted (Sec. 602)*

The *Senate* bill generally authorizes the Secretary to limit the acreage planted to cotton.

The *House* amendment authorizes the Secretary to limit the acreage planted to cotton by establishing a factor which shall be multiplied by the highest acreage planted to cotton on the farm (including any acreage not planted because of adverse conditions) in any one of the preceding five years. Such limitation is to be applied uniformly to all cotton producing farms. Section 912 of the *House* amendment also authorizes the Secretary as a condition of eligibility for loans, purchases and payments, if a cotton set-aside is in effect, to require that acreage normally planted to crops designated by the Secretary shall be reduced by the acreage of set-aside or diversion.

The *Conference* substitute adopts the *Senate* provision and section 912 of the *House* amendment (section 1001 of the *Conference* substitute).

(11) *Use of Set-Aside Cotton Acreage (Sec. 602)*

The *Senate* bill authorizes the Secretary to permit haying or grazing on the set-aside acreage.

The *House* amendment would also permit haying or grazing and allow the planting of certain other designated crops on the set-aside acreage, subject to such terms and conditions as the Secretary may prescribe, if the Secretary determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

The *Conference* substitute adopts the *House* amendment with the understanding that the Secretary could provide for an adjustment in payments made under the program as a condition for permitting such use of the cotton set-aside.

(12) *Planting Cotton in Excess of Permitted Acreage (Sec. 602)*

The *House* amendment provides that producers who knowingly exceed the permitted cotton acreage on the farm shall be ineligible for cotton loans or payments for that farm.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(13) *Cotton Acreage Diversion Payments (Sec. 602)*

The *Senate* bill provides that the Secretary is authorized to make land diversion payments, whether or not a set-aside is in effect, to producers who devote cotton acreage to approved conservation uses on the basis of land diversion contracts. The amounts payable under such contracts could be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe, or through other means as the Secretary deems appropriate.

The *House* amendment extends current law through 1981 which provides that the Secretary is authorized to make land diversion payments, to producers who devote to approved conservation uses an acreage of cropland in addition to the cropland required to be set aside. The land diversion payments are to be at such rates as the Secretary determines to be fair and reasonable.

The *Conference* substitute adopts the *Senate* provision.

(14) *Public Access Payments (Sec. 602)*

The *House* amendment authorizes the Secretary to make additional payments to producers who permit, without other compensation, public access to all or part of their farm, for recreational purposes. The *House* amendment also authorizes cost-share payments for wildlife practices.

The *Senate* bill contains a related provision under which the Secretary may enter into public access contracts with any producer.

The *Conference* substitute adopts the *House* amendment.

(15) *CCC Sales Price Restriction for Cotton (Sec. 603)*

The *Senate* bill provides that the Commodity Credit Corporation shall sell (during the period August 1, 1978, to July 31, 1983) any of its stocks of upland cotton for unrestricted use at the same prices it sells cotton for export, but in no event at less than 115 percent of the loan rate for *Strict Low Middling one and one-sixteenth inch* upland cotton (with adjustments as provided under existing law) plus reasonable carrying charges.

The *House* amendment extends through July 31, 1982, the provisions of current law whereby CCC is required to sell upland cotton for unrestricted use at the same prices it sells cotton for export, but in no event at less than 110 percent of the loan rate for *Middling one-inch* upland cotton (with adjustments) plus reasonable carrying charges.

The *Conference* substitute adopts the *Senate* provision through July 31, 1982.

(16) *Inclusion of Cotton Allotments in Section 379 of the 1938 Act*

The *House* amendment extends through the 1981 crop the provisions of section 605 of the Agricultural Act of 1970, as amended, which include farm base acreage allotments for upland cotton under the term "acreage allotments" as used in section 379 of the Agricultural Adjustment Act of 1938.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(17) *Suspension of Support Provisions Relating to Cottonseed and Soybeans (Sec. 604)*

The *Senate* bill extends through the 1982 crop section 608 of the Agricultural Act of 1970, as amended, which makes inapplicable section 203 of the Agricultural Act of 1949, as amended, relating to price support on cottonseed and soybeans.

The *House* amendment provides for an extension of this section through the 1981 crop.

The *Conference* substitute adopts the *House* amendment.

(18) *Reconstitution of Farms (Sec. 606)*

The *Senate* bill provides that the provisions of section 379 of the Agricultural Adjustment Act of 1938 relating to the reconstitution of farms shall remain applicable (for reconstitution purposes) for the 1977 acreage allotments for wheat, feed grains, and upland cotton, and that the adjusted 1977 permanent allotments for those crops shall again become effective as preliminary allotments for the 1983 crops.

The *House* amendment provides that the adjusted permanent allotments for the 1977 crop of upland cotton shall be the preliminary allotments for the 1982 crop.

The *Conference* substitute adopts the *House* amendment. (It is assumed by the *Conferees* that the Department would handle acreage allotments for wheat in a similar manner.)

(19) *Transfer of Acreage Allotments on State Farms*

The *House* amendment extends through the 1981 crops the amendment to section 706 of Public Law 89-321, which permits the transfer of acreage allotments on State farms, providing that the term "acreage allotments" as used therein shall include the farm base acreage allotments for upland cotton.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(20) *Extra Long Staple Cotton (Sec. 607)*

The *House* amendment amends section 101(f) of the Agricultural Act of 1949, which provides that loans shall be available for extra long staple cotton at a level related to the loan rate for upland cotton, by deleting "Middling one-inch" as such term applies therein to upland cotton and inserting in lieu thereof "Strict Low Middling one and one-sixteenth inch".

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

## TITLE VII—RICE

(1) *Period of Program*

Generally, the *Senate* bill extends and amends the rice provisions through the 1982 crop, while the *House* amendment extends and amends the provisions through 1981.

The *Conference* substitute adopts the *House* amendment.

(2) *Rice Target Price Adjustment (Sec. 702)*

The *Senate* bill provides that the target price shall be adjusted annually to reflect any changes in the index of prices paid by farmers during the previous 12-month period and may be further adjusted for changes in yields during the previous 3 years.

The *House* amendment provides that the target price for each crop shall be the previous year's target price adjusted to reflect changes in the cost of production in the 2-year period ending in the year previous to the current year as compared to the 2-year period ending in the year immediately preceding the year previous to the current year. Cost of production would be limited to variable costs, machinery costs, and general farm overhead costs allocated to rice.

The *Conference* substitute adopts the *House* amendment.

(3) *Rice Loan Rate Adjustment (Sec. 702)*

The *House* amendment provides that if the Secretary of Agriculture determines that loans and purchases at the formula rate would substantially discourage the exportation of rice and result in excessive stocks in the United States, he may establish loans and purchases for such crops at such level, not less than \$6.31 per hundredweight nor more than the parity price, as he determines necessary to avoid such consequences.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(4) *Rice Deficiency Payments (Sec. 702)*

The *Senate* bill provides that, with respect to the 1978 through 1982 crops of rice, deficiency payments shall be made only on that portion of the allotment planted to rice.

The *House* amendment has a similar provision, which would apply through the 1981 crop of rice, but makes two exceptions. It provides that payments for the entire allotment shall be made to cooperators planting no less than 90 percent of the allotment; and that any acreage which the Secretary determines was not planted to rice because of drought, flood, or other natural disaster, or a condition beyond the control of the producer shall be considered as acreage planted to rice.

The *Conference* substitute adopts the *Senate* provision, and the second exception contained in the *House* amendment.

(5) *Rice Disaster Payments—Prevented Planting (Sec. 702)*

The *Senate* bill provides for prevented planting disaster payments at  $3\frac{1}{3}$  percent of the established price.

The *House* amendment extends existing law providing for such payments at the larger of the deficiency payment rate or  $3\frac{1}{3}$  percent of the established price.

The *Conference* substitute adopts the *Senate* provision.

(6) *Rice Disaster Payments—Low Yields (Sec. 702)*

The *Senate* bill provides for low yield disaster payments if there is a deficiency in production on the allotted acres below 75 percent of the yield at a rate equal to  $\frac{1}{3}$  of the target price for the deficiency below 75 percent.

The *House* amendment extends current law which provides for such payments if production for the entire farm is less than  $66\frac{2}{3}$  percent

of the farm acreage allotment times the yield established for the farm. Payments would be made on the deficiency below 100 percent at the larger of the deficiency payment rate or  $\frac{1}{3}$  of the target price.

The *Conference* substitute adopts the *Senate* provision.

(7) *Rice Set-Aside (Sec. 702)*

A. The *Senate* bill provides for a mandatory set-aside program if the Secretary determines that the total supply of rice will likely be excessive. The set-aside acreage shall be devoted to conservation uses.

The *House* amendment extends current law which provides for a non-mandatory set-aside program if the Secretary estimates that the carryover of rice at the end of the marketing year for the current crop will exceed 15 percent of the total supply for the previous marketing year. The Secretary must make a final determination on the need for a set-aside by April 1 of the year in which the crop will be grown, and the determinations and the estimates on which they are based are to be published in the Federal Register.

The *Conference* substitute adopts the *Senate* provision.

B. The *Senate* bill provides that to be eligible for loans, purchases, and payments under the rice program, producers must set-aside an acreage of cropland equal to the percentage of the allotment specified by the Secretary.

The *House* amendment extends current law which has provisions similar to those of the *Senate* bill, except that: (1) the percentage to be set aside cannot exceed 30 percent, and (2) the Secretary can require the set-aside of cropland which in preceding years was devoted to conserving uses, in addition to the set-aside of the percentage of rice allotment.

The *Conference* substitute adopts the *House* amendment.

C. The *Senate* bill would authorize the Secretary to limit the acreage planted to rice.

Section 912 of the *House* amendment authorizes the Secretary as a condition of eligibility for loans, purchases, and payments, if a rice set-aside is in effect, to require that acreage normally planted to crops designated by the Secretary shall be reduced by the acreage of set-aside or diversion.

The *Conference* substitute adopts the *House* amendment (section 1001 of the *Conference* substitute).

D. The *Senate* bill requires that cooperators be permitted to graze or harvest hay on set-aside acreage.

The *House* amendment would authorize the Secretary to permit haying and grazing on the set-aside acreage or the production of certain specified commodities, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

The *Conference* substitute adopts the *House* amendment with an amendment authorizing the Secretary to permit, subject to such terms and conditions as he may prescribe (such as an adjustment in the payment rate), all or any of the set-aside to be devoted to sweet sorghum, haying or grazing or the production of specified crops if he makes the determinations provided for in the *House* amendment.

(Comparable provisions apply to wheat, feed grains, and upland cotton.)

*(8) Rice Acreage Diversion Payments (Sec. 702)*

The *Senate* bill provides that the Secretary is authorized to make land diversion payments for the 1978 through 1982 crops in accordance with land diversion contracts whether or not a rice set-aside is in effect. The amounts payable under the contracts may be determined through a bid procedure, or through such other means as the Secretary deems appropriate.

The *House* amendment extends current law under which the Secretary is authorized to make land diversion payments to producers who devote to approved conservation uses an acreage of cropland in addition to acreage otherwise required to be set aside. The land diversion payments are to be set at such rates as the Secretary determines to be fair and reasonable.

The *Conference* substitute adopts the *Senate* provision.

*(9) Protection of Set-Aside Acreage (Sec. 702)*

A. The *Senate* bill requires that the set-aside acreage be devoted to conservation uses in accordance with regulations issued by the Secretary which will assure protection of set-aside acreage from wind and water erosion.

The *House* amendment extends through 1981 the authority for the Secretary to require that producers take necessary measures to protect the set-aside acreage and diverted acreage from erosion, insects, weeds, and rodents.

The *Conference* substitute adopts the *Senate* provision but adds a requirement from the *House* amendment to assure protection of the set-aside acreage from weeds.

B. The *House* amendment authorizes the Secretary to make additional payments to producers who permit, without other compensation, public access to all or part of their farm, for recreational purposes. The *House* amendment also authorizes cost-share payments for wildlife practices.

The *Senate* bill contains a related provision under which the Secretary may enter into public access contracts with any producer.

The *Conference* substitute adopts the *House* amendment.

## TITLE VIII—PEANUTS

*(1) Period of Program*

The *Senate* bill applies to the 1978 through 1982 crops of peanuts, while the *House* amendment applies to the 1978 through 1981 crops of peanuts.

The *Conference* substitute adopts the *House* amendment.

*(2) New Mexico Peanut Acreage Allotment (Sec. 801)*

The *Senate* bill provides that the 1977 acreage allotment for New Mexico, increased by 4,000 acres as a result of a short supply determination by the Secretary of Agriculture, shall be the minimum for that State.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

*(3) National Acreage Allotment for Peanuts (Sec. 802)*

The *Senate* bill provides for a minimum national acreage allotment of 1,614,000 acres, for the 1978 through 1982 crops.

The *House* amendment provides for a minimum national acreage allotment of 1,610,000 acres for the 1978 through 1981 crops.

The *Conference* substitute adopts the *Senate* provision for the 1978 through 1981 crops.

*(4) Peanut Minimum National Poundage Quota (Sec. 802)*

The *Senate* bill specifies minimum national poundage quotas for peanuts for the 1978 through 1982 crops, including a quota of 1,440,000 tons in 1982.

The *House* amendment specifies the same poundage quotas for the 1978 through 1981 crops, but sets no quota for 1982.

The *Conference* substitute adopts the *House* amendment.

## TITLE IX—SOYBEANS AND SUGAR

### SOYBEAN PRICE SUPPORT PROGRAM

*(1) Period of Mandatory Price Support (Sec. 901)*

The *Senate* bill amends the Agricultural Act of 1949 to require soybean price support for the 1978 through 1982 crops.

The *House* amendment amends the Agricultural Act of 1949 to require soybean price support as a permanent provision of law.

The *Conference* substitute adopts the *Senate* provision for the 1978 through 1981 crops.

*(2) Minimum Level of Price Support (Sec. 901)*

The *Senate* bill provides that the Secretary of Agriculture shall make available loans and purchases at not less than \$4 per bushel.

The *House* amendment specifies no floor on the level of price support.

The *Conference* substitute adopts the *House* amendment.

*(3) Prohibition on Set-Aside Program for Soybeans (Sec. 901)*

The *House* amendment provides that, notwithstanding section 912 of the *House* amendment (section 1001 of the *Conference* substitute), the Secretary may not require a set-aside of soybeans as a condition of eligibility for price support for any commodity.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

### SUGAR PRICE SUPPORT PROGRAM (SEC. 902)

The *House* amendment requires the price of the 1977 and 1978 crops of sugar beets and sugar cane to be supported through loans and purchases at fifty-five to sixty-five percent of their respective parity prices. The Secretary is authorized and directed to establish minimum wage rates for agricultural employees engaged in the production of sugar.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment to provide that (1) the minimum level of support for sugar beets and sugar cane would be 52.5 percent of parity, but not

less than 13.5 cents per pound raw sugar equivalent; (2) the Secretary would be authorized to suspend operations of the provision at such time as he determines there is an international sugar agreement in effect which would effectively maintain a raw sugar price of at least 13.5 cents per pound; and (3) the provision would not affect the Secretary's existing authority under any other provision of law to establish a price support program for that portion of the 1977 crop of sugar cane and sugar beets marketed prior to the implementation of the program authorized by the *House* amendment. (If no international sugar agreement is in effect or effective to assure the maintenance of a raw sugar price of at least 13.5 cents per pound, the provision would, of course, remain in effect for the 1977 and 1978 crop years.)

The Department currently has authority under existing law to carry out the price support program required by this amendment to the Agricultural Act of 1949. It is the recommendation of the *Conferees* that the Secretary of Agriculture implement the program called for by the *House* amendment as soon as possible—even before the Act is signed into law. The *Conferees* intend that the implementation of the loan and purchase program not be delayed even if there should be a delay in the establishment of minimum wage rates for agricultural employees engaged in the production of sugar because of any public hearings that may be held thereon. It is the *Conferees'* intent, however, that the loan and purchase and wage rate provisions of section 902 be implemented without any delay upon the bill becoming effective.

The *Conferees* intend that the processed products of sugar cane and sugar beets shall not be sold by the Commodity Credit Corporation at less than 105 percent of the current support price, plus reasonable carrying charges. It is not expected, however, that any outlay of CCC funds will be required, or that there will be any acquisition of products of sugar cane or sugar beets. The *Conferees* expect that the Executive branch will utilize existing authority of law to implement immediately upon the bill becoming law an import fee, or duty, which—when added to the current import duty—will enable raw sugar to sell in the domestic market at not less than the effective support price.

The language in the provision relating to the Secretary's existing authority to establish a price support program for sugar was added by the *Conferees* for purposes of clarifying the status of 1977 crop sugar beets and sugar cane marketed before the program authorized by the *House* amendment can be made effective. This provision does not add to or detract from whatever authority the Secretary already has under existing law. The language was included because sugar from beets and cane would not be available for loans or purchases, and producers in some States would be discriminated against solely because they happened to be farming in areas with crop years somewhat different from producers in other areas. It was not intended by the amendment to create a hardship in any producing area. Consistent with existing law, the added language thus makes clear the *Conferees'* intent that fair and equal treatment be afforded all domestic producers by extending price support to that portion of the 1977 crop marketed before the new program can be made effective, it being a purpose of this section that a substantially equal level of price support be provided for all sugar cane and sugar beets of the 1977 crop.

## TITLE X—MISCELLANEOUS

(1) *Set-Aside of Normally Planted Acreage (Sec. 1001)*

The *House* amendment requires, effective for the 1978 through 1981 crops, that whenever a set-aside is in effect for wheat, feed grains, upland cotton, or rice, the Secretary of Agriculture may require as a condition of loans, purchases, and payments that the acreage normally planted to the crops designated by the Secretary must be reduced by the amount of the set-aside or diversion.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

Under this provision, whenever a set-aside is in effect for any one or more of the 1978 through 1981 crops of wheat, feed grains, upland cotton, and rice, the Secretary may require that, as a condition of eligibility for price support through loans, purchases, and payments on any commodity, the acreage normally planted to any crops which are designated by the Secretary must be reduced by the amount of the set-aside or diversion. In addition, section 1001 provides that whenever such a set-aside is in effect, the producer may be required to participate in, and comply fully with all of the requirements of each of the programs for wheat, feed grains, upland cotton, and rice in order to receive any benefits under any programs providing for loans, purchases, and payments. (Section 901 of the *Conference* substitute provides that, notwithstanding the provisions of section 1001, the Secretary shall not require a set-aside of soybean acreage as a condition of eligibility for price support for any commodity supported under the provisions of the Agricultural Act of 1949.)

(2) *American Agriculture Protection Program (Sec. 1002)*

The *House* amendment provides that whenever export sales of wheat, corn, grain sorghum, soybeans, oats, rye, barley, rice, flaxseed, or cotton are suspended by any member of the executive branch of the Federal Government to any country or area with which the United States continues commercial trade, the Secretary shall set the loan level for such commodity at 100 percent of the parity price for the commodity. This loan level will remain in effect as long as the suspension remains in effect.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment. As amended, (1) the provision is to be operative whenever any member of the executive branch causes to be suspended—based upon a determination of short supply—the commercial export sales of any of the named commodities to any country or area with which the United States otherwise continues commercial trade, and (2) the loan level is to be set at 90 percent of the parity price. The *Conferees* intend that any suspension of commercial export sales based upon a determination of short supply—together with the reasons therefor—be reported immediately to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry.

(3) *Budget Amendment (Sec. 1003)*

During the four-year period ending with the 1981 crop, the *House* amendment would terminate a price support program for any com-

modity established under section 301 of the Agricultural Act of 1949 after any crop year in which the net outlays exceeded \$50 million. Excepted from this limitation are soybeans, flaxseed, dry edible beans, sugar and gum naval stores for which the Secretary is authorized to carry out a price support program for the 1978 through 1981 crops.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment specifically stating that the limitation is not applicable in any way to any price support program in effect on the date of enactment of the bill. The *Conference* substitute also deletes any reference to soybeans and sugar (in the case of the 1978 crop) for which price support is specifically provided under the *Conference* substitute by amendments to title II of the Agricultural Act of 1949.

#### (4) *Special Grazing and Hay Program (Sec. 1004)*

The *House* amendment adds a provision to the Agricultural Act of 1949 authorizing the Secretary to administer, through the Commodity Credit Corporation, a special wheat acreage grazing and hay program in each of the crop years 1978 through 1981. A producer would be permitted to designate a portion of the wheat, feed grain, or upland cotton farm acreage allotment for the preceding year or acreage planted for harvest (not in excess of 40 percent thereof, or 50 acres, whichever is greater) which would be planted to wheat (or some other commodity other than corn or grain sorghum) and used by the producer for grazing purposes or hay rather than for commercial grain production. A producer who elects to participate in the special program would receive a payment based on the projected yield for wheat established for the farm times the number of acres included in the special program times \$1. No crop other than hay could be harvested from the special program acreage. The producer would not be eligible for any other payment or price support on the special program acreage. Acreage included in the special program would be in addition to any acreage included in any acreage set-aside program otherwise provided for by law.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment under which (1) participation would be based on the acreage on the farm intended to be planted to wheat, feed grains, or upland cotton in the current year, and (2) the rate of payment would be determined by the Secretary.

#### (5) *Export Sales Reporting (Sec. 1005)*

The *Senate* bill provides that when the Secretary requires information on a daily basis from exporters, the information compiled from individual reports will be made available to the public daily.

The *House* amendment requires all large sales to be reported by exporters to the Secretary by 3 p.m. on the business day following the day of the sale and that the Secretary make the large sales public by the end of the business day following the date of reporting. Large sales are defined as sales of at least one hundred thousand metric tons and smaller sales as designated by the Secretary.

The *Conference* substitute adopts the *Senate* provision.

(6) *Contracts With Land Owners to Utilize Their Lands for Public Use*

The *Senate* bill authorizes the Secretary to make payments to producers who agree to permit access, without other compensation, by the general public for outdoor recreation. The Secretary, after consultation with the Secretary of the Interior, would be required to develop guidelines for (1) providing technical assistance for wildlife and habitat improvement practices; (2) reviewing applications and selecting eligible areas; (3) determining accessibility; (4) evaluating effects on surrounding areas; (5) considering esthetic values; (6) checking compliance; and (7) carrying out programs of wildlife stocking and management on the acreage included in the program.

Agreements could be terminated by mutual agreement if the Secretary determines termination would be in the public interest.

Funds would be authorized to be appropriated to the Secretary of the Interior for use in assisting State wildlife agencies to carry out the provisions of this section and in administering such assistance.

The Secretary could not during any fiscal year enter into agreements with producers which would require payments to producers in any calendar year in excess of \$10,000,000 plus any unused amount from the prior fiscal year or enter into agreements with States or local agencies which would require payments to such agencies in any calendar year in excess of \$10,000,000 plus any unused amount from the previous fiscal year. These payment limitations would be chargeable to the year in which performance is rendered regardless of when the payment is made.

The *House* amendment contains related provisions within the wheat, feed grain, upland cotton, and rice programs, under which the Secretary may make additional payments to producers who permit, without other compensation, public access to all or part of their farms for recreational purposes.

The *Conference* substitute deletes the *Senate* provision. However, the related public access provisions in the *House* amendment are included in the *Conference* substitute.

(7) *Rescue Operations by the Secretary of Agriculture on National Forest System Lands*

The *Senate* bill gives the Secretary new authority to utilize Department personnel and equipment and incur necessary expenses in cases of emergency to provide emergency medical services for persons seriously ill or injured within the National Forest System, or while in transit to the nearest medical facility. The *Senate* bill also authorizes the Secretary to cooperate with any State or political subdivision in conducting rescue activities. The Secretary may reimburse cooperators under terms of a written agreement in connection with such activities. Also, appropriations are authorized for such rescue activities and reimbursements.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(8) *Other Rescue Operations by the Secretary of Agriculture in Cases of Emergency*

The *Senate* bill provides general authority to the Secretary to conduct rescue operations similar to that contained in section 1604 of the *Senate* bill with respect to National Forest System lands, in cases of emergency when called upon by local or State authorities. He may utilize departmental personnel and equipment and incur necessary expenses in performing such operations. Appropriations as necessary to carry out this section are authorized.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(9) *Fifteen Percent Reserve on Guaranteed Loans*

The *Senate* bill amends the Farmers Home Administration's business and industrial loan program to require the maintenance of a reserve against losses by the Secretary of not less than 15 percent of the program's guaranteed loans.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(10) *Set-Aside on Summer Fallow Farms*

The *House* amendment provides that for the 1971 through 1981 crops of wheat, feed grains, and cotton, if at least 55 percent of cropland acreage in an established summer fallow farm is devoted to summer fallow use in any year, no additional acreage would be required to be set aside in such year.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. However, the wheat and feed grain titles of the *Conference* substitute authorize the Secretary to make adjustments in individual farm set-aside acreages.

(11) *Report on Recommendations for Revised Allotment System*

The *House* amendment requires the Secretary to collect and analyze information regarding the use of bushels of wheat and feed grains and pounds of rice as the basis for assigning allotments to producers and submit a report to the congressional agriculture committees.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(12) *Imported Tomatoes*

The *House* amendment requires that imported tomatoes conform to standards relating to the pack of containers imposed on domestic tomatoes under marketing orders.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(13) *Golden Nematode Act Indemnification Payments*

The *House* amendment adds authority for indemnification payments to persons engaged in the production of potatoes (including seed potatoes), commercial crops, including turf and nursery stock, who suffer losses, including decreases in land value, after January 1, 1977, as a result of infestation or exposure to infestation of the golden nematode or as a result of any quarantine imposed because of the golden nematode.

The *Senate* bill contains no comparable provision.  
 The *Conference* substitute deletes the *House* amendment.

## TITLE XI—GRAIN RESERVES

### PRODUCER STORAGE PROGRAM FOR WHEAT AND FEED GRAINS

#### (1) *Loan Period (Sec. 1101)*

The *Senate* bill requires the Secretary of Agriculture to formulate and administer a producer storage program for wheat and feed grains by providing original or extended price support loans, repayable in 3 to 5 years. The Secretary must establish safeguards to assure that wheat and feed grains held under the program will not be used to unduly depress, manipulate, or curtail the free market. The authority added here supplements other existing authorities for producer loan and storage operations.

Section 902 of the *House* amendment provides that at the end of the initial repayment period (not less than eleven months) for a loan on wheat or feed grain, the borrower may extend the loan for an additional 12 months. At the end of this extension, the borrower may extend the period of repayment for another 12 months, except that the consent of the Secretary is required to obtain a second extension if the market price of the commodity is more than 75 percent of its parity price. Section 913 of the *House* amendment authorizes the Secretary to establish, maintain, and dispose of a separate reserve of wheat, corn, and other enumerated feed grains through 3 to 5 year storage contracts with producers who have eligible commodities under Commodity Credit Corporation loans or purchase agreements. This provision is comparable to the *Senate* bill.

The *Conference* substitute adopts the *Senate* provision but provides that the inclusion of feed grains in the program is at the discretion of the Secretary.

#### (2) *Interest Charges on Loans (Sec. 1101)*

The *Senate* bill provides for the charging of interest on loans to producers based upon the rate of interest charged to the Commodity Credit Corporation by the United States Treasury.

The *House* amendment provides that the Secretary shall not charge interest on loans extended under section 902. There is no interest charge on loans on grain held under section 913 reserve agreements.

The *Conference* substitute adopts the *Senate* provision with an amendment authorizing the Secretary to adjust the rate of interest or waive any interest charge.

#### (3) *Storage Costs (Sec. 1101)*

The *Senate* bill requires the Secretary to make payment to producers of such amounts as he deems appropriate to cover the cost of storing the commodities.

Section 902 of the *House* amendment requires the Secretary to pay one cent per bushel per month storage costs on grain under loans which have been extended. Section 913 of the *House* amendment provides for storage payments in such amounts as the Secretary deems appropriate on commodities under storage agreements but requires that the grain must initially have been stored at the producer's expense

for the first 8 months of the marketing year in which it was produced.

The *Conference* substitute adopts the *Senate* provision.

(4) *Penalties (Sec. 1101)*

The *Senate* bill authorizes the Secretary to recover storage payments and to assess penalty interest or other charges if loans are repaid by producers before the market price for the commodity reaches a specified level between 140 and 160 percent of the current support price.

Section 913 of the *House* amendment requires the Secretary to establish interest and storage penalties if producers redeem commodities under storage loans before the market price exceeds 140 percent of the current loan rate or otherwise violate the provisions regarding storage agreements. Section 902 of the *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment requiring the recovery of storage payments and the assessment of additional interest or other charges if loans are redeemed before the market price reaches the specified level.

(5) *Repayment of Loans (Sec. 1101)*

A. The *Senate* bill requires the Secretary to provide conditions to induce producers to redeem and market the grain regardless of the maturity date of the loans whenever the market price of the grain has reached a level specified by the Secretary between 140 and 160 percent of the current price support level.

Section 902 of the *House* amendment contains no comparable provision. Section 913 of the *House* amendment provides that whenever the market price for a commodity exceeds 140 percent of the current loan rate, storage payments are suspended and producers may cancel storage agreements and redeem the commodities from loan.

The *Conference* substitute adopts the *Senate* provision with respect to wheat and provides the Secretary with discretion to establish the "trigger levels" for feed grains.

B. The *Senate* bill provides that the Secretary may call the loan and require producers to repay loans with accrued interest, refund storage payments, and pay additional interest and other charges, whenever the market price reaches 200 percent of the current price support level.

Section 902 of the *House* amendment contains no comparable provision but provides that if the market price of the commodity is more than 75 percent of its parity price at the end of the first 12 month extension period, consent of the Secretary is required to obtain a second extension. Section 913 of the *House* amendment permits the Secretary to cancel storage contracts or loans if the market price for the commodity exceeds the higher of 165 percent of the current loan rate or 130 percent of the average market price for the 3 preceding years, except that such cancellations are limited to the net quantity by which domestic consumption and exports exceeds the available supply.

The *Conference* substitute (1) adopts the *Senate* provision as to wheat with an amendment providing that the Secretary may call the

loan whenever the market price is not less than 175 percent of the current price support level, and (2) with respect to feed grains, accords the Secretary discretion to establish the level at which the loan would be called.

(6) *Quantity Under the Program (Sec. 1101)*

The *Senate* bill requires the Secretary to announce, as far as possible in advance of making loans, the terms and conditions of the program, including the quantity of wheat or feed grains to be stored. The quantity of wheat is to be no less than 300 million bushels—*9 million tons*—nor more than 700 million bushels—*21 million tons*, adjustable upward to meet commitments on grain reserves in international agreements.

Section 902 of the *House* amendment provides no limitations on the total amount of commodities to be placed under extended loan. Section 913 of the *House* amendment provides for a minimum commodity reserve of 25 million tons and a maximum of 35 million tons of wheat and feed grains, also adjustable upward for international agreements, but contains the following exceptions not in the *Senate* bill:

(1) The Secretary would be authorized to proportion the reserve stocks to correspond to usual market demands; and

(2) Totals and proportions of stocks would be considered norms or averages and shall not prohibit the accumulation or release of stocks as authorized by that section.

The *Conference* substitute adopts the *Senate* provision.

(7) *Sale of CCC Stocks (Sec. 1101)*

The *Senate* bill provides that whenever the extended loan program is in effect, the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains for unrestricted domestic use at less than 110 percent of the minimum price at which producers may redeem and market such grain held under the program. (This is an exception to section 408 of the *Senate* bill which extends current law to provide that the CCC sales price restriction is 115 percent of the current loan rate).

Sections 902 and 913 of the *House* amendment provide that the CCC may not sell any wheat or feed grains owned or controlled by it for less than 150 percent of the current loan level except for commodities which are substantially deteriorated or in danger of deterioration, or for specified emergency or disaster assistance programs.

The *Conference* substitute adopts the *Senate* provision with an amendment providing that the sales price shall not be less than 150 percent of the then current level of price support for the commodity. The *Conference* substitute also includes the two exceptions to the sales price restriction in the *House* amendment.

(8) *Reconcentration of Grain and Rotation of Stocks in Commercial Warehouses (Sec. 1101)*

Section 913 of the *House* amendment authorizes the Secretary to reconcentrate grains stored commercially at such points as is in the public interest, taking into account transportation and normal marketing patterns. Section 913 also requires the Secretary to permit rotation of stocks and facilitate quality maintenance under regulations assuring that the holding producer and warehouseman will have avail-

able at all times the quantity and quality of grain under his storage contract. Section 902 of the *House* amendment contains no comparable provision.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment making it clear that (1) the provision is applicable only to grain stored under the 3 to 5 year extended loan program in commercial warehouses, and (2) the reconcentration authority is subject to the concurrence of the owner of the grain. The amendment does not affect the existing authority of the Commodity Credit Corporation with respect to grain not under the program.

#### (9) *Penalties for Deficiencies*

Section 913 of the *House* amendment provides that, if the producer or warehouseman fails to cover his commitment with grain of the quality and quantity specified, the producer must reimburse the government for the deficiencies in value, and the warehouseman must pay twice the amount of the deficiency. Section 902 of the *House* amendment contains no comparable provision.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

#### (10) *Reserve Adjustments*

Section 913 of the *House* amendment requires that the net quantity of a commodity added to the reserve in any marketing year should not exceed the lesser of the net additional estimated carryover in excess of normal or the amount the maximum allowable reserve for the commodity exceeds the total stocks in reserve at the beginning of the marketing year. Section 902 of the *House* amendment contains no comparable provision.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

#### (11) *Offset Purchases and Sales by CCC (Sec. 1101)*

Section 913 of the *House* amendment permits the Secretary to buy and sell substantially equivalent quantities at equivalent prices in order to handle rotation, distribution, and location of commodities owned or controlled by the CCC, but purchases to offset sales must be made within two market days and the Secretary must make public all transactions daily. Section 902 of the *House* amendment contains no comparable provision.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment making it clear that the provision is applicable only when stocks of grain are actually held in the producer storage program.

#### (12) *Program Administration (Sec. 1101)*

Section 913 of the *House* amendment requires the Secretary to utilize the CCC and usual methods of trade to the maximum extent practicable in administering the grain reserve provisions. Section 902 of the *House* amendment contains no comparable provision.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

## INTERNATIONAL EMERGENCY FOOD RESERVE

## (13) Authorization (Sec. 1102)

The *Senate* bill authorizes the President to negotiate an international system of food reserves for humanitarian food relief needs and to maintain an International Emergency Food Reserve as a contribution of the United States toward that system.

The *House* amendment contains no comparable provision.

The *Conference* substitute encourages the President to enter into negotiations to develop an international system of food reserves and to establish and maintain the reserve.

## (14) Quantity of Reserve Stocks

The *Senate* bill requires the Secretary, as soon as practicable, to build minimum stocks of food (including processed and blended foods) for the international reserve of not less than 2 million tons. The Secretary would be authorized to increase minimum stocks to a level of not more than 6 million tons pursuant to an international agreement on food reserves.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## (15) Maintenance of Reserve Stocks

The *Senate* bill requires that as soon as practicable following the effective date of any international agreement, the Secretary shall increase the minimum level of stocks to the level established as a provision for the participation of the United States in the agreement. The Secretary must reestablish the reserve in the event it is drawn down to a level less than 2 million tons. Reserve stocks may be acquired by the Commodity Credit Corporation through loan defaults under the price support programs or Commodity Credit Corporation purchases on the market if adequate quantities are not available through price support programs.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## (16) Disposition of Reserve

The *Senate* bill limits disposition of food in the reserve to: (1) humanitarian relief to any foreign country that suffers a major disaster as determined by the President, and (2) assisting any developing country to meet its food requirement in any year in which there has been a severe shortfall in food production as determined by the Secretary.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## (17) Stock Rotation

The *Senate* bill requires the Secretary to provide for the periodic rotation of stocks in the reserve, utilizing programs authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). The bill requires that any quantity removed for rotation purposes be promptly replaced with an equivalent quantity.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(18) *Carryover*

The *Senate* bill provides that the reserve will not be included in determining the carryover of wheat, feed grains, rice, or soybeans.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## DISASTER RESERVE

(19) *Establishment (Sec. 1103)*

The *Senate* bill amends section 813 of the Agricultural Act of 1970, which provides for the establishment of a disaster reserve through the price support program, to provide that when no wheat, feed grains, or soybeans are available through the price support program at locations where they may be economically utilized to alleviate distress due to natural disaster, the Secretary is authorized to purchase, through Commodity Credit Corporation facilities, such wheat, feed grains, soybeans, hay, and other livestock forages as are needed.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(20) *Maintenance and Distribution of Reserves (Sec. 1103)*

The *Senate* bill gives the Secretary, in addition to his authority to maintain the reserve inventory, the authority to acquire the commodities when needed rather than maintain them in a reserve, and to pay transportation costs necessary to distribute the commodities in case of a disaster.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment deleting the reference in subsection (b) relating to maintenance of reserve inventories.

(21) *Authority for Distribution (Sec. 1103)*

The *Senate* bill gives the Secretary new authority to use commodities acquired under this section in connection with the emergency livestock feed programs administered by the Secretary under section 407 of the Agricultural Act of 1949, as amended, and the Act of September 21, 1959.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

## DIRECT FARM STORAGE FACILITY LOANS

(22) *Direct Farm Storage Facility Loans Through CCC (Sec. 1104)*

The *Senate* bill authorizes the making of storage facility loans to growers of dry or high moisture grain, soybeans, and rice, and high moisture forage and silage.

The *House* amendment contains a comparable provision but adds dry forage.

The *Conference* substitute adopts the *Senate* provision.

(23) *Loan Security (Sec. 1104)*

The *Senate* bill requires that facility loans are to be secured.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

*(24) Loan Authority (Sec. 1104)*

The *Senate* bill provides permanent authority to make facility loans under the Charter Act of the Commodity Credit Corporation.

The *House* amendment limits this authority to the four-year period ending September 30, 1981.

The *Conference* substitute adopts the *House* amendment.

*(25) Interest (Sec. 1104)*

The *Senate* bill bases the rate of interest on loans upon the rate of interest charged the Commodity Credit Corporation by the U.S. Treasury.

The *House* amendment provides that the interest rate shall approximately reflect the current cost of money to the Government, as determined by the Secretary, but in no event more than 7 percent.

The *Conference* substitute adopts the *Senate* provision.

*(26) Limitations on Loans (Sec. 1104)*

The *House* amendment limits the maximum loan amount to \$50,000 and requires that it cover not less than 75 percent of the total cost of constructing the facility, including the cost of structural and equipment foundations, electrical systems, grain handling systems, drying equipment, and site preparation.

The *Senate* bill does not limit the loan amount or specify included costs, but does authorize loans for the purchase of facilities, as well as the construction of facilities.

The *Conference* substitute adopts the *House* amendment.

*(27) Financing of Loans (Sec. 1104)*

The *Senate* bill requires facility loans to be deducted from the proceeds of price support loans or purchase agreements made between the Commodity Credit Corporation and producers.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

*(28) Facility Size (Sec. 1104)*

The *House* amendment provides that the size of a facility for which a loan could be obtained would be based on the amount of space required to store the quantity of the commodity estimated to be produced by the borrower during a two-year period.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(29) Loans for Remodeling of Existing Facilities (Sec. 1104)*

The *House* amendment provides discretionary authority for the Commodity Credit Corporation to make loans up to \$50,000 to cover remodeling costs of existing farm storage facilities.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(30) Loan Maturity (Sec. 1104)*

The *House* amendment requires that loans shall have a maximum repayment period of ten years.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

## EMERGENCY FEED PROGRAM

### (31) Authorization (Sec. 1105)

The *Senate* bill authorizes the Secretary to implement an emergency feed program to assist producers in preserving and maintaining livestock in any area of the United States, including Puerto Rico and the Virgin Islands, where he determines that an emergency exists due to natural catastrophe.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

### (32) Eligibility for Assistance (Sec. 1105)

The *Senate* bill requires that the Secretary provide program assistance only to persons who (a) have suffered substantial loss in livestock feed normally produced on their farm for their livestock, (b) do not have sufficient feed for their livestock for the projected period of the emergency, and (c) are required to make larger than normal purchases of feed quantities.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

### (33) Reimbursement (Sec. 1105)

The *Senate* bill provides for reimbursement to eligible persons not to exceed 50 percent (or at a lower rate established by the Secretary) of the cost of feed purchased by an eligible person.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

### (34) Program Operation (Sec. 1105)

The *Senate* bill requires the Secretary to carry out the program through the Commodity Credit Corporation and to issue the rules and regulations necessary for program operations.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment prohibiting the Secretary from delegating the authority to administer the program to any other Department, agency, or entity, public or private.

### (35) Penalty for Program Abuse (Sec. 1105)

The *Senate* bill provides that any person who disposes of feed for which he has been reimbursed under the program in an unauthorized manner will be subject to a penalty equal to the market value of the feed, and, in addition, be guilty of a misdemeanor and subject to a maximum fine of \$10,000 or imprisonment for not more than one year.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

### (36) Repeal of Current Law Program

The *Senate* bill repeals existing provisions of law which provide for sale or disposition of CCC stocks in acute distress areas, areas of major disaster, and in emergency areas.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## FARM STORAGE FACILITY LOAN GUARANTY PROGRAM THROUGH CCC

The *Senate* bill authorizes the Secretary to guarantee secured loans, through the Commodity Credit Corporation, to producers for the construction or purchase of farm storage facilities for dry or high moisture grain, soybeans, rice, or high moisture forage or silage with the following provisions:

(1) The maximum guarantee would be 80 percent of the total purchase or construction cost of the facility, including the cost of preparation, up to \$50,000.

(2) The Secretary shall not limit the amount of storage space available to a producer upon which the loan would be based to less than the average quantity of the commodity produced by the borrower during the two preceding crop years.

(3) The term of guaranteed loans cannot exceed 10 years.

(4) The loan guaranty program would be carried out by the Secretary through the Commodity Credit Corporation.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

## TITLE XII—PUBLIC LAW 480

## (1) Title I—Public Tender for Sales (Sec. 1202)

The *Senate* bill modifies title I commodity purchasing procedures by requiring that all *food* commodities financed under title I be purchased on the basis of a public tender, publicly opened in the United States.

The *House* amendment contains the same provision as the *Senate* bill but is applicable to *all* commodities and adds that the purchase of all commodities financed shall be consistent with open, competitive, and responsive bid procedures as determined by the Secretary of Agriculture.

The *Conference* substitute adopts the *Senate* provision and that part of the *House* amendment which provides that the purchase of all commodities is to be consistent with open, competitive, and responsive bid procedures, as determined by the Secretary.

## (2) Title I—Selling Agents (Sec. 1202)

The *Senate* bill prohibits the payment of any commissions to any selling agent in connection with purchases of *food* financed under title I, unless the Secretary waives this requirement.

The *House* amendment contains the same provision but makes it applicable to *any* commodity and does not provide for a waiver by the Secretary.

The *Conference* substitute adopts the *Senate* provision. The *Conferees* expect that any waiver by the Secretary of the prohibition will, among other things, require that any compensation paid or to be paid by any supplier of a commodity or product thereof to a selling agent shall be reported to the Secretary by the supplier. The information is expected to be handled in a manner consistent with the supplier reporting requirements added by the *Conference* substitute.

(3) *Title I—Supplier Reporting Requirements (Sec. 1202)*

The *House* amendment requires that any compensation paid or to be paid by any supplier of a commodity or ocean transportation financed under title I to any representative of the importer or importing country shall be reported to the Secretary by the supplier. The information will be available for public inspection and published annually. Failure to report such information or filing a false report will result in a 5-year suspension of privileges under title I.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(4) *Title II—Appropriations (Sec. 1203)*

The *Senate* bill provides a title II authorization level of \$750,000,000, and allows for indefinite carryover of unobligated authorizations.

The *House* amendment contains the same authorization level as the *Senate* bill but allows the carryover of unobligated balances of the preceding calendar year only.

The *Conference* substitute adopts the *House* amendment.

(5) *Availability of Commodities (Sec. 1204)*

The *Senate* bill authorizes the Secretary to determine that a part of the supply of agricultural commodities could be used to carry out *humanitarian* or *development* purposes of the Act although the supply does not exceed estimated domestic requirements, adequate carryover, and anticipated exports for dollars.

The *House* amendment contains the same provision as the *Senate* bill but limits it to *urgent humanitarian* purposes.

The *Conference* substitute adopts the *House* amendment. While the criterion in the *House* amendment is applicable to all of Public Law 480, the *Conferees* anticipate that the criterion could likely be met only under the title II program.

(6) *Priority to Food and Fiber (Sec. 1205)*

The *House* amendment provides that priority shall be given to financing the sale of food and fiber in allocation of funds under title I.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. (An identical provision was added to title I as a new section 113 by the International Development and Food Assistance Act of 1977, Public Law 95-88, approved August 3, 1977.)

(7) *CCC Reimbursement (Sec. 1206)*

The *Senate* bill requires that in determining the reimbursement due the Commodity Credit Corporation, commodities acquired under a domestic price support program will be valued at the export market price at the time the commodity is made available under the Act.

The *House* amendment contains the same reimbursement provision but relates to title II programs only.

The *Conference* substitute adopts the *Senate* provision.

(8) *Revised Regulations Governing Operations (Sec. 1207)*

The *Senate* bill mandates the revision of title I regulations within six months after enactment of the bill and revision at each two-year interval thereafter. The regulations would include, but not be limited

to, prohibitions against conflicts of interests between (A) recipient countries and their agents; (B) suppliers of commodities; (C) suppliers of ships; and (D) other shipping interests. The regulations are to be designed to increase the number of exporters participating in the program, especially small businesses and cooperatives. In this regard, unless waived by the Secretary, the financing of any commodity exported during any fiscal year by an individual, cooperative, firm or subsidiary, or affiliate thereof, shall be limited to no more than 25 percent by volume of the planned programming of the commodity under the Act for that fiscal year.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment (1) deleting the language which limits the amount of financing to any individual, cooperative, or firm to 25 percent of the planned programming of the commodity, and (2) stating that the regulations are to encourage an increase in the number of exporters participating in the program.

#### (9) *Bagged Commodities (Sec. 1207)*

The *Senate* bill provides that bagged commodities for the purpose of financing by CCC shall be considered "exported" upon delivery at port and upon presentation of a dock receipt in lieu of an on-board bill of lading.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment making the application of the provision discretionary with the Secretary.

#### (10) *Extension of the Program (Sec. 1208)*

The *Senate* bill extends the program for 5 years.

The *House* amendment extends the program for 2 years.

The *Conference* substitute provides for a 4-year extension of the program.

#### (11) *Title I—Spending Authority (Sec. 1208)*

The *House* amendment provides that new spending authority for title I made by the Agricultural Act of 1977 shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

#### (12) *Special Task Force on the Operation of Public Law 480 (Sec. 1210)*

The *Senate* bill expresses the sense of Congress that improvement be made in the operation of the program, and requires the Secretary to appoint a special task force to review the operations of the program and report the results to Congress within 18 months following enactment of the bill.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

#### (13) *Hunger Impact Statement*

The *House* amendment requires that beginning January 31, 1978, the Secretary shall biannually submit to Congress a hunger impact

statement concerning international and domestic food assistance programs administered through the Department of Agriculture and the Agency for International Development. The statement shall include (1) a description of the areas in which food assistance has been or will be given, including income levels, nutritional characteristics, and food production; (2) the nutritional value of commodities distributed; and (3) an evaluation of such food assistance programs.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. However, the *Conferees* intend that—to the extent practicable—the special task force on the operation of Public Law 480 will study the usefulness of requiring a hunger impact statement for international food assistance programs.

### TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

#### (1) *Purpose of the Food Stamp Act (Sec. 2)\**

The *Senate* bill authorizes a food stamp program to permit low-income households to obtain a nutritionally adequate diet through normal channels of trade by increasing food purchasing power for all eligible households which apply for participation. A “nutritionally adequate diet” is defined as being based on the thrifty food plan.

The *House* amendment contains the same provision as the *Senate* bill but substitutes “a more nutritious diet” for a nutritionally adequate diet” in this section and in other sections of the *House* amendment. The definition of the “thrifty food plan” is substituted for the definition of “nutritionally adequate diet” in this section and elsewhere in the *House* amendment.

The *Conference* substitute adopts the *House* amendment.

#### (2) *Certification Period: Elderly (Sec. 3)*

The *Senate* bill mandates a 1-year certification period for eligible households containing at least one member 65 years of age or older, and no wage earners, and requires reporting by such households of changes in income over \$25 per month. The certification period for households consisting entirely of persons 60 through 64 years of age could be up to 1 year.

The *House* amendment provides that for households consisting entirely of the elderly the certification period could be up to 1 year.

The *Conference* substitute adopts the *House* amendment.

#### (3) *Hunting and Fishing Equipment*

The *Senate* bill allows eligible households living in remote areas of Indian reservations to purchase certain types of hunting and fishing equipment with food stamps.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

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\*The section references for differences (1) through (57) are references to the Food Stamp Act of 1977.

(4) *Definition of "Tribal Organization"*

The *Senate* bill includes State recognized tribes within the definition of "tribal organization".

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(5) *Establishment of the Food Stamp Program (Sec. 4)*

The *Senate* bill authorizes the Secretary of Agriculture to formulate and administer a food stamp program.

The *House* amendment contains the same provision as the *Senate* bill but conditions it on the availability of appropriated funds.

The *Conference* substitute adopts the *House* amendment.

(6) *Commodity Distribution on Indian Reservations (Sec. 4)*

The *Senate* bill provides that there will be commodity distribution on Indian reservations if the tribal organization so requests.

The *House* amendment requires a written request by the tribal organization.

The *Conference* substitute adopts the *Senate* provision.

(7) *Prior Submission of Regulations and Instructions (Sec. 4)*

The *House* amendment requires the Secretary to submit a copy of regulations and instructions, together with a detailed justification statement, to the agriculture committees of Congress prior to their issuance.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment but deletes the requirement for prior submission of instructions. The *Conferees* intend that (1) regulations be submitted at the time they are proposed in the Federal Register, (2) all internal instructions regarding operation of the food stamp program be available for examination by the public upon request (except for those instructions exempt from disclosure under the Freedom of Information Act), and (3) all instructions and a detailed justification statement be transmitted, upon request, to the Committee on Agriculture of the House of Representatives or the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(8) *Eligible Households (Sec. 5)*

The *Senate* bill limits participation in the food stamp program to households whose income is determined to be a substantial limiting factor in permitting them to obtain a nutritionally adequate diet.

The *House* amendment contains the same provision as the *Senate* bill but would include "other financial resources held singly or in joint ownership" in addition to income.

The *Conference* substitute adopts the *House* amendment.

(9) *Exclusions from Income: Reimbursements (Sec. 5)*

The *Senate* bill excludes, from income, reimbursements to volunteers and persons engaged in work training programs which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household.

The *House* amendment excludes, from income, reimbursements to all persons which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household.

The *Conference* substitute adopts the *House* amendment.

(10) *Dependent Care Deduction (Sec. 5)*

The *Senate* bill establishes an \$85 per month per household maximum for the dependent care deduction.

The *House* amendment establishes a \$75 per month per household maximum for the dependent care deduction.

The *Conference* substitute establishes the maximum allowable per month per household dependent care deduction at the same level as the maximum excess shelter expense deduction.

(11) *Excess Shelter Expense Deduction (Sec. 5)*

The *Senate* bill allows an excess shelter expense deduction which would be applied in computing household income for determining both eligibility and benefits.

The *House* amendment contains the same excess shelter expense deduction as the *Senate* bill but limits its application to benefit determinations and requires annual adjustment of the ceiling on this deduction, beginning January 1, 1978, to the nearest \$5 to reflect changes in the shelter, fuel, and utilities components of housing in the Consumer Price Index published by the Labor Department's Bureau of Labor Statistics for the 12-month period ending the preceding September 30.

The *Conference* substitute adopts both the *Senate* provision and the *House* amendment. A third deduction for a combination of the household's dependent care costs and excess shelter expenses is also provided. There will be one indexed maximum allowable level for the dependent care deduction, the excess shelter expense deduction, or the combination of these two deductions. No household would be allowed to deduct (for any of these three deductions), for purposes of determining food stamp program eligibility and benefits, more than the maximum allowable level of the excess shelter expense deduction. The indexing of the maximum allowable excess shelter expense deduction will commence on July 1, 1978.

(12) *Assets Criteria (Sec. 5)*

The *Senate* bill directs the Secretary to prescribe the allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may possess.

The *House* amendment contains the same provision as the *Senate* bill but establishes the following statutory assets limits: \$1,500 for one person households; and \$2,250 for households of two or more (\$3,000 if household contains a person age 60 or over). The Secretary is required to follow the regulations in force on June 1, 1977, and to include as financial resources recreational vehicles, vacation homes, mobile homes used primarily for vacation purposes, and any licensed vehicle (except income producing) used for transportation, employment or to transport disabled household members (to the extent the fair market value exceeds \$4,500).

The *Conference* substitute adopts the *House* amendment but substitutes a \$1,750 rather than a \$1,500/\$2,250 assets limitation for all

households (other than those of two or more, containing one member age 60 or over).

(13) *Eligibility Disqualifications (Sec. 6)*

The *Senate* bill provides that no household shall be eligible to participate for *up to 1 year* after the *head of the household* has been found guilty of fraud in connection with *obtaining coupons* in a State administrative or court proceeding.

The *House* amendment provides that no individual who is a member of a household shall be eligible to participate for (1) *3 months* after such *household member* has been found guilty of fraud in connection with *using, presenting, transferring, acquiring, receiving, possessing, or altering coupons or authorization cards*, in a State administrative proceeding (or a local proceeding if no appeal therefrom to the State has been taken), or (2) for an additional *6 to 24 months* if found guilty by a court of criminal or civil fraud in regard to program participation, or (3) both. The *House* amendment further provides that periods of disqualification will not be subject to judicial review, and that there will be no administrative stay.

The *Conference* substitute adopts the *House* amendment.

(14) *Form for Reporting Changes in Income or Household Circumstances (Sec. 6)*

The *House* amendment requires that the form for reporting changes in income or household circumstances contain a description in understandable terms in prominent and boldface lettering of the appropriate civil and criminal provisions dealing with violations of the Food Stamp Act, including the penalty provisions.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(15) *Exemption From Work Requirement: Other Systems (Sec. 6)*

The *Senate* bill exempts from the work registration requirement persons already registered under the Work Incentive (WIN) program.

The *House* amendment contains the same provision as the *Senate* bill but adds registration under the Federal-State unemployment compensation system as an exemption.

The *Conference* substitute adopts the *House* amendment.

(16) *Exemption from Work Requirement: Drug Addicts and Alcoholics (Sec. 6)*

The *Senate* bill exempts from the work registration requirement regular participants in a drug or alcoholic treatment program.

The *House* amendment contains the same provision as the *Senate* bill but adds the condition that the chief administrative officer certify in writing to the State agency that the work registration requirement would interfere with rehabilitation.

The *Conference* substitute adopts the *Senate* provision.

(17) *Student Eligibility (Sec. 6)*

The *Senate* bill provides that one of the criteria for students in qualifying for the food stamp program is that they are enrolled in an institution of higher education.

The *House* amendment contains the same provision as the *Senate* bill but requires that students be enrolled *at least half-time* in an institution of higher education.

The *Conference* substitute adopts the *House* amendment.

(18) *Student Work Requirement (Sec. 6)*

The *House* amendment provides that no student would be eligible to participate in the program, even if he were otherwise eligible, if he did not meet one of the five following additional tests during the regular school year. A student would have to be either: (1) employed at least 20 hours a week or working pursuant to a federally financed work study program; (2) working and receiving the minimum wage equivalent of 20 hours a week (\$46 a week now); (3) registered for work on a 20-hour-per-week minimum basis; (4) acting as the head of a household containing at least one other person besides the student to whom the student supplied more than one-half of the person's annual support; or (5) exempt other than as a student from the general work registration requirement because of fitness, age (over 60), WIN participation, parental status, caretaker status, or the other exemptions from the work registration requirement.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(19) *Aliens (Sec. 6)*

The *Senate* bill provides that illegally and temporarily present aliens may not participate in the food stamp program (only aliens lawfully admitted for permanent residence and aliens permanently residing under "color of law" would be eligible for participation).

The *House* amendment specifies the five categories of aliens who would be eligible for participation. Aliens who have been granted extended or indefinite voluntary departure status, or deferred action cases in which the Attorney General declines to institute deportation proceedings, terminate deportation proceedings already begun, or decides not to execute an order of deportation, for humanitarian or practical reasons, would not be eligible for participation, in addition to illegally or temporarily present aliens. The *House* amendment also provides that the income and resources of a sponsor shall be attributed to an alien on whose behalf an affidavit of support was executed, for the duration of the assurance of support (up to 3 years), for the purpose of determining the alien's food stamp eligibility (except for blind or disabled aliens whose condition commenced after their entry into this country).

The *Conference* substitute adopts the *House* amendment but deletes the requirement that the income and resources of a sponsor shall be attributed to an alien on whose behalf an affidavit of support was executed for the purpose of determining the alien's food stamp eligibility.

(20) *Transfer of Assets to Qualify for the Program (Sec. 6)*

The *House* amendment makes ineligible for program participation, for up to 1 year from the date of discovery of the transfer, any household that knowingly transfers assets for purposes of qualifying or attempting to qualify for the program.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(21) Cash Change (Sec. 7)*

The *Senate* bill provides that participants may be given cash change for food stamps so long as the cash received is less than the value of the lowest coupon denomination issued (\$1 at the present time).

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

*(22) Report on Elimination of the Purchase Requirement (Sec. 8)*

The *House* amendment requires the Secretary to report to Congress within 6 months after implementation of the elimination of the purchase requirement and annually thereafter on its effect on program participation and cost.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(23) Disasters: State Plan of Operation and Food Stamp Disaster Task Force (Sec. 11)*

The *House* amendment would require each State to include in its plan of operation a plan of operation for providing food stamps to disaster victims. The *House* amendment requires the Secretary to establish a Food Stamp Disaster Task Force to assist States in conducting the disaster program. The task force will be available to go into disaster areas and provide direct assistance to State and local officials.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(24) Administration on Indian Reservations (Sec. 11)*

The *Senate* bill permits Indian tribal organizations to administer the food stamp program on reservations if the Secretary determines that the tribal organization is capable of effectively and efficiently conducting the program.

The *House* amendment permits Indian tribal organizations to administer the food stamp program on reservations if the Secretary determines that (1) the State agency is not capable of administering the program on the reservation, and (2) the tribal organization is capable of effectively and efficiently conducting the program in light of the distance between the reservation and State agency-operated certification and issuance centers, previous program experience under the Indian Self-Determination Act and similar acts, management and fiscal capabilities, and anti-discrimination measures.

The *Conference* substitute adopts the *House* amendment but permits Indian tribal organizations to administer the food stamp program on reservations if the Secretary determines that the State agency is failing properly to administer the program on the reservation after the enactment of the bill (rather than if the Secretary determines that the State agency is incapable of program administration on the reservation).

*(25) Outreach (See. 11)*

The *Senate* bill requires the State agency to *supply* low-income households with instructions in filling out application forms.

The *House* amendment requires the State agency to *provide* instruction in filling out application forms.

The *Conference* substitute adopts the *Senate* provision.

(26) *Application Form (Sec. 11)*

The *Senate* bill provides that the application form be designed or approved by the Secretary.

The *House* amendment provides for a simplified, uniform national application form designed by the Secretary, unless the Secretary determines that deviation from the form is necessary because of a dual public assistance food stamp application form or an agency's computer system. A duplicate of applicant's application form will be furnished to the head of household or its authorized representative. The *House* amendment requires that the application form contain a description in understandable terms in prominent and bold lettering of the appropriate civil and criminal provisions dealing with violations of the Food Stamp Act, including the penalty provisions.

The *Conference* substitute adopts the *House* amendment but (1) deletes the requirement that a duplicate of the applicant's application form be furnished to the head of the household or its authorized representative, and (2) permits the Secretary to approve deviation from the uniform national application form for other exigencies.

(27) *Points and Hours of Certification (Sec. 11)*

The *Senate* bill requires the States to provide reasonably accessible points and hours of certification as determined by the Secretary.

The *House* amendment requires the States to comply with standards established by the Secretary for points and hours of certification.

The *Conference* substitute adopts the *House* amendment.

(28) *Transportation Difficulties and Similar Hardships (Sec. 11)*

The *Senate* bill requires States that do not provide reasonably accessible points and hours of certification to provide for alternative certification methods for the elderly, physically or mentally handicapped, or persons otherwise unable, *because of transportation difficulties and similar hardships*, to appear in person or by authorized representative at a certification office.

The *House* amendment contains the same provision as the *Senate* bill but substitutes *solely because of transportation difficulties and similar hardships*.

The *Conference* substitute adopts the *House* amendment, substitutes "standards established by the Secretary for points and hours of certification" for "reasonably accessible points and hours of certification", and makes clear that standards for special certification methods for the elderly, handicapped, or others unable to appear in person must also be provided.

(29) *Notification of Expiration of Certification Period (Sec. 11)*

The *House* amendment requires the State agency to ensure that each participating household receive a notice of expiration of its certification period by the start of the last month of the certification period advising it that it must submit a new application in order to renew its eligibility for a new certification period.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(30) *Recertification of Households (Sec. 11)*

The *House* amendment provides that if a household which has been recertified is found to be ineligible for program participation or eligible for a reduced allotment during the new certification period, it will not continue to participate and receive benefits on the basis of its prior certification period, even if a timely request for a fair hearing is made.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(31) *Authorized Representative (Sec. 11)*

The *Senate* bill requires a clear designation of an authorized representative who is sufficiently aware of relevant household circumstances.

The *House* amendment requires that the designation be in writing and further requires that the authorized representative be sufficiently aware of relevant household financial resources and circumstances.

The *Conference* substitute adopts the *Senate* provision. The *Conferees* intend that the term "household circumstances" include all factors relevant to certification.

(32) *Immediate Certification (Sec. 11)*

The *Senate* bill provides that households with no income after applicable deductions will receive their allotment on an expedited basis, commensurate with their need for immediate assistance.

The *House* amendment limits this provision to households with no income after the standard deduction.

The *Conference* substitute adopts the *Senate* provision.

(33) *Continuation of Benefits During Fair Hearing (Sec. 11)*

The *House* amendment provides that—upon State agency notice of reduction or termination of its benefits during the certification period—any household that timely requests a fair hearing on such matter will continue to participate and receive benefits on the basis authorized immediately before notice of the adverse action until a fair hearing is completed and an adverse decision rendered, or until the current certification period expires, whichever occurs first.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(34) *Restoration of Wrongfully Denied or Terminated Benefits (Sec. 11)*

The *Senate* bill provides for cash payments to households in the amount of wrongfully denied or terminated benefits.

The *House* amendment provides for the restoration of such benefits in food stamps.

The *Conference* substitute adopts the *House* amendment. The *Conferees* intend that the Secretary may distribute these restored benefits over such period of time as he determines to be appropriate.

(35) *Coupon Issuance: Contracting or Delegation*

The *House* amendment provides that the State agency will be primarily responsible for coupon issuance points and may not contract or delegate this responsibility unless the Secretary is satisfied that

such contracting or delegation will result in reduced issuance costs or improved issuance service to recipients.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

### (36) Nutrition Education (Sec. 11)

The *Senate* bill requires the Secretary to develop and distribute printed materials to advise low-income persons on buying and preparing more nutritious and economic meals.

The *House* amendment authorizes the Extension Service, with the technical assistance of the Food and Nutrition Service, to extend its expanded food and nutrition program to the greatest extent possible to reach food stamp recipients and develop printed materials for persons with low reading and comprehension levels on how to buy and prepare more nutritious meals and on the relationship between food and good health. Effective fiscal year 1979, the Secretary is authorized to allocate food stamp program funds to the Extension Service to perform these functions. The *House* amendment further requires that in food stamp and public assistance offices, posters prepared or obtained by the Secretary be displayed and pamphlets be available for home use, containing information on food meeting the RDA menus, eligibility for other USDA nutrition programs, and general information on the relationship of diet to health.

The *Conference* substitute requires the Secretary to extend the expanded food and nutrition education program to the greatest extent possible to reach food stamp recipients and develop printed materials for persons with low reading and comprehension levels on how to buy and prepare more nutritious meals and on the relationship between food and good health. The *Conference* substitute further requires that in food stamp and public assistance offices, posters prepared or obtained by the Secretary, be displayed and pamphlets be available for home use, containing information on menus meeting the recommended daily allowances of vitamins, minerals, and protein, eligibility for other USDA nutrition programs, and general information on the relationship of diet to health.

The *Conferees* intend no derogation of the existing work of the Extension Service through its expanded food and nutrition education program. Further, the *Conferees* understand that there will be a thorough review of the Department's nutrition education activities and that the Secretary will make every effort not to duplicate existing nutrition education activities in implementing the results of this study.

### (37) Public Assistance and General Assistance Households (Sec. 11)

The *Senate* bill requires the Secretary and the Secretary of Health, Education, and Welfare to develop a single interview to determine eligibility for the food stamp, AFDC, and, to the extent feasible, supplementary security income programs. To the greatest extent feasible, the food stamp program application form for AFDC and supplemental security income recipients and applicants shall not include information collected under the other programs. Where administratively feasible, social security or SSI applicants and recipients may apply and be certified for food stamp benefits at Social Security offices.

The *House* amendment requires that the food stamp application for public assistance or general assistance households be contained in the public or general assistance application form. Certifications of new public assistance or general assistance households or households which recently lost their benefits under those programs will be based on information in their case file to the extent verification is available. The *House* amendment requires the Secretary and the Secretary of Health, Education, and Welfare to permit households in which all members are supplemental security income recipients to apply for food stamps by executing a simplified affidavit at social security offices and be certified utilizing information in the SSI files. The *House* amendment authorizes, but does not require, the Secretary to permit social security applicants to apply and be certified for food stamps at social security offices.

The *Conference* substitute adopts (1) the *Senate* provision requiring a single interview for determining eligibility for the food stamp and Aid to Families with Dependent Children (AFDC) programs, (2) the *House* amendment requiring that supplemental security income (SSI) households be allowed to apply for food stamps by executing a simplified affidavit at social security offices and be certified utilizing information in the SSI files, (3) the *House* amendment requiring that public assistance or general assistance households have their application for participation in the food stamp program contained in the public or general assistance application form, and (4) the *House* amendment requiring that certifications of new public assistance or general assistance recipient households or households who recently lost their benefits under those programs will be based on information in their case file to the extent verification is available. The *Conferees* understand that a single interview may not be possible where the agency that administers the AFDC program is not the same agency that administers the food stamp program.

#### (38) Post Office Issuance (Sec. 11)

The *House* amendment requires the Post Office to serve as an issuance agent if (1) the State agency so requests and (2) the State agency satisfies the Secretary that Post Office issuance will result in either reduced issuance costs or in improved issuance service to recipients.

The *Senate* bill contains no comparable provision.

The *Conference* substitute authorizes the Post Office to serve as an issuance agent if (1) the State agency so requests and (2) the President approves the use of the Post Office for this purpose.

#### (39) Elderly, Disabled, and Blind Cash-Out

The *House* amendment requires the Secretary, if a State requests, in accordance with arrangements entered into with the Secretary of Health, Education, and Welfare, to pay each household (1) of which every member is over 65 or otherwise eligible for supplemental security income benefits or eligible for blind or disabled grants in Guam, Puerto Rico, and the Virgin Islands, and (2) which is eligible to participate in the food stamp program, an amount equal to the authorized allotment value.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

*(40) Program Investigations and Prosecutions (Sec. 16)*

The *Senate* bill authorizes the Secretary to pay State agencies *an amount equal to 75 percent of the costs of State food stamp program investigations and prosecutions.*

The *House* amendment authorizes the Secretary to pay State agencies *an amount not less than 75 percent of such costs.*

The *Conference* substitute adopts the *House* amendment.

*(41) Withholding of Federal Share of State Administrative Costs (Sec. 16)*

The *Senate* bill requires the Secretary to withhold such part of the Federal share of administrative costs as he determines appropriate if he finds the State has failed without good cause to meet any of his standards or to carry out its plan of operation.

The *House* amendment contains the same provision as the *Senate* bill but makes the Secretary's withholding permissive, not mandatory.

The *Conference* substitute adopts the *Senate* provision.

*(42) Administrative Costs on Indian Reservations (Sec. 16)*

The *Senate* bill requires the Secretary to pay 100 percent of the necessary administrative costs on Indian reservations. This would specifically include the cost of establishing and operating tribally owned and operated nonprofit food sales systems in areas that are not reasonably served by existing retail food systems.

The *House* amendment authorizes the Secretary to pay such amounts for administrative costs on Indian reservations as he determines necessary for effective program operation.

The *Conference* substitute adopts the *House* amendment.

*(43) National Error Tolerance Goals*

The *Senate* bill requires the Secretary to establish a realistic set of national error tolerance level goals (interim tolerance levels to be achieved 1 and 2 years after enactment).

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(44) Increased Federal Cost-Sharing (Sec. 16)*

The *House* amendment authorizes the Secretary, beginning in fiscal year 1979, to adjust the Federal share of State administrative costs, other than those already in excess of 50 percent, by increasing the Federal share to 60 percent for State agencies whose cumulative error rate is less than 10 percent, but greater than 5 percent, and to 65 percent if the error rate is less than 5 percent.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment but provides 60 percent Federal cost-sharing to those State agencies whose cumulative error rate is less than 5 percent. This increased payment would not apply to the Federal share of the costs of certifying AFDC recipient households for food stamps, if the Federal share of such costs is being reimbursed by the Department of Health, Education, and Welfare under an agreement with the Department of Agriculture.

*(45) State Quality Control Plan (Sec. 16)*

The *Senate* bill requires all States in their plan of operation to include a quality control plan specifying anticipated caseload, man-

power requirements, and administrative mechanisms to carry out the program and to meet the Secretary's error tolerance goals.

The *House* amendment requires—effective October 1, 1978—that only those States not eligible for increased Federal cost-sharing include in their plan of operation specification of anticipated State action to reduce errors.

The *Conference* substitute adopts the *House* amendment.

*(46) Definition of Quality Control (Sec. 16)*

The *Senate* bill defines "quality control" as monitoring and correcting the rate of errors committed in determining the correct level of benefits to be provided households upon certification of their eligibility.

The *House* amendment contains no comparable provision.

The *Conference* substitute defines "quality control" as monitoring and reducing the rate of errors in determining basic eligibility and benefit levels.

*(47) Withholding of 10 Percent of Federal Share of State Administrative Costs*

The *Senate* bill requires the Secretary to withhold not less than 10 percent of the Federal share of State administrative expenses for failure to carry out the State quality control plan approved by the Secretary.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(48) Research Authority (Sec. 17)*

The *House* amendment mandates (by grant or contract) research designed to improve program administration and the effectiveness of the program in delivering nutrition-related benefits, with particular mention of the value of relying upon data processing and other computer technology in program administration.

The *Senate* bill contains no comparable provision.

The *Conference* substitute authorizes the Secretary to undertake (by grant or contract) research designed to improve program administration and the effectiveness of the program in delivering nutrition-related benefits.

*(49) Pilot and Demonstration Projects (Sec. 17)*

The *Senate* bill specifically authorizes the Secretary to conduct demonstration projects to identify means of improving rural outreach for the elderly and directs the Secretary to implement pilot projects testing the effects of requiring recipient photo-identification cards, implementing an earnings clearance system, and establishing application cross-checks between political jurisdictions (in a statistically significant number of urban and rural areas) with a report on the projects to the appropriate congressional committees within one year of the effective date of the bill.

The *House* amendment specifically authorizes the Secretary to conduct projects involving cashing-out food stamp benefits for households composed entirely of persons 65 years old or older or supplemental security income recipients, use of counter-signatures on food stamps or similar identification mechanisms (not invading personal privacy),

and the use of food checks or other voucher-type forms instead of food coupons.

The *Conference* substitute adopts the *House* amendment.

**(50) Workfare Projects (Sec. 17)**

The *House* amendment requires joint Department of Agriculture/Department of Labor pilot projects in each of the 50 States and the District of Columbia involving work performed in return for food stamp benefits. Any person subject to the food stamp work requirement in a household without earned income equal to or exceeding its allotment will be ineligible to participate in the food stamp program, as a member of any household, during any month in which the individual refuses, after not being offered private employment for more than 30 days after initial work registration, to accept public service work in exchange for food stamp benefits. Each hour of employment entitles the household to a portion of the allotment equal to 100 percent of the Federal minimum hourly wage. Such employment shall not exceed 40 hours per week and shall not be used by an employer to fill jobs created by laying off or terminating any employee not supported under this provision with one who is. The Departments of Agriculture and Labor will report to the appropriate congressional committees on the progress of the projects no later than 6 and 12 months after enactment of the bill, and will submit a final report no later than 18 months after enactment of the bill.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment but (1) limits the number of pilot projects to 14 (two in each of the Department's Food and Nutrition Service's seven regions, divided evenly in each region between urban and rural areas, and representative of a cross-section of the political subdivisions in the respective States within the region), (2) requires prior approval of the congressional agriculture committees of project sites and the agencies or organizations that will be involved in the projects, and (3) makes applicable to these projects certain limitations and conditions contained in the Comprehensive Employment and Training Act.

**(51) Annual Evaluation Plan (Sec. 17)**

The *Senate* bill requires the Secretary to submit, with the President's budget, an annual evaluation plan covering plans for evaluating major objectives of the program, the extent achieved, and the cost and time requirements for such plans. The areas to be covered include the nutritional intake of participants, relative fairness of the program to different income and age groups and geographic regions, and evaluation of outreach programs.

The *House* amendment requires the Secretary to develop and implement measures for evaluating, on an annual or more frequent basis, program effectiveness (including nutritional and economic status of households), its impact on the agricultural economy, and the program's fairness to various households.

The *Conference* substitute adopts the *House* amendment.

**(52) Annual Report**

The *Senate* bill requires the Secretary to submit, with the President's budget, an annual report on the food stamp program, including

status of the States in meeting quality control goals, recommendations for an analysis of quality control goals for the next 1 and 2 years, a summary of evaluation activities in accordance with the annual evaluation plan, and recommendations for program modifications.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

#### (53) *Poverty Study*

The *House* amendment requires the Secretary, in conjunction with the Secretary of Health, Education, and Welfare, to develop alternate poverty line definitions at different levels and to report to Congress annually beginning April 1, 1978, on their efforts (with the final report presented as soon as possible). Up to one-fortieth of 1 percent of program appropriations may be used for this study.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

#### (54) *Recoupment Study (Sec. 17)*

The *House* amendment requires the Secretary, in consultation with the Secretary of the Treasury, to conduct, in urban and rural areas, using Federal income tax data, a study of recouping food stamp benefits from households with annual gross incomes exceeding twice the poverty guidelines, alternative methods of implementation, and program effects. Reports on the study (and appropriate recommendations) will be submitted to the congressional agriculture committees, the House Ways and Means Committee, and the Senate Finance Committee, no later than 12 and 18 months after enactment.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

#### (55) *Study of Nutritional Needs of Indians*

The *Senate* bill requires the Secretary to conduct, in consultation with the Department of the Interior and Indian Health Service (DHEW) officials and tribal organizations and food stamp and food distribution participants, a study of the nutritional needs of Indians and the responsiveness of the food stamp and food distribution programs in meeting those needs. The bill requires a report to Congress within 1 year after the effective date of the bill and requires the Secretary to take whatever corrective action necessary and authorized.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

#### (56) *Authorization for Appropriations (Sec. 18)*

The *Senate* bill authorizes appropriations of such sums as Congress may appropriate for fiscal years 1978 and 1979.

The *House* amendment limits appropriations to \$5.85 billion, \$6.16 billion, \$6.19 billion, and \$6.24 billion for fiscal years 1978 through 1981, respectively.

The *Conference* substitute adopts the *House* amendment.

#### (57) *Reduction of Allotments (Sec. 18)*

The *House* amendment provides that if the Secretary determines that food stamp allotments will exceed appropriations, the Secretary will direct the State agencies to reduce the value of allotments to participating households to the necessary extent.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(58) *Implementation (Sec. 1303)*

A. The *Senate* bill provides that the provisions of the 1964 Act, as amended, which are relevant to current program regulations, will remain in effect until those regulations are revoked, superseded, amended, or modified by regulations issued under the 1977 Act.

The *House* amendment contains the same provision as the *Senate* bill but limits its applicability to *current regulations* and not statutory provisions.

B. The *Senate* bill provides that food stamps issued under the 1964 Act, as amended, and in general use on the effective date of the 1977 Act will continue to be usable to purchase food.

The *House* amendment contains the same provision but substitutes "date of enactment" for "effective date".

C. The *House* amendment repeals the Food Stamp Act of 1964 effective July 1, 1978.

The *Senate* bill revises the Food Stamp Act of 1964 in its entirety effective October 1, 1977.

D. The *Senate* bill provides that pending food stamp proceedings will not be abated because of enactment of the Food Stamp Act of 1977, but will be disposed of under the applicable provisions of the 1964 Act, as amended, in effect prior to October 1, 1977.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provisions.

(59) *Quarterly Reports (Sec. 1303)*

The *House* amendment requires the Secretary, within 6 months after enactment of the bill, to submit a quarterly report on program expenditures by State, including the number of individuals in the program and State and Federal level administrative costs.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. The *Conferees* intend that the Secretary take steps to combine, into one report, the quarterly report that is to be submitted at the same time as the report on the elimination of the purchase requirement (required under new section 8(a)).

### COMMODITIES

(60) *Length of Extension (Sec. 1304)*

The *Senate* bill extends for 5 years (through fiscal year 1982) the requirement that the Secretary purchase and distribute, with appropriated funds, sufficient foods to maintain the traditional level of food donations to specified outlets.

The *House* amendment contains the same provision as the *Senate* bill but (1) extends the provision for 4 years (through fiscal year 1981), (2) does not provide for distribution of commodities, and (3) authorizes but does not require the Secretary to purchase commodities.

The *Conference* substitute adopts the *House* amendment but authorizes the Secretary to distribute as well as purchase commodities.

(61) *Commodity Donations to Indians (Sec. 1304)*

The *Senate* bill requires that Indian households in the food distribution program be provided with a sufficient quantity and variety of

commodities to provide them with a nutritionally adequate diet based on their food consumption patterns.

The *House* amendment contains no comparable provision.

The *Conference* substitute requires the Secretary to improve the variety and quantity of commodities he supplies to Indians in order to provide them an opportunity to obtain a more nutritious diet. The *Conferees* do not intend that the commodity package will necessarily in and of itself constitute a "nutritionally adequate diet."

*(62) Furnishing Commodities to Summer Camps for Children (Sec. 1304)*

The *House* amendment provides, notwithstanding any other provision of law, that the Secretary may furnish commodities to summer camps for children in which the ratio of children under age 18 to adults is not unreasonable in light of the nature of the camp and the characteristics of the children in attendance.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

*(63) Commodity Supplemental Food Program (Sec. 1304)*

The *Senate* bill denominates the supplemental feeding program as the "Commodity Supplemental Food Program".

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

*(64) Supplemental Feeding Program Administrative Costs (Sec. 1304)*

The *Senate* bill provides that the Secretary will pay an amount up to 20 percent of the value of commodities donated to the State or local agency for the cost of administration, but never less than the payment received in the fiscal year in which this provision is enacted.

The *House* amendment provides that the Secretary will pay an amount up to 10 percent of the value of commodities donated to the State or local agency for the cost of administration.

The *Conference* substitute provides that, for fiscal years 1978 through 1981, the Secretary will pay an amount up to 15 percent of the value of commodities donated to the State or local agency for the cost of administration.

*(65) Report*

The *Senate* bill requires State and local agencies participating in the commodity supplemental food program to submit a report to the Secretary, within 6 months after enactment, describing the nutrition education services provided to program recipients. The payment of administrative expenses by the Secretary will not be contingent upon submission of the report.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(66) Startup Costs (Sec. 1304)*

The *Senate* bill requires the Secretary to pay the costs necessary to commence successful operations that are incurred by a new commodity supplemental food program during its first three months of operation or until the program reaches its projected caseload level, whichever comes first.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision but adds the limitation that startup costs cannot cause the total administrative costs payable in any fiscal year to exceed 15 percent of the value of commodities donated.

*(67) Medical and Nutritional Requirements and Cultural Eating Patterns*

The *Senate* bill requires the Secretary to take into account medical and nutritional requirements and cultural eating patterns to the extent necessary to provide recipients (in conjunction with other available Federal food programs) a nutritionally adequate diet.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(68) Substitution of Commodities*

The *Senate* bill requires the Secretary to make provision for the substitution of equivalent commodities when shortages occur in commodities traditionally included in the supplemental food program package.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(69) Definition of Administrative Costs (Sec. 1304)*

The *Senate* bill defines administrative costs as including—but not limited to expenses for information and referral, operation, monitoring, nutrition education, startup costs, and general program administration, including staff, warehouse and transportation personnel, insurance, and administration of State or local offices.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision. The *Conferees* do not intend that regular medical services be included as administrative costs.

*(70) Available Foods*

The *Senate* bill specifies the foods which must be made available, at a minimum, to any supplemental food program recipient. These foods are to include commercially formulated preparations necessary, in the opinion of physicians and other qualified medical personnel, to meet the medical and nutritional needs of any eligible recipient.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(71) Types and Varieties of Commodities (Sec. 1304)*

The *Senate* bill requires that the types and varieties of commodities made available shall be maintained in the same proportional amounts throughout each fiscal year the supplemental food program is in operation. These types and varieties shall not be less than those which were available during fiscal year 1976.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision but (1) deletes the mandate for maintenance of the types and varieties of commodities and their proportional amounts at the higher of the fiscal year 1976 level or the start of a given future fiscal year, and

(2) authorizes the Secretary to determine the types and varieties of commodities and their proportional amounts. The Secretary is required to report to the congressional agriculture committees any significant changes in these categories before implementing such changes.

*(72) Supplementary Nature of the Program*

The *Senate* bill declares the supplementary nature of the program and that it may be carried out in food stamp program areas and in connection with the food distribution program. The supplemental commodity food program could be carried out in the WIC project area but State and local agencies must provide safeguards to prevent participation by households or individuals in both programs.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(73) Disqualification of Children Because of Age*

The *Senate* bill declares that children under age six may not be denied the program if they are otherwise eligible.

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

*(74) Regulations (Sec. 1304)*

The *Senate* bill authorizes the issuance of regulations to implement the commodity supplemental food program.

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

## TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977

*(1) Short Title (Sec. 1401)*

The *House* amendment provides that title XIV may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act of 1977".

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

### Subtitle A : Findings, Purposes, and Definitions

*(2) Findings (Sec. 1402)*

Both the *Senate* bill and the *House* amendment state several findings to the effect that the Nation's food and agricultural research and extension efforts should be expanded and improved. However, there are numerous specific differences in language.

Generally, the *Senate* bill states that—

(1) there are problems in coordinating research and extension efforts and disseminating research findings;

(2) Federal funding levels are not commensurate with research and extension needs; and

(3) specific Federal initiatives are needed in the areas of: finding alternative sources of energy, solving environmental problems caused by agricultural production, aquaculture, renewable resources, improving the extension programs, regional agriculture,